SHADHIKA PROJECT, INC.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

TOGETHER WITH INDEPENDENT AUDITORS' REPORT

SHADHIKA PROJECT, INC.

FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

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TAYLORROTH
Certified Public Accountants
WORKING EXCLUSIVELY WITH NONPROFITS

June 30, 2023

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, 2022, 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, 2022, 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.

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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 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 19, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, 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
DENVER, COLORADO

SHADHIKA PROJECT, INC.

STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2022
(WITH COMPARATIVE TOTALS FOR 2021)

	2022	2021
Assets		
Cash and cash equivalents	$ 339,381	$ 636,130
Certificate of deposit (Note 3)	100,098	-
Contributions receivable	29,892	6,688
Prepaid expenses and deposit	14,128	13,611
Promises to give, net (Note 4)	233,350	164,545
Investments (Note 5)	25,260	30,873
Total assets	$ 742,109	$ 851,847
Liabilities and net assets		
Liabilities		
Accounts payable	$ 12,582	$ 8,922
Accrued payroll liabilities	12,172	8,951
Total liabilities	24,754	17,873
Net assets		
Without donor restrictions		
Undesignated	635,143	694,646
Board designated reserves (Note 6)	82,212	82,212
	717,355	776,858
With donor restrictions	-	57,116
Total net assets	717,355	833,974
Total liabilities and net assets	$ 742,109	$ 851,847

The accompanying notes are an integral part of these financial statements

SHADHIKA PROJECT, INC.

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022
(WITH COMPARATIVE TOTALS FOR 2021)

	2022			2021
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Revenue and other support				
Contributions	$ 294,911	$ 134,788	$ 429,699	$ 706,175
Fundraising events, revenue	139,320	32,400	171,720	76,274
Less: direct expenses	(38,929)	-	(38,929)	(1,776)
CARES Act government fundng (Note 7)	59,584	-	59,584	69,984
Other	3	-	3	294
Interest and investment income	(5,239)	-	(5,239)	1,734
In-kind contributions (Note 8)	16,522	15,931	32,453	1,800
Net assets released from restrictions (Note 9)	240,235	(240,235)	-	-
Total revenue and other support	706,407	(57,116)	649,291	854,485
Expense				
Program services	566,350	-	566,350	437,986
Supporting services				
Management and general	117,720	-	117,720	85,419
Fundraising	81,840	-	81,840	101,041
Total expense	765,910	-	765,910	624,446
Change in net assets	(59,503)	(57,116)	(116,619)	230,039
Net assets, beginning of year	776,858	57,116	833,974	603,935
Net assets, end of year	$ 717,355	$ -	$ 717,355	$ 833,974

The accompanying notes are an integral part of these financial statements

SHADHIKA PROJECT, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022
(WITH COMPARATIVE TOTALS FOR 2021)

	2022				2021
		Supporting Services			
	Program Services	Management and General	Fund-raising	Total	Total
Salaries	$ 125,613	$ 37,745	$ 56,426	$ 219,784	$ 189,599
Payroll taxes and benefits	15,825	10,429	5,671	31,925	25,324
Grants	238,669	-	1,501	240,170	259,986
Program contract services	61,205	4,160	2,952	68,317	25,157
Fundraising events expense	-	-	38,929	38,929	1,776
Accounting and auditing	-	33,037	-	33,037	27,436
Grantee conference	31,930	56	-	31,986	1,883
Travel and meals	25,806	409	163	26,378	7,122
Contract services	25,678	407	162	26,247	6,175
Professional fees	3,269	17,660	594	21,523	12,350
Marketing and communications	8,501	-	9,606	18,107	18,324
Rent	8,674	2,665	971	12,310	11,305
Technology	6,825	2,565	1,535	10,925	8,123
Employee expenses	2,781	3,393	317	6,491	35
Bank fees	1,634	4,276	88	5,998	6,718
Supplies	2,862	176	48	3,086	1,076
Printing	2,395	62	-	2,457	1,633
Insurance	1,809	126	168	2,103	1,162
Dues and subscriptions	1,159	227	119	1,505	760
Bad debts	-	-	1,500	1,500	19,000
Postage	546	4	-	550	580
Registrations and licenses	349	59	-	408	698
Program materials	358	-	-	358	-
Other	462	264	19	745	-
Total expenses	566,350	117,720	120,769	804,839	626,222
Expenses netted against revenue:					
Fundraising events expenses	-	-	(38,929)	(38,929)	(1,776)
	$ 566,350	$ 117,720	$ 81,840	$ 765,910	$ 624,446

The accompanying notes are an integral part of these financial statements

SHADHIKA PROJECT, INC.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022
(WITH COMPARATIVE TOTALS FOR 2021)

	2022	2021
Cash flows from operating activities		
Change in net assets	$ (116,619)	$ 230,039
Adjustments to reconcile change in net assets to net cash (used)provided by operating activities		
Paycheck Protection Program loan forgiveness	-	(69,984)
Change in value of investments	5,613	(873)
Reinvested interest on short term investments	(98)	(180)
Changes in operating assets and liabilities		
(Increase)decrease in contributions receivable	(23,204)	8,443
(Increase)decrease in prepaid expenses and deposit	(517)	(1,089)
(Increase)decrease in promises to give	(68,805)	(40,820)
Increase(decrease) in accounts payable	3,660	1,162
Increase(decrease) in accrued payroll liabilities	3,221	6,902
Net cash (used)provided by operating activities	(196,749)	133,600
Cash flows from investing activities		
Purchases of investments	-	(30,000)
Purchase of certificate of deposit	(100,000)	-
Maturities of certificates of deposit	-	132,597
Net cash (used)provided by investing activities	(100,000)	102,597
Cash flows from financing activities		
Proceeds from Paycheck Protection Program loan	-	39,084
Net (decrease)increase in cash and cash equivalents	(296,749)	275,281
Cash and cash equivalents, beginning of year	636,130	360,849
Cash and cash equivalents, end of year	$ 339,381	$ 636,130

The accompanying notes are an integral part of these financial statements

SHADHIKA PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 1 - NATURE OF ACTIVITIES

Shadhika Project Inc. (the Organization or Shadhika) is a nonprofit corporation incorporated in California in 1993. Shadhika believes in a future where each young person in India can choose their own path to meaning, purpose, and happiness. This vision can only be fully realized when a person's gender identity is seen as an asset in their community and the world at large, and their unique contributions are embraced.

Shadhika intends to abate gender-based discrimination and violence in the social systems surrounding each person by focusing on three core areas of intervention: 1) Shadhika provides long-term program support grants to local women-led organizations in India. With the local accompaniment by our partners and the financial support of comprehensive education funds, each young woman can build self-confidence, acquire the tools, and achieve the financial independence necessary to control their own bodies and determine their own goals; 2) Shadhika provides multi-year, unrestricted funding to give grassroots leaders the security, the time, and the resources to identify determining factors of vulnerability and incubate community-centric, sustainable solutions; and 3) Shadhika funds initiatives that engage men and boys–and other power holders–to champion gender justice and recalibrate power structures in their own communities. Shadhika also supports convenings for its partners, Scholars and Alum, and its Advisory Council to learn and co-create together, ensuring local voices are central to effecting change in India.

In order to conduct these activities, Shadhika is structured to have its management and fundraising staff in the U.S. while the majority of its program staff are based in India. Because of the difference in living costs between the two countries, the personnel expenses dedicated to management and fundraising are higher than the personnel expenses dedicated to programs despite the fact that the majority of staff time across the organization is spent on program-related activities.

In 2022, Shadhika built the infrastructure to support and advance the desired programmatic growth presented in the organization's new 2023-2030 strategic plan. These efforts included recruiting a program team and expanding the board to be more representative of and better serve the diverse communities in India, including gender, sexuality, caste, ethnic, and religious identities. Another major structural investment was the streamlining of grantmaking systems and the development of monitoring, evaluation, and learning framework to respectively increase efficiency and measure the impact of Shadhika's work more effectively. These activities enabled Shadhika to support 76 Scholars—the most in the organization's history—and expand its partnership network to provide more opportunities for Dalit and Devadasi girls to escape child marriage and intergenerational sex work. Finally, Shadhika resumed in-person activities, including the Scholars' Summit, site visits to partner organizations, and fundraising events.

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.

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 and cash equivalents, except for those amounts held in the investment portfolio which are invested for long-term purposes.

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. Investments

Investments are reported at cost, if purchased, or at fair value, if donated. Thereafter, investments are reported at their fair value in the statements of financial position, and changes in fair value are reported in investment income in the statement of activities.

5. Investments (Continued)

Purchases and sales of securities are reflected on a trade-date basis. Gains and losses on sales of securities are based on cost and are recorded in the statement of activities in the period in which the securities are sold. Interest is recorded when earned.

6. Fair Value Measurements

Fair value is the defined as the price that would be received to sell an asset in the principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date. Fair value should be based on the assumptions market participants would use when pricing an asset. US GAAP establishes a fair value hierarchy that prioritizes investments based on those assumptions. The fair value hierarchy gives the highest priority to quoted prices in active markets (observable inputs) and the lowest priority to an entity's assumptions (unobservable inputs). The Organization's investments consisting of shares of publicly traded corporations and a mutual fund are defined as Level 1 assets as described below:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities in active markets as of the measurement date.

7. Leases

The Organization determines if an arrangement is or contains a lease at inception and whether it will be classified as an operating or finance lease based upon the accounting criteria. Leases are included in right-of-use (ROU) assets and lease liabilities in the statement of financial position. ROU assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term, and ROU assets also include prepaid or accrued rent. The Organization uses the rate implicit in the lease if it is determinable. When the rate implicit in the lease is not determinable, the Organization uses its incremental borrowing rate to determine the present value of the future lease payments. Operating lease expense is recognized on a straight-line basis over the lease term.

The Organization applied the short-term lease exemption of not recognizing a ROU asset and lease liability for leases that have terms of 12 months or less. Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term.

8. 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.

9. 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.

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

10. Functional Reporting of Expenses

For the year ended December 31, 2022, 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. Other expenses have been allocated based upon estimates of time and effort or usage.

11. 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, 2021, from which the summarized information was derived.

12. Subsequent Events

Management has evaluated subsequent events through June 30, 2023, the date the financial statements were available to be issued.

NOTE 3 - CERTIFICATE OF DEPOSIT

The Organization purchased a certificate of deposit having a maturity of one year. The certificate of deposit carries an interest rate of approximately .1%. The certificate of deposit is reported at cost plus accrued interest which 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 collected in the following years:

Year	Amount
2023	$ 144,750
2024	82,100
2025	16,500
Total	243,350
Allowance for uncollectable promises to give	(10,000)
Promises to give, net	$ 233,350

NOTE 5 - INVESTMENTS

Investments are stated at the quoted market price (Level 1 inputs) and consists primarily of an S&P 500 exchange traded fund. The Organization recognized unrealized losses of $6,014 and dividend income of $296 on the exchange traded fund during the year. The Organization also earned $479 of interest income on its cash accounts and certificates of deposit held during the year.

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 - CARES ACT GOVERNMENT FUNDING

During the year, the Organization applied for and received an Employee Retention Credit in the amount of $59,584. In March 2021, the Organization received a second loan in the amount of $69,984 under the U.S. Small Business Administration's Paycheck Protection Program. The Organization submitted a loan forgiveness application for this loan and received complete forgiveness in September 2021.

NOTE 8 - IN-KIND CONTRIBUTIONS

Donated services which require recognition are those that create or enhance non-financial assets or that specifically require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. During the year, in-kind contributions included the following:

Description	Utilization in Programs/Activities	Donor Restrictions	Revenue Recognized
Legal services	Management & Admin.	No donor restrictions	$ 16,522
Catering and event expenses	Fundraising	Fundraising event	15,931
Total			$ 32,453

The contributed services from attorneys are valued at estimated fair value based on current rates for similar legal services. Catering and event expenses were valued at the value of the goods and services provided at the event. Additionally, volunteers donated approximately 1,727 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:

Description	Amount
Degree College and Vocational Scholarships	$ 145,653
Men for Gender Equality	40,000
Fundraising event	15,931
Climate Change	10,500
Summit Fund	27,033
COVID 19 – Basic Needs Assistance	1,118
Total	$ 240,235

NOTE 10 - CONCENTRATION OF CREDIT RISK

The Organization has cash held primarily with one financial institution. Amounts in excess of $250,000 are not insured by the FDIC or related entity. At year-end, the Organization's checking, savings, and certificate of deposit account balances in one institution was approximately $424,000. 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 - LEASE COMMITMENTS

The Organization leases office space in Denver, Colorado under a lease with a term of one year. Future minimum lease payments are as follows:

Year	Amount
2023	$ 8,640

NOTE 12 - RETIREMENT PLAN

The Organization adopted a SIMPLE IRA retirement plan (the Plan) during the year. The plan covers all eligible employees. Employees may elect to make contributions to the plan up to the maximum amount permitted. The Organization matches employee contributions up to 2% of employee compensation. During the year, the Organization made matching contributions of $6,522 to the Plan.

NOTE 13 - AVAILABILITY AND LIQUIDITY

The following represents financial assets available for general expenditures within one year on December 31, 2022:

Financial assets at year-end:	Amount
Cash and cash equivalents	$ 339,381
Certificate of deposit	100,098
Contributions receivable	29,892
Promises to give, net	233,350
	702,721
Less amounts not available to be used within one year:	
Promises to give	(98,600)
Board designated reserves	(82,212)
	(180,812)
Financial assets available to meet cash needs for general expenditures within one year	$ 521,909

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 $285,000).