

**SHADHIKA PROJECT, INC.**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

TOGETHER WITH INDEPENDENT AUDITORS' REPORT

**SHADHIKA PROJECT, INC.**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

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May 20, 2021

Independent Auditors' Report

Board of Directors  
Shadhika Project, Inc.  
Denver, Colorado

***Opinion***

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, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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, 2020, 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.

***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United State of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Shadhika Project, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Shadhika Project, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Shadhika Project, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregative, that raise substantial doubt about Shadhika Project, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

***Report on Summarized Comparative Information***

We have previously audited Shadhika Project, Inc.'s 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 3, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Taylor Roth and Company P/A*

TAYLOR, ROTH AND COMPANY, PLLC  
CERTIFIED PUBLIC ACCOUNTANTS  
DENVER, COLORADO

**SHADHIKA PROJECT, INC.**  
STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2020  
(WITH COMPARATIVE TOTALS FOR 2019)

	<u>2020</u>	<u>2019</u>
<u>Assets</u>		
Cash and cash equivalents	\$ 360,849	\$ 305,968
Certificates of deposit (Note 3)	132,417	156,188
Contributions receivable	15,131	31,661
Prepaid expenses and deposit	12,522	21,536
Promises to give, net (Note 4)	<u>123,725</u>	<u>208,657</u>
Total assets	<u>\$ 644,644</u>	<u>\$ 724,010</u>
<u>Liabilities and net assets</u>		
<u>Liabilities</u>		
Accounts payable	\$ 7,760	\$ 1,402
Accrued payroll liabilities	2,049	3,387
Paycheck Protection Program loan (Note 5)	<u>30,900</u>	<u>-</u>
Total liabilities	<u>40,709</u>	<u>4,789</u>
<u>Net assets</u>		
<u>Without donor restrictions</u>		
Undesignated	446,774	406,761
Board designated reserves (Note 6)	<u>82,212</u>	<u>82,212</u>
	528,986	488,973
<u>With donor restrictions (Note 7)</u>	<u>74,949</u>	<u>230,248</u>
Total net assets	<u>603,935</u>	<u>719,221</u>
Total liabilities and net assets	<u>\$ 644,644</u>	<u>\$ 724,010</u>

The accompanying notes are an integral part of these financial statements

**SHADHIKA PROJECT, INC.**  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(WITH COMPARATIVE TOTALS FOR 2019)

	2020			2019
	Without Donor Restrictions	With Donor Restrictions	Total	Total
<u>Revenue and other support</u>				
Contributions	\$ 246,022	\$ 143,293	\$ 389,315	\$ 567,882
Special events, revenue	6,904	-	6,904	88,182
Less: direct expenses	(1,775)	-	(1,775)	(6,661)
Interest and investment income	2,126	-	2,126	3,583
Other	240	-	240	834
In-kind contributions (Note 8)	750	-	750	24,055
Net assets released from restrictions (Note 9)	298,592	(298,592)	-	-
Total revenue and other support	552,859	(155,299)	397,560	677,875
<u>Expense</u>				
Program services	397,512	-	397,512	463,886
Supporting services				
Management and general	55,568	-	55,568	48,442
Fund-raising	59,766	-	59,766	61,921
Total expense	512,846	-	512,846	574,249
Change in net assets	40,013	(155,299)	(115,286)	103,626
Net assets, beginning of year	488,973	230,248	719,221	615,595
Net assets, end of year	\$ 528,986	\$ 74,949	\$ 603,935	\$ 719,221

The accompanying notes are an integral part of these financial statements

**SHADHIKA PROJECT, INC.**

STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(WITH COMPARATIVE TOTALS FOR 2019)

	2020			2019	
	Supporting Services				
	Program Services	Management and General	Fund- raising	Total	Total
Salaries	\$ 140,464	\$ 13,203	\$ 22,309	\$ 175,976	\$ 139,643
Payroll taxes and benefits	16,729	1,335	2,511	20,575	14,745
Grants	171,676	-	-	171,676	199,817
Contract services	7,155	6,915	13,128	27,198	20,523
Program contract services	23,926	360	1,533	25,819	21,369
Travel and meals	15,238	853	6,576	22,667	37,356
Accounting and auditing	-	17,535	-	17,535	12,815
Rent	9,670	901	1,897	12,468	11,706
Bad debts	-	10,900	-	10,900	1,500
Technology	3,032	844	6,964	10,840	10,549
Bank fees	3,538	296	1,769	5,603	7,428
Insurance	3,210	585	795	4,590	1,930
Marketing and communications	345	529	1,227	2,101	61,266
Supplies	836	83	170	1,089	2,307
Registrations and licenses	660	226	124	1,010	179
Postage	282	93	477	852	1,636
Professional fees	-	750	-	750	1,200
Dues and subscriptions	473	51	186	710	1,010
Printing	55	109	100	264	3,890
Grantee conference	223	-	-	223	21,936
Employee expenses	-	-	-	-	463
Program materials	-	-	-	-	256
Miscellaneous	-	-	-	-	725
Total	\$ 397,512	\$ 55,568	\$ 59,766	\$ 512,846	\$ 574,249

The accompanying notes are an integral part of these financial statements

**SHADHIKA PROJECT, INC.**  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(WITH COMPARATIVE TOTALS FOR 2019)

	<u>2020</u>	<u>2019</u>
<u>Cash flows from operating activities</u>		
Change in net assets	\$ (115,286)	\$ 103,626
Adjustments to reconcile change in net assets to net cash provided(used) by operating activities		
Reinvested interest on short term investments	(1,405)	(2,916)
<u>Changes in operating assets and liabilities</u>		
(Increase)decrease in contributions receivable	16,530	(23,737)
(Increase)decrease in prepaid expenses and deposit	9,014	(8,302)
(Increase)decrease in promises to give	84,932	(81,463)
Increase(decrease) in accounts payable	6,358	(1,516)
Increase(decrease) in accrued payroll liabilities	<u>(1,338)</u>	<u>(2,057)</u>
Net cash provided(used) by operating activities	<u>(1,195)</u>	<u>(16,365)</u>
<u>Cash flows from investing activities</u>		
Purchases of certificates of deposit	(20,000)	(52,961)
Maturities of certificates of deposit	<u>45,176</u>	<u>-</u>
Net cash provided(used) by investing activities	<u>25,176</u>	<u>(52,961)</u>
<u>Cash flows from financing activities</u>		
Proceeds from Paycheck Protection Program loan	<u>30,900</u>	<u>-</u>
Net increase(decrease) in cash and cash equivalents	54,881	(69,326)
Cash and cash equivalents, beginning of year	<u>305,968</u>	<u>375,294</u>
Cash and cash equivalents, end of year	<u><u>\$ 360,849</u></u>	<u><u>\$ 305,968</u></u>

The accompanying notes are an integral part of these financial statements



## SHADHIKA PROJECT, INC.

### NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

#### NOTE 1 - NATURE OF ACTIVITIES

Shadhika Project, Inc. (the Organization or Shadhika) is a nonprofit corporation incorporated in California in 1993. Shadhika exists to inspire a culture shift in India by ensuring every young woman is empowered to realize her full potential. Through its flagship programs, Shadhika empowers underrepresented young women from lower castes and other socio-economic circumstances through a model of intervention that believes in grassroots partnerships as the incubator of innovation and the individual girl as the agent of replication. Shadhika provides 1) funding and technical assistance for local partners to implement leadership development and academic tutoring for teenage girls; and 2) post-secondary education scholarships to young women. Thanks to this full-spectrum support throughout the most vulnerable stages of a young woman's development, these young female leaders can get a job in the formal economy, become financially independent, and control critical aspects of their lives—a change towards gender equity that has the potential to ripple through the young women's families, communities, and the world.

In 2020, the Organization took swift action that ensured institutional resilience and programmatic success under unprecedented circumstances. The Organization cut back on operational costs to prioritize the integrity of its grantmaking commitments. The Organization unrestricted its program support grants to give its partners in India maximum flexibility to respond to the unique needs of the communities they serve. The Organization extended the disbursement period of scholarships in order to accommodate calendar delays and closure of colleges and universities. Finally, the Organization pivoted its in-person activities to become virtual, including quarterly roundtables with partners, a virtual Leaders for Change Summit in November, and monthly check-ins with local partners and Shadhika Scholars. This allowed the Organization to be nimble and responsive to the evolving crisis, to prevent any staff loss related to the COVID pandemic, to help our partners keep their doors open, and to keep 100% Shadhika Scholars in school.

The Organization is funded primarily by individual 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 financial statements of the Organization have been prepared in accordance with U.S. generally accepted accounting principles which require the Organization to report its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Organization's management and board of directors.

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

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated that the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

Contributions of property and equipment or cash restricted to acquisition of property and equipment are reported as net assets with donor restrictions if the donor has restricted the use of the property or equipment to a program. These restrictions expire when the assets are placed in service.

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. Capitalization and Depreciation

The Organization follows the practice of capitalizing all expenditures for property and equipment in excess of \$2,500. 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.

5. 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.

6. 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.

7. Functional Reporting of Expenses

For the year ended December 31, 2020, the costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain categories of expenses attributable to program services or a supporting function are allocated on a reasonable basis that is consistently applied. The significant expenses that are allocated include salaries and payroll taxes and marketing and communication which are allocated based on time and effort. In addition, travel and meals expenses are allocated based upon estimated program or functional category benefited.

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

8. 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, 2019, from which the summarized information was derived.

9. Subsequent Events

Management has evaluated subsequent events through May 20, 2021, the date the financial statements were available to be issued.

NOTE 3 - CERTIFICATES OF DEPOSIT

The Organization purchases certificates of deposit having initial maturities of one year or less. The certificates of deposit held at year-end carry interest rates of approximately .15%. The certificates of deposit are reported at cost plus accrued interest which closely approximates fair value.

NOTE 4 - PROMISES TO GIVE

The Organization has received various promises to give. Management does not believe a present value discount would be significant to these statements.

The contributions are anticipated to be received in the following years:

<u>Year</u>	<u>Amount</u>
2021	\$ 108,975
2022	23,250
2023	<u>2,400</u>
	134,625
Allowance for uncollectable promises to give	<u>(10,900)</u>
Promises to give, net	<u>\$ 123,725</u>

NOTE 5 - PAYCHECK PROTECTION PROGRAM LOAN

In April 2020, the Organization received a \$30,900 loan under the U.S. Small Business Administration's (SBA) Paycheck Protection Program (PPP) authorized under the Coronavirus Aid, Relief, and Economic Security Act (the CARES Act). Under the program, this loan could be partially or fully forgiven if certain eligibility requirements were met, including that 60% of the loan must be spent on payroll. The loan was treated as a refundable advance of a conditional contribution until such time the loan was forgiven by the SBA. In 2021, the SBA forgave the entire loan and the Organization will recognize the revenue.

NOTE 6 - BOARD DESIGNATED RESERVES

The Organization has established two board designated reserves of \$2,212 and \$80,000 for the purposes of sustaining the Organization and to provide operating reserves, respectively.

NOTE 7 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes:

<u>Description</u>	<u>Amount</u>
Degree College and Vocational Scholarships	\$ 29,976
Girls' Writes	15,743
Climate Change	10,889
RKM Computer Fund	9,534
Leaders for Change Summit	<u>8,807</u>
Total	<u>\$ 74,949</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. During the year, the Organization received in-kind legal service contributions in the amount of \$750.

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. Volunteers donated approximately 1,432 hours of non-professional level service during the year,

NOTE 9 - NET ASSETS RELEASED FROM DONOR RESTRICTIONS

During the year, net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or donor release of restrictions, in the following amounts:

<u>Description</u>	<u>Amount</u>
Degree College and Vocational Scholarships	\$ 111,996
Girls' Writes	50,371
Leaders for Change Summit	36,271
Men for Gender Equality	35,794
COVID 19 – Basic Needs Assistance	29,868
Donor release of restrictions	15,000
Climate Change	9,111
Supports for Success	5,000
RKM Computer Fund	3,380
HERstory	<u>1,801</u>
Total	<u>\$ 298,592</u>

NOTE 10 - CONCENTRATION OF CREDIT RISK

The Organization has cash and certificates of deposit with a number of 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 was approximately \$325,000. 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.

NOTE 11 - AVAILABILITY AND LIQUIDITY

The following represents financial assets available for general expenditures within one year on December 31, 2020:

Financial assets at year-end:	<u>Amount</u>
Cash and cash equivalents	\$ 360,849
Certificates of deposit	132,417
Contributions receivable	15,131
Promises to give	<u>123,725</u>
	<u>632,122</u>
Less amounts not available to be used within one year:	
Promises to give	(25,650)
Board designated reserves	<u>(82,212)</u>
	<u>(107,862)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 524,260</u>

The Organization has certain donor-restricted assets which are available for general expenditures within one year in the normal course of operations. Accordingly, these assets have been included in the qualitative information above for financial assets available to meet general expenditures within one year.

The Organization's board of directors designated \$82,212 to be used to sustain the Organization and to provide operating reserves. Because of the board of director's designation, the \$82,212 is not available for general operating expenditures within the next year, however, the board of directors could make them available, if necessary. The Organization's goal is to maintain financial assets to meet at least three months of anticipated general operating expenditures (approximately \$80,000).

NOTE 12 - LEASE COMMITMENTS

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

<u>Year</u>	<u>Amount</u>
2021	<u>\$ 8,100</u>

NOTE 13 - SUBSEQUENT EVENTS

In January 2021, the Organization received notification that the SBA had authorized full forgiveness of the \$30,900 PPP loan obtained in April 2020. In February 2021, the Organization applied for a second draw under the PPP and subsequently received funding of approximately \$39,000 in March 2021.