

DESAI FOUNDATION
FINANCIAL STATEMENTS
AT JUNE 30, 2022 AND 2021

Contents

Independent Auditor's Report.....	Page 1
Audited Financial Statements	
Statements of Financial Position.....	2
Statement of Activities.....	3
Statement of Functional Expenses for the Year Ended June 30, 2022 with Comparative Totals for 2021..	4
Statement of Functional Expenses for the Year Ended June 30, 2021.....	5
Statement of Cash Flows.....	6
Notes to Financial Statements.....	7 - 10

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the
DESAI FOUNDATION

Report on the Financial Statements

We have audited the accompanying financial statements of the Desai Foundation (a non-profit organization), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Desai Foundation as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Goldberg, Harder, Adelstein & Co., P.C.

Certified Public Accountants

August 18, 2022

DESAI FOUNDATION
STATEMENT OF FINANCIAL POSITION
AT JUNE 30, 2022 AND 2021

ASSETS

	<u>2022</u>	<u>2021</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 1,719,445	\$ 215,825
Pledges receivable		
Other receivables	135,104	53,083
Prepaid expenses	10,000	49,148
Investments at fair market value	<u>3,434,288</u>	<u>5,239,281</u>
	<u>5,298,837</u>	<u>5,557,337</u>
OTHER ASSETS:		
Deposits	<u>9,221</u>	<u>7,911</u>
	<u><u>5,308,058</u></u>	<u><u>5,565,248</u></u>
 <u>LIABILITIES AND NET ASSETS</u>		
LIABILITIES:		
Current portion of long-term debt		17,682
Accounts payable	59,338	15,675
Accrued expenses	<u>13,924</u>	<u>20,453</u>
	<u>73,262</u>	<u>53,810</u>
LONG-TERM DEBT LESS CURRENT PORTION		<u>35,718</u>
NET ASSETS:		
Without donor restrictions	<u>5,234,796</u>	<u>5,475,720</u>
	<u>5,234,796</u>	<u>5,475,720</u>
	<u><u>5,308,058</u></u>	<u><u>5,565,248</u></u>

See accompanying notes to financial statements.

DESAI FOUNDATION
STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
SUPPORT AND REVENUE:		
Contributions	\$ 984,566	\$ 746,543
Special events revenue	160,567	132,648
Less: costs of direct donor benefits	(45,626)	(11,374)
	<u>114,941</u>	<u>121,274</u>
CONTRIBUTIONS AND NET REVENUE FROM SPECIAL EVENTS	<u>1,099,507</u>	<u>867,817</u>
Interest and dividends	107,844	83,549
Investments net realized gain (loss)	336,350	555,678
Investments unrealized appreciation (depreciation)	(846,029)	252,688
Investment management expenses	(46,925)	(35,275)
PPP Loan Forgiveness	53,400	
	<u>(395,360)</u>	<u>856,640</u>
TOTAL SUPPORT AND REVENUE	<u>704,147</u>	<u>1,724,457</u>
EXPENSES:		
Program	597,028	618,275
Fundraising	145,756	90,643
Administration	202,287	200,736
TOTAL EXPENSES	<u>945,071</u>	<u>909,654</u>
CHANGE IN NET ASSETS	(240,924)	814,803
NET ASSETS - BEGINNING OF YEAR	<u>5,475,720</u>	<u>4,660,917</u>
NET ASSETS - END OF YEAR	<u><u>5,234,796</u></u>	<u><u>5,475,720</u></u>

See accompanying notes to financial statements.

DESAI FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022 WITH COMPARATIVE TOTALS FOR 2021

	<u>Program</u>	<u>Fund Raising</u>	<u>Admin.</u>	<u>2022 Total</u>	<u>2021 Total</u>
Grants	92,060			92,060	\$ 11,768
Covid-19 emergency response	-			-	\$ 132,193
Compensation	114,519	36,029	40,454	191,002	135,545
Payroll taxes and fringe benefits	22,046	6,936	7,788	36,770	27,787
Program contractors	308,519		-	308,519	234,187
Professional services	-	4,000	87,500	91,500	126,302
Temporary services	58,167	19,839	3,668	81,674	139,297
Advertising	-	-	-	-	1,944
Bank and service charges		3,563	112	3,675	3,120
Bookkeeping			1,260	1,260	
Dues and subscriptions	-	-	6,995	6,995	2,200
Licenses, permits and fees		-	-	-	4,558
Office expense	-	-	1,078	1,078	1,674
Internet and telecommunications	-		3,075	3,075	21,492
Photographer		14,200		14,200	21,492
Postage and shipping	-		-	-	345
Printing and copying	1,717	5,693	202	7,612	3,449
Recruiting	-		337	337	1,251
Rent	-	49,552	31,638	81,190	20,363
Staff development		-	1,386	1,386	2,600
Software		2,195	11,061	13,256	26,345
Supplies	-	756	2,878	3,634	5,012
Travel and meetings	-	2,993	1,441	4,434	3,489
Utilities			1,414	1,414	2,691
Website			-	-	2,042
	<u>597,028</u>	<u>145,756</u>	<u>202,287</u>	<u>945,071</u>	<u>909,654</u>

See accompanying notes to financial statements.

DESAI FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Program</u>	<u>Fund Raising</u>	<u>Admin.</u>	<u>2021 Total</u>
Grants	\$ 11,768			\$ 11,768
Covid-19 emergency response	\$ 132,193			\$ 132,193
Compensation	104,686	9,294	21,565	135,545
Payroll taxes and fringe benefits	21,461	1,905	4,421	27,787
Program contractors	234,187			234,187
Professional services		13,302	113,000	126,302
Temporary services	108,812	20,657	9,828	139,297
Advertising	74	1,376	494	1,944
Bank and service charges		3,120		3,120
Dues and subscriptions			2,200	2,200
Licenses, permits and fees		4,254	304	4,558
Office expense			1,674	1,674
Internet and telecommunications			21,492	21,492
Postage and shipping	102		243	345
Printing and copying	80	3,369		3,449
Recruiting			1,251	1,251
Rent	4,770		15,593	20,363
Staff development		1,300	1,300	2,600
Software		26,345		26,345
Supplies		5,012		5,012
Travel and meetings	142	709	2,638	3,489
Utilities			2,691	2,691
Website			2,042	2,042
	<u>618,275</u>	<u>90,643</u>	<u>200,736</u>	<u>909,654</u>

See accompanying notes to financial statements.

DESAI FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
OPERATING ACTIVITIES:		
Change in net assets	\$ (240,924)	\$ 814,803
Adjustments to reconcile net income to net cash from		
operating activities:		
Net (gain) loss on investments	(336,350)	(555,678)
Unrealized (appreciation) depreciation on investments	846,029	(252,688)
Marketable securities contributions	(356,180)	(117,000)
PPP loan forgiveness	(53,400)	
Increase (decrease) in cash resulting from changes in operating		
assets and liabilities:		
Pledges receivable		11,359
Other receivables	(82,021)	(53,083)
Prepaid expenses	39,148	(47)
Deposits	(1,310)	
Accounts payable and accrued expenses	37,134	2,680
NET CASH FROM (FOR) OPERATING ACTIVITIES	<u>(147,874)</u>	<u>(149,654)</u>
INVESTING ACTIVITIES:		
Purchases of securities	(14,622,607)	(15,961,268)
Sales of securities	16,274,101	16,005,560
NET CASH FROM (FOR) INVESTING ACTIVITIES	<u>1,651,494</u>	<u>44,292</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,503,620	(105,362)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>215,825</u>	<u>321,187</u>
CASH AND CASH EQUIVALENTS - AT END OF YEAR	<u><u>1,719,445</u></u>	<u><u>215,825</u></u>

See accompanying notes to financial statements.

DESAI FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Purpose of the Organization -The Desai Foundation has multiple goals; it seeks to improve social and economic life in the villages of India and to develop and implement educational programs to promote Indian culture and heritage in the United States.

The Organization, founded on December 6, 1997, is a non-profit trust which is tax exempt under Section 501(c)(3) of the Internal Revenue Code and has been designated an organization which is not a private foundation.

Basis of Accounting -The accompanying financial statements have been on the accrual basis of accounting in accordance with the reporting principles of nonprofit accounting which present transactions according to the existence of donor imposed restrictions, if any.

Unrestricted Net Assets - Net assets not subject to donor-imposed restrictions.

Temporarily Restricted Net Assets - Net assets subject to donor-imposed restrictions that will be met either by actions of the Organization or the passage of time.

Permanently Restricted Net Assets - Net assets subject to donor-imposed restrictions that they be permanently maintained by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on related investments for general or specific purposes.

Revenue is reported as increases in unrestricted net assets unless their use is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets and liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor restrictions or by law. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as a release from temporarily restricted net assets to unrestricted net assets in the statement of activities. In the event that a donor-imposed restriction is fulfilled in the same reporting period as investment gains and income are recognized, the investment activity is reported as unrestricted in nature.

Income and net gains on investments of endowment and similar funds are reported as follows:

Increases in permanently restricted net assets if the terms of the gift or the Organization's interpretation of relevant state law require they be added to the principal of a permanently restricted net asset.

Increases in temporarily restricted net assets if the terms of the gift impose restrictions on the use of the income.

Increases in unrestricted net assets in all other cases.

Spending Policy - The Foundation's spending policy attempts to provide a predictable stream of funding to programs supported by its investments while seeking to maintain the purchasing power of its investments over the long-term. The spending and investment policies work together to achieve this objective. The investment policy establishes an achievable return through diversification of asset classes.

DESAI FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

To satisfy its long-term rate of return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation and current yield (interest and dividends). The Foundation uses a diversified asset allocation to achieve its long-term objectives within prudent risk parameters.

Cash and Cash Equivalents - The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. At various times during the fiscal year, the Organization's cash in bank balances exceeded Federally insured limits.

Fair Value Measurements - Fair value measurements establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observing market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist. Unobservable inputs reflect the Organization's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available in the circumstances.

Investments - Investment securities, comprised generally of publicly traded stocks, are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is possible that changes in the value of investment securities could occur in the near term, and that such changes could materially affect investment balances and activity included in the financial statements. Realized gains and losses are determined using the specific identification method. Purchases and sales of securities are accounted for using the trade date.

Estimates - The preparation of financial statements in conformity with generally accepted accounting principles require management to make estimates and assumptions that affect reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income Taxes - The Organization is a nonprofit entity which is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code. At June 30, 2020, the Organization had no material unrecognized tax benefits or liabilities for income taxes. The Organization's tax returns for the years ended June 30, 2018 through 2022 are subject to examination by the Internal Revenue Service and state taxing authorities.

Reclassifications - Certain 2021 amounts have been reclassified to conform with 2022's presentation.

2. INVESTMENTS:

Investments are as follows:

	2022		2021	
	<u>Cost</u>	<u>Market</u>	<u>Cost</u>	<u>Market</u>
Stocks	1,400,367	1,636,967	2,067,759	2,514,714
Exchange-traded and closed-end funds	856,982	1,047,075	1,466,202	1,855,571
Corporate fixed income	52,615	50,230	52,615	55,442
Mutual funds	715,726	700,016	705,572	813,554
	<u>3,025,690</u>	<u>3,434,288</u>	<u>4,292,148</u>	<u>5,239,281</u>

DESAI FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

3. FAIR VALUE OF FINANCIAL INSTRUMENTS:

The following methods and assumptions were used to estimate the fair value of each classification within the financial statements.

Cash, prepaid expenses, accounts payable and loan payable - Fair value approximates carrying value due to the short term maturity of these financial instruments.

Investments - The fair value of debt and equity investments are estimated based upon quoted market prices.

2022			
	Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
			Fair Value
Stocks	1,636,967		1,636,967
Exchange-traded and closed-end funds	1,047,075		1,047,075
Corporate fixed income	50,230		50,230
Mutual funds	700,016		700,016
	<u>3,434,288</u>	<u>-</u>	<u>3,434,288</u>
2021			
	Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
			Fair Value
Stocks	2,514,714		2,514,714
Exchange-traded and closed-end funds	1,855,571		1,855,571
Corporate fixed income	55,442		55,442
Mutual funds	813,554		813,554
	<u>5,239,281</u>	<u>-</u>	<u>5,239,281</u>

DESAI FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

4. LONG-TERM DEBT:

On May 20, 2020, the Foundation received loan proceeds in the amount of \$53,400 under the Paycheck Protection Program ('PPP'). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act ('CARES ACT'), provides for loans to qualifying organizations for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying organization. The loan and accrued interest are forgivable after eight weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of the loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the eight week period.

The unforgiven portion of the PPP loan is payable over two years at an interest rate of 1%, with a deferral of payments for the first six months. The Foundation intends to use the proceeds consistent with the PPP. The Foundation believes that its use of the loan proceeds will meet the conditions for forgiveness of the loan.

The loan and related interest were forgiven in 2022.

5. FUNCTIONAL ALLOCATION OF EXPENSES:

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

6. COMMITMENTS:

LEASES

The Foundation leases its office facilities as a tenant-at-will.

Rent expense was \$31,638 in 2022 and \$20,363 in 2021 (net of sublease income of \$25,218 and \$26,788, respectively).

7. SUBSEQUENT EVENTS:

Subsequent events - Management has evaluated subsequent events through August 18, 2022, the date on which the financial statements were available to be issued.