

**SHADHIKA PROJECT, INC.**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

TOGETHER WITH INDEPENDENT AUDITORS' REPORT

**SHADHIKA PROJECT, INC.**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

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**Taylor, Roth and Company, PLLC**  
Certified Public Accountants  
working exclusively with nonprofit organizations

May 15, 2018

**INDEPENDENT AUDITORS' REPORT**

Board of Directors  
Shadhika Project, Inc.  
Denver, Colorado

We have audited the accompanying financial statements of **Shadhika Project, Inc.**, (a California nonprofit corporation), which comprise the statement of financial position as of December 31, 2017, and the related statements of activities, functional expenses, and cash flows for the year 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.

***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. 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 auditors' 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.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Shadhika Project, Inc. as of December 31, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Report on Summarized Comparative Information***

We have previously audited the Shadhika Project, Inc.'s 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 19, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Taylor, Roth, and Company PLLC*  
TAYLOR, ROTH AND COMPANY, PLLC  
CERTIFIED PUBLIC ACCOUNTANTS

**SHADHIKA PROJECT, INC**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2017**  
**(WITH COMPARATIVE TOTALS FOR 2016)**

	<u>2017</u>	<u>2016</u>
<u>Assets</u>		
Cash and cash equivalents - unrestricted	\$ 310,113	\$ 265,651
Cash and cash equivalents - temporarily restricted	78,547	39,146
Pledges and grants receivable - temporarily restricted (Note 3)	59,775	44,105
Pledges receivable - unrestricted (Note 3)	80,040	27,000
Other receivables	7,199	-
Prepaid expenses and deposits	17,979	8,685
Property and equipment (Note 2)	-	-
Total assets	<u>\$ 553,653</u>	<u>\$ 384,587</u>
<u>Liabilities and net assets</u>		
<u>Liabilities</u>		
Grants payable (Note 4)	\$ 8,136	\$ -
Accrued liabilities	4,112	2,269
Commitments (Note 5)	-	-
Total liabilities	<u>12,248</u>	<u>2,269</u>
<u>Net assets</u>		
<u>Unrestricted</u>		
Operating	370,871	296,855
Board designated endowment and reserve (Note 6)	32,212	2,212
Temporarily restricted (Note 7)	<u>138,322</u>	<u>83,251</u>
Total net assets	<u>541,405</u>	<u>382,318</u>
Total liabilities and net assets	<u>\$ 553,653</u>	<u>\$ 384,587</u>

The accompanying notes are an integral part of these financial statements

**SHADHIKA PROJECT, INC**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**  
**(WITH COMPARATIVE TOTALS FOR 2016)**

	2017			2016
	Unrestricted	Temporarily Restricted	Total	Total
<u>Revenue and other support</u>				
Contributions	\$ 271,946	\$ 164,288	\$ 436,234	\$ 346,514
Special events, revenue	94,687	-	94,687	2,937
Less: direct expenses	(37,686)	-	(37,686)	(4,588)
Interest income	816	-	816	135
In-kind contributions (Note 8)	6,392	-	6,392	11,316
Other	-	-	-	358
Net assets released from restrictions (Note 9)	109,217	(109,217)	-	-
Total revenue and other support	<u>445,372</u>	<u>55,071</u>	<u>500,443</u>	<u>356,672</u>
<u>Expense</u>				
Program services	259,841	-	259,841	200,519
Supporting services				
Management and general	23,488	-	23,488	7,353
Fundraising	58,027	-	58,027	36,362
Total expense	<u>341,356</u>	<u>-</u>	<u>341,356</u>	<u>244,234</u>
Change in net assets	104,016	55,071	159,087	112,438
Net assets, beginning of year	<u>299,067</u>	<u>83,251</u>	<u>382,318</u>	<u>269,880</u>
Net assets, end of year	<u>\$ 403,083</u>	<u>\$ 138,322</u>	<u>\$ 541,405</u>	<u>\$ 382,318</u>

The accompanying notes are an integral part of these financial statements

**SHADHIKA PROJECT, INC**

STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2017  
(WITH COMPARATIVE TOTALS FOR 2016)

	2017			2016	
	<u>Supporting Services</u>				
	Program	Management and General	Fund- raising	Total	Total
Salaries	\$ 73,077	\$ 7,025	\$ 41,431	\$ 121,533	\$ 44,546
Payroll taxes & benefits	6,381	613	3,617	10,611	3,395
Grants	123,863	-	-	123,863	92,398
Travel and meals	15,868	610	6,784	23,262	22,294
Conference	11,844	-	-	11,844	9,936
Professional fees	7,759	-	3,997	11,756	41,396
Rent	7,880	556	834	9,270	7,395
Bank fees	286	7,774	-	8,060	4,039
Accounting services	-	6,000	-	6,000	1,200
Printing	3,266	231	346	3,843	4,677
Telephone	3,264	230	346	3,840	4,050
Postage	1,909	135	202	2,246	2,144
Supplies	1,360	96	144	1,600	2,199
Insurance	1,142	81	121	1,344	2,628
Dues & subscriptions	284	20	30	334	426
Advertising	230	16	24	270	219
Taxes & license fees	144	10	15	169	195
All other	1,284	91	136	1,511	1,097
	<u>259,841</u>	<u>23,488</u>	<u>58,027</u>	<u>341,356</u>	<u>244,234</u>
Depreciation	-	-	-	-	-
<b>Total</b>	<u><u>\$ 259,841</u></u>	<u><u>\$ 23,488</u></u>	<u><u>\$ 58,027</u></u>	<u><u>\$ 341,356</u></u>	<u><u>\$ 244,234</u></u>

The accompanying notes are an integral part of these financial statements

**SHADHIKA PROJECT, INC**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**  
**(WITH COMPARATIVE TOTALS FOR 2016)**

	2017	2016
<u>Cash flows from operating activities</u>		
Change in net assets	\$ 159,087	\$ 112,438
Adjustments to reconcile change in net assets to net cash provided(used) by operating activities		
<u>Changes in operating assets and liabilities</u>		
(Increase)decrease in pledges, grants and other receivables	(75,909)	(25,875)
(Increase)decrease in prepaid expenses	(9,294)	(8,300)
(Increase)decrease in grants payable	8,136	-
Increase(decrease) in accrued liabilities	1,843	1,402
Net cash provided(used) by operating activities	83,863	79,665
Net increase(decrease) in cash and cash equivalents	83,863	79,665
Cash and cash equivalents, beginning of year	304,797	225,132
Cash and cash equivalents, end of year	\$ 388,660	\$ 304,797

The accompanying notes are an integral part of these financial statements

**SHADHIKA PROJECT, INC.**  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017

NOTE 1 - NATURE OF ACTIVITIES

Shadhika Project, Inc. (the Organization) (Shadhika) is a nonprofit corporation incorporated in California in 1993. The Organization addresses gender inequality in India by investing in the education, empowerment and economic self-sufficiency of young women and by teaching young men to respect women and girls. By providing funding and support to women-led, non-profits in India, Shadhika empowers at-risk young women to realize their aspirations for a better future.

The Organization is funded primarily by contributions.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES

1. Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

2. Basis of Presentation

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.

3. Cash and Cash Equivalents

The Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

4. Donations

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities, as net assets released from restrictions.

The Organization reports gifts of land, buildings, and equipment as unrestricted support unless the explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent donor stipulations regarding how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.



NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES (Concluded)

5. Capitalization and Depreciation

The Organization follows the practice of capitalizing all expenditures for property and equipment in excess of \$500. The fair value of donated assets is similarly capitalized. Depreciation of property and equipment is provided over the estimated useful lives of the respective assets on a straight-line basis. At year-end, the organization had no such assets.

6. Estimates

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

7. Income Taxes

The Organization has received an Internal Revenue Service exemption from federal income taxes under Section 501(c)(3). Accordingly, no provision or liability for income taxes has been provided in the accompanying financial statements.

8. Functional Reporting of Expenses

For the year ended December 31, 2017, the costs of providing the various programs and other 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.

9. Reclassifications

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements.

10. Summarized Prior-Year Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2016, from which the summarized information was derived.

11. Subsequent Events

Management has evaluated subsequent events through May 15, 2018, the date the financial statements were available to be issued.

NOTE 3 - PLEDGES AND GRANTS RECEIVABLE

The Organization has received various pledges for future donations. In addition, the Organization received a grant in the amount of \$30,000 to be received over three years. Management does not believe a present value discount or allowance for uncollectable amounts would be significant to these statements. The pledges and grants are anticipated to be received in the following years:

<u>Year</u>	<u>Amount</u>
2018	\$ 107,690
2019	30,250
2020	<u>1,875</u>
Total	<u>\$ 139,815</u>

NOTE 4 - GRANTS PAYABLE

Grants payable represents amounts accrued for commitments made during 2017 for a scholarship and a grant to an organization based in India. The amounts are anticipated to be paid during 2018.

NOTE 5 - LEASE COMMITMENTS

The Organization leases office space in Denver, Colorado. Future minimum lease payments are as follows:

<u>Year</u>	<u>Amount</u>
2018	<u>\$ 7,425</u>

NOTE 6 - BOARD DESIGNATED ENDOWMENT AND RESERVE

The Organization established a board designated endowment fund in the amount of \$2,212 for the purposes of sustaining the Organization.

The Organization also established a board designated reserve to provide operating reserves. The establishment of this reserve in the amount of \$30,000 was effective December 31, 2017.

NOTE 7 - TEMPORARILY RESTRICTED

Temporarily restricted net assets are available for the following purposes:

<u>Description</u>	<u>Amount</u>
Scholarships	\$ 89,005
Support for Success	38,349
Capacity Building	10,768
Jabala	<u>200</u>
Total	<u>\$ 138,322</u>

NOTE 8 - IN-KIND CONTRIBUTIONS

Volunteer services requiring specialized skills are reflected in the accompanying statements at their estimated values at date of receipt. In-kind contributions are reflected as follows:

<u>Description</u>	<u>Amount</u>
Airfare	\$ 2,500
Event supplies	1,543
Legal services	1,449
Consulting services	<u>900</u>
Total	<u>\$ 6,392</u>

No amounts have been reflected in the financial statements for donated services not requiring specific expertise. The Organization pays for most services requiring professional level skills. However, volunteers donated approximately 1,222 hours of non-professional level service during 2017.

NOTE 9 - NET ASSETS RELEASED FROM RESTRICTIONS

During the year, net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes:

<u>Description</u>	<u>Amount</u>
Scholarships	\$ 36,656
Capacity building	24,232
Dining for Women/Vacha	19,762
Jabala	10,816
Stop India	10,762
Support for Success	3,689
Donor trip	<u>3,300</u>
Total	<u>\$ 109,217</u>

NOTE 10 - CONCENTRATION OF CREDIT RISK

The Organization has cash in two financial institutions. Amounts in excess of \$250,000 are not insured by the FDIC or related entity. At year-end, the Organization's checking and savings account balances in one institution totaled \$380,303. Management has evaluated its banking needs and the strength of the financial institutions and believes that it is in the best long-term interest of the Organization to continue its existing relationships.