

UNITED SIKHS
FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011

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Independent Auditor's Report

To the Board of Directors
of United Sikhs
New York, NY

We have audited the accompanying financial statements of United Sikhs (a non-profit organization), which comprise the statements of financial position as of December 31, 2012 and 2011, and the related statements of activities and changes in net assets, and cash flows for the years then ended, and the related notes to 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.

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 from 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 policies 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Sikhs as of December 31, 2012 and 2011, 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.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of functional expenses are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of the management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Murray & Josephson CPAs LLC

New York, NY
September 17, 2013

UNITED SIKHS
STATEMENTS OF FINANCIAL POSITION

	December 31,	
	<u>2012</u>	<u>2011</u>
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash - unrestricted	\$ 643,566	\$ 403,936
FIXED ASSETS:		
Equipment and Leasehold Improvements	1,566	1,566
Less: Accumulated Depreciation	<u>812</u>	<u>499</u>
	754	1,067
OTHER ASSETS:		
Security Deposits	<u>7,100</u>	<u>6,600</u>
Total Assets	<u>\$ 651,420</u>	<u>\$ 411,603</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Payables and Accrued Expenses	\$ 16,007	\$ 29,698
NET ASSETS		
Unrestricted Net Assets	<u>635,413</u>	<u>381,905</u>
Total Liabilities and Net Assets	<u>\$ 651,420</u>	<u>\$ 411,603</u>

See accompanying notes and independent auditor's report

UNITED SIKHS
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

	<u>For the Years Ended December 31,</u>	
	<u>2012</u>	<u>2011</u>
Support and Revenue:		
Contributions	\$ 736,975	\$ 367,066
Interest Income	<u>230</u>	<u>310</u>
Total Support and Revenue	<u>737,205</u>	<u>367,376</u>
Expenses:		
Program Services	445,944	428,859
Fund Raising	-	3,492
Supporting Services	<u>37,753</u>	<u>63,902</u>
Total Expenses	<u>483,697</u>	<u>496,253</u>
Changes in Net Assets	253,508	(128,877)
Net Assets, Beginning of Year	<u>381,905</u>	<u>510,782</u>
Net Assets, End of Year	<u>\$ 635,413</u>	<u>\$ 381,905</u>

See accompanying notes and independent auditor's report

**UNITED SIKHS
STATEMENTS OF CASH FLOWS**

	For the Years Ended December 31,	
	2012	2011
Cash Flows from Operating Activities		
Change in Net Assets	\$ 253,508	\$ (128,877)
Adjustments to reconcile change in net assets to cash provided by operating activities		
Depreciation	6,859	279
Changes in:		
Security Deposits	(500)	(600)
Accrued Expenses	(13,691)	14,961
Net cash used by Operating Activities	246,176	(114,237)
Cash Flows from Investing Activities		
Purchase of Property and Equipment	-	(695)
Net cash used for Investing Activities	-	(695)
Change in Cash	246,176	(114,932)
Cash, Beginning of the Year	403,936	518,868
Cash, End of Year	\$ 650,112	\$ 403,936

See accompanying notes and independent auditor's report

UNITED SIKHS
 STATEMENT OF FUNCTIONAL EXPENSES
 FOR THE YEAR ENDED DECEMBER 31, 2012

	Program Services	Supporting Services	Total
Salaries	\$ 71,071	\$ 3,500	\$ 74,571
Payroll Taxes	9,273	-	9,273
Total Salaries and Related Expenses	80,344	3,500	83,844
Advertising	3,722	1,159	4,881
Bank Charges and Related Fees	78	3,546	3,624
Books and Periodicals	-	613	613
Camp Costs	22,669	-	22,669
Computer and Internet Expenses	4,697	-	4,697
Continuing Education	8,608	-	8,608
Depreciation	-	313	313
Dues and Subscriptions	208	1,178	1,386
Insurance	5,050	6,859	11,909
Meetings and Events	4,439	-	4,439
Office and Miscellaneous Expense	3,941	2,813	6,754
Outside Services	1,241	-	1,241
Postage and Delivery	698	-	698
Printing and Reproduction	4,290	-	4,290
Professional Fees	88,184	13,707	101,891
Promotions	7,062	-	7,062
Reimbursed Expenses	10,700	-	10,700
Relief Supplies and Expense	63,001	-	63,001
Rent	84,719	-	84,719
Supplies	19,044	-	19,044
Telephone	5,460	1,996	7,456
Travel and Entertainment	22,200	129	22,329
Utilities	1,996	1,940	3,936
Volunteer Expenses	3,593	-	3,593
	<u>365,600</u>	<u>34,253</u>	<u>399,853</u>
Total Expenses	<u>\$ 445,944</u>	<u>\$ 37,753</u>	<u>\$ 483,697</u>

See accompanying notes and independent auditor's report

UNITED SIKHS
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2011

	Program Services	Supporting Services	Total
Salaries	\$ 161,904	\$ -	\$ 161,904
Payroll Taxes	17,726	-	17,726
Total Salaries and Related Expenses	179,630	-	179,630
Advertising	759	959	1,718
Bank Charges and Related Fees	55	4,344	4,399
Books and Periodicals	-	971	971
Camp Costs	15,676	-	15,676
Computer and Internet Expenses	5,544	-	5,544
Continuing Education	5,030	-	5,030
Depreciation	-	279	279
Dues and Subscriptions	-	300	300
Insurance	5,261	-	5,261
Meetings and Events	899	-	899
Office Expense	5,068	5,578	10,646
Outside Services	683	-	683
Postage and Delivery	534	468	1,002
Printing and Reproduction	6,645	-	6,645
Professional Fees	41,409	26,281	67,690
Promotions	1,667	4,920	6,587
Reimbursed Expenses	7,364	-	7,364
Relief Supplies and Expense	65,571	-	65,571
Rent	57,135	13,154	70,289
Supplies	11,809	461	12,270
Telephone	3,128	2,433	5,561
Travel and Entertainment	12,046	2,516	14,562
Utilities	1,826	1,238	3,064
Volunteer Expenses	1,120	-	1,120
	<u>249,229</u>	<u>63,902</u>	<u>313,131</u>
Total Expenses	\$ 428,859	\$ 63,902	\$ 492,761

See accompanying notes and independent auditor's report

MURRAY & JOSEPHSON, CPAs, LLC
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

NOTE A - THE ORGANIZATION

The United Sikhs was organized in 1999 as an international non-profit, non-governmental, humanitarian relief, human development and advocacy organization, aimed at empowering those in need, especially disadvantaged and minority communities across the world to help them attain their full potential and become active participants in society. Empowerment occurs largely through education, training and community development projects. United Sikhs aims to encourage people to participate in the decision-making processes in their local community as well as taking their place in the international arena. United Sikhs raises funds primarily from general public and corporate grants and gifts.

NOTE B - SIGNIFICANT ACCOUNTING POLICIES

[1] Basis of Presentation:

The Organization follows the requirements of Financial Accounting Standards Board (FASB) Statement of Financial Accounting Standards No. 117, Financial Statements of Not-For-Profit Organizations. Under FASB Statement No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

[2] Basis of Accounting:

The accounts of the Organization are maintained on the accrual basis in accordance with the principles of fund accounting. Separate accounts are maintained for each fund.

[3] Cash and cash equivalents:

The Organization considers all highly liquid investments with an initial maturity of three months or less when purchased and not held within the investment portfolio for investing purposes as cash and cash equivalents. Cash and cash equivalents in the investment portfolio are not included in cash and cash equivalents as they are held for investment purposes.

[4] Fair Value:

The Organization adopted SFAS 157, Fair Value Measurements (ASC Topic 820-10) for its financial assets and liabilities on January 1, 2010 for its nonfinancial assets and liabilities. The adoption of this standard defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is determined based on a fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value which are as follows:

NOTE B - SIGNIFICANT ACCOUNTING POLICIES - continued

[4] Fair Value - continued:

Level 1 - Quoted prices in active markets for identical assets or liabilities.

Level 2 - Observable inputs other than Level 1 prices, such as quoted prices for similar assets; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets.

Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets. Level 3 assets include investments, whose value is determined using the pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

[5] Property and Equipment:

Property and equipment is comprised of furniture, equipment, software, and leasehold improvements and is stated at cost or, if donated, at approximate fair value on the date of donation.

Depreciation is computed by the straight-line method over the following estimated useful lives of the assets:

	<u>Years</u>
Equipment	5
Furniture	7
Software	3
Leasehold Improvements	Lease Term

[6] Revenue Recognition:

Cash and gift-in-kind contributions are received from individuals as well as domestic corporations and foundations. These contributions, including unconditional promises, are recognized as revenues when the donor's unconditional commitment is received. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted. When a restriction is fulfilled in the time period in which the contribution is received, the Organization reports the support as unrestricted.

Permanently restricted support are amounts received that are stipulated by the donor to be maintained permanently. The Organization has not received any permanently restricted support.

Conditional promises to give are recognized only when the conditions on which they depend are substantially met.

NOTE B - SIGNIFICANT ACCOUNTING POLICIES - continued

[7] Use of Estimates:

The preparation of financial statements in conformity with general accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported periods. Actual results could differ from those estimates.

[8] Income Taxes:

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, it has been determined by the Internal Revenue Service that the Organization is not a private foundation within the meaning of Section 509A of the Internal Revenue Code. The Organization is included with the list of the exempt organization provided by the United States Treasury in IRS Publication 78.

The financial statement effects of a tax position taken or expected to be taken are recognized in the financial statements when it is more likely than not, based on the technical merits, that the position will be sustained upon examination. Interest and penalties, if any, are included in expenses in the statement of activities. As of December 31, 2012, the Organization had no uncertain tax positions that qualify for recognition or disclosure in the financial statements.

The Organization's 2009, 2010 and 2011 tax returns remain subject to income tax examinations by tax authorities.

NOTE C – CONCENTRATIONS OF CREDIT RISK

The Organization places its cash with one financial institution, which amounts are insured by the Federal Deposit Insurance Corporation up to \$250,000.

NOTE D – COMMITMENTS AND CONTINGENCIES

[1] Lease:

The Organization is leasing space in New York City, under an operating lease which expires in 2015, and provides for future minimum lease payments as follows:

2013	48,846
2014	50,800
2015	12,822
	<u>112,468</u>

[2] Litigation:

The Organization may be named in a lawsuit in the ordinary course of business. As of December 31, 2012, there are no lawsuits pending.

NOTE E – SUBSEQUENT EVENTS

For the year ended December 31, 2012, the Organization has evaluated subsequent events for potential recognition and disclosure through September 17, 2013, the date the financial statements were available to be issued.