SHADHIKA PROJECT, INC.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2018

TOGETHER WITH INDEPENDENT AUDITORS' REPORT

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FOR THE YEAR ENDED DECEMBER 31, 2018

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

May 7, 2019

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, 2018, 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, 2018, 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 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 15, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017, 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

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SHADHIKA PROJECT, INC

STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2018
(WITH COMPARATIVE TOTALS FOR 2017)

	2018	2017
Assets		
Cash and cash equivalents	$ 475,605	$ 388,660
Donations and other receivables	7,924	7,199
Pledges and grant receivable (Note 3)	127,194	139,815
Prepaid expenses and deposit	13,234	17,979
Total assets	$ 623,957	$ 553,653
Liabilities and net assets		
Liabilities		
Accounts payable	$ 2,918	$ 30
Accrued payroll liabilities	5,444	4,082
Grants payable	-	8,136
Commitments (Note 4)		
Total liabilities	8,362	12,248
Net assets		
Without donor restrictions		
Undesignated	349,055	370,871
Board designated reserves (Note 5)	62,212	32,212
With donor restrictions (Note 6)	204,328	138,322
Total net assets	615,595	541,405
Total liabilities and net assets	$ 623,957	$ 553,653

The accompanying notes are an integral part of these financial statements

SHADHIKA PROJECT, INC

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018
(WITH COMPARATIVE TOTALS FOR 2017)

	2018			2017
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Revenue and other support				
Contributions	$ 234,317	$ 253,035	$ 487,352	$ 436,234
Special events, revenue	23,606	-	23,606	94,687
Less: direct expenses	(11,719)	-	(11,719)	(37,686)
Interest and investment income(loss)	(224)	-	(224)	816
Other	506	-	506	-
In-kind contributions (Note 7)	5,950	-	5,950	6,392
Net assets released from restrictions (Note 8)	187,029	(187,029)	-	-
Total revenue and other support	439,465	66,006	505,471	500,443
Expense				
Program services	354,780	-	354,780	259,841
Supporting services				
Management and general	55,581	-	55,581	23,488
Fund-raising	20,920	-	20,920	58,027
Total expense	431,281	-	431,281	341,356
Change in net assets	8,184	66,006	74,190	159,087
Net assets, beginning of year	403,083	138,322	541,405	382,318
Net assets, end of year	$ 411,267	$ 204,328	$ 615,595	$ 541,405

The accompanying notes are an integral part of these financial statements

SHADHIKA PROJECT, INC

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018
(WITH COMPARATIVE TOTALS FOR 2017)

	2018				2017
		Supporting Services			
	Program	Management and General	Fund-raising	Total	Total
Salaries	$ 90,462	$ 29,122	$ 7,309	$ 126,893	$ 121,533
Payroll taxes and benefits	10,492	3,378	848	14,718	10,611
Grants	170,864	-	-	170,864	123,863
Travel and meals	27,638	1,727	5,182	34,547	23,262
Contract services	13,349	834	2,503	16,686	10,307
Accounting and auditing	-	12,721	-	12,721	6,000
Grantee conference	10,251	-	-	10,251	11,844
Rent	8,028	502	1,505	10,035	9,270
Telephone	6,023	376	1,129	7,528	3,840
Bank fees	160	5,986	-	6,146	8,060
Marketing and communications	4,512	282	846	5,640	270
Program materials	4,481	-	-	4,481	-
Printing	2,236	140	419	2,795	3,843
Insurance	1,883	118	353	2,354	1,344
Supplies	1,609	101	302	2,012	1,600
Professional fees	1,000	62	188	1,250	1,449
Postage	817	51	153	1,021	2,246
Dues and subscriptions	361	23	68	452	334
Registrations and licenses	-	120	-	120	169
All other	614	38	115	767	1,511
Total	$ 354,780	$ 55,581	$ 20,920	$ 431,281	$ 341,356

The accompanying notes are an integral part of these financial statements

SHADHIKA PROJECT, INC

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2018
(WITH COMPARATIVE TOTALS FOR 2017)

	2018	2017
Cash flows from operating activities		
Change in net assets	$ 74,190	$ 159,087
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Donated stock	(20,159)	(22,290)
Realized (gain)loss on investment	2,031	(275)
Changes in operating assets and liabilities		
(Increase)decrease in pledges and grant receivables	12,621	(68,710)
(Increase)decrease in donations and other receivables	(725)	(7,199)
(Increase)decrease in prepaid expenses	4,745	(9,294)
Increase(decrease) in accounts payable	2,888	30
Increase(decrease) in accrued payroll liabilities	1,362	1,813
Increase(decrease) in grants payable	(8,136)	8,136
Net cash provided by operating activities	68,817	61,298
Cash flows from investing activities		
Proceeds from sale of donated stock	18,128	22,565
Net increase in cash and cash equivalents	86,945	83,863
Cash and cash equivalents, beginning of year	388,660	304,797
Cash and cash equivalents, end of year	$ 475,605	$ 388,660

The accompanying notes are an integral part of these financial statements

SHADHIKA PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31 , 2018

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 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.

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.

3. Cash and Cash Equivalents

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

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

4. Contributions

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

5. 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.

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, 2018, 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 which are allocated based on time and effort. In addition, travel and meals expenses are allocated based upon estimated program or functional category 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.

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

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, 2018, from which the summarized information was derived.

11. New Accounting Pronouncement

On August 18, 2016, the Financial Accounting Standards Board issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. The update addresses net asset classification, information about liquidity and available resources, information provided about functional allocation of expenses, and consistency in reporting investment return. The Organization has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

12. Subsequent Events

Management has evaluated subsequent events through May 7, 2019, the date the financial statements were available to be issued.

NOTE 3 - PLEDGES AND GRANT RECEIVABLE

The Organization has received various pledges for future donations and has a remaining payment on a multi-year grant. 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:

Year	Amount
2019	$ 83,684
2020	33,210
2021	10,300
Total	$ 127,194

NOTE 4 - LEASE COMMITMENTS

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

Year	Amount
2019	$ 7,650

NOTE 5 - BOARD DESIGNATED RESERVES

The Organization has established board designated reserves of $2,212 and $60,000 for the purposes of sustaining the Organization and to provide operating reserves, respectively.

NOTE 6 - NET ASSSETS WITH DONOR RESTRICTIONS

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

Description	Amount
Degree College and Vocational Scholarships	$ 68,974
Leaders for Change Summit	33,467
Girls' Writes	31,741
Ready for Work	23,213
Men for Gender Equality	17,774
STOP India	12,750
11-12th Grade Scholarships	10,000
RKM Computer Fund	6,322
Jabala	87
Total	$ 204,328

Net assets with donor restrictions is comprised of pledges and grant receivables ($98,278), donations receivable ($1,000) and the remainder in cash and cash equivalents.

NOTE 7 - 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:

Description	Amount
Information technology services	$ 3,720
Legal services	1,250
Event supplies	980
Total	$ 5,950

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 531 hours of non-professional level service during 2018.

NOTE 8 - NET ASSETS RELEASED FROM DONOR RESTRICTIONS

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

Description	Amount
Degree College and Vocational Scholarships	$ 65,423
Support for Success	28,350
Girls' Writes	21,983
Ready for Work	21,103
Leaders for Change Summit	17,301
Men for Gender Equality	14,226
RKM Computer Fund	8,678
11-12th Grade Scholarships	7,500
STOP India	2,250
Jabala	215
Total	$ 187,029

NOTE 9 - CONCENTRATION OF CREDIT RISK

The Organization has cash with three 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 $315,000. 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 10 - AVAILABILITY AND LIQUIDITY

The following represents financial assets available for general operating expenditures within one year at December 31, 2018:

Financial assets at year-end:	Amount
Cash and cash equivalents	$ 475,604
Pledges and grants receivable	127,194
Donations and other receivables	7,924
	610,722
Less amounts not available to be used within one year:	
Pledges receivable	(43,510)
Board designated reserve	(62,212)
	(105,722)
Financial assets available to meet cash needs for general operating expenditures within one year	$ 505,000

NOTE 10 - AVAILABILITY AND LIQUIDITY – (Continued)

The Organization has certain donor-restricted assets which are available for general operating expenditure 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 operating expenditures within one year. The Organization's board of directors designated $62,212 to be used to sustain the Organization and to provide operating reserves. Because of the board of director's designation, the $62,212 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 six months of anticipated general operating expenses (approximately $200,000 - $225,000).