

Audited Financial Statements

**Greater Austin Nepali Society**

*For the Year Ended December 31, 2023*

*With Report of Independent Auditor*

# **Greater Austin Nepali Society**

## **Audited Financial Statements**

*For the Year Ended December 31, 2023*

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# **William W. Sullivan, Jr., CPA**

## **Independent Auditor's Report**

To the Executive & Operation Committee  
Greater Austin Nepali Society  
1251 County Rd 138  
Hutto, Texas 78634

### **Report on the Audit of the Financial Statements**

#### **Opinion**

We have audited the accompanying financial statements of the Greater Austin Nepali Society (the "Society") (a nonprofit organization), which comprise the statement of financial position as of December 31, 2023, 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 accompanying financial statements present fairly, in all material respects, the financial position of the Society as of December 31, 2023, 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 States of America (GAAS). 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 the Society 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 the 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 the Society's ability to continue as a going concern for one year after the date that the financial statements are 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 GAAS 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 are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment 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 the Society'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 aggregate, that raise substantial doubt about the Society'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.

A handwritten signature in black ink, appearing to be 'Austin J.', is written over a horizontal line.

Austin, Texas  
March 14, 2025

## **Audited Financial Statements**

# Greater Austin Nepali Society

## Statement of Financial Position

*December 31, 2023*

### **Assets**

#### Current assets:

Cash and cash equivalents	\$ 45,186
Total current assets	<u>45,186</u>

Pledges receivable – with restrictions	272,487
Property and equipment, net	<u>977,709</u>

Total assets	<u>\$ 1,295,382</u>
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### **Liabilities and Net Assets**

#### Current liabilities:

Loan payable – current	\$ 12,028
Total current liabilities	<u>12,028</u>

#### Long term liabilities:

Loan payable – non-current	<u>259,853</u>
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Total liabilities	<u>271,881</u>
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#### Net Assets:

Without restrictions	751,014
With restrictions	<u>272,487</u>

Total net assets	<u>1,023,501</u>
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Total liabilities and net assets	<u>\$ 1,295,382</u>
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*The accompanying notes are an integral part of these financial statements.*

# Greater Austin Nepali Society

## Statement of Activities

*For the Year Ended December 31, 2023*

	Without Restrictions	With Restrictions	Total
Support and income:			
Contributions	\$ 195,521	\$ 62,644	\$ 258,165
Rental income	12,000	-	12,000
Total support and income	207,521	62,644	270,165
Net assets released from restrictions	122,566	(122,566)	-
Total support, income, and reclassifications	330,087	(59,922)	270,165
Expenses:			
Program services	77,934	-	77,394
Fundraising	-	-	-
Management and general	-	-	-
Total expenses	77,934	-	77,934
Total change in net assets	252,153	(59,922)	192,231
Net assets, beginning of year	498,861	332,409	831,270
Net assets, end of year	\$ 751,014	\$ 272,487	\$ 1,023,501

*The accompanying notes are an integral part of these financial statements.*

## Greater Austin Nepali Society

### Statement of Functional Expenses

*For the Year Ended December 31, 2023*

	<b>Program Services</b>	<b>Fundraising</b>	<b>Management &amp; General</b>	<b>Total</b>
Repairs and maintenance	\$ 28,672	\$ -	\$ -	\$ 28,672
Depreciation	22,602	-	-	22,602
Interest	9,043	-	-	9,043
Utilities	6,403	-	-	6,403
Miscellaneous	7,789	-	-	7,789
Insurance	2,974	-	-	2,974
Office supplies	451	-	-	451
	<u>\$ 77,934</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 77,934</u>
	<u>100%</u>	<u>-%</u>	<u>-%</u>	<u>100%</u>

*The accompanying notes are an integral part of these financial statements.*

# Greater Austin Nepali Society

## Statement of Cash Flows

*For the Year Ended December 31, 2023*

### **Cash flows from operating activities**

Change in net assets	\$ 192,231
Adjustments to reconcile change in net assets to net cash flow from operating activities:	
Depreciation	22,602
Changes in assets and liabilities:	
Decrease in pledges receivable	<u>59,922</u>
Net cash provided by operating activities	<u>274,755</u>

### **Cash flows from investing activities:**

Purchases for work in progress	<u>(378,532)</u>
Net cash used in investing activities	<u>(378,532)</u>

### **Cash flows from financing activities:**

Payments on loan payable	<u>(11,668)</u>
Net cash used in financing activities	<u>(11,668)</u>

Net change in cash, cash equivalents, and restricted cash	(115,445)
Cash, cash equivalents, and restricted cash, at beginning of year	<u>160,631</u>
Cash, cash equivalents, and restricted cash, at end of year	<u>\$ 45,186</u>
Cash and cash equivalents	<u>\$ 45,186</u>
Cash, cash equivalents, and restricted cash	<u>\$ 45,186</u>
Interest paid	<u>\$ 9,043</u>

*The accompanying notes are an integral part of these financial statements.*

# **Greater Austin Nepali Society**

## **Notes to Financial Statements**

*For the Year Ended December 31, 2023*

### **Note 1 – Summary of Significant Accounting Policies**

#### **Organization**

Greater Austin Nepali Society (the "Society") is a 501(c)(3) nonprofit organization located in Hutto Texas for the purpose of establishing and maintaining a ministry in the form of a church body supported by contributions and other sources to be used exclusively for religious purposes.

#### **Basis of Accounting**

The accompanying financial statements have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Under the accrual basis, revenues are recognized in the accounting period in which they are earned and become measurable. Expenses are recorded in the accounting period incurred.

#### **Use of Estimates**

The preparation of financial statements 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 reporting period. Actual results could differ from these estimates.

#### **Basis of Presentation**

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Financial statement presentation follows the recommendations of the *Not-for-Profit Entities* Topic of the Financial Accounting Standards Board Accounting Standards Codification (FASB ASC 958). Accordingly, net assets of the Society and changes therein are classified and reported as follows:

Net assets without restrictions – These types of net assets are not subject to donor-imposed stipulations. This also includes Committee-designated net assets for specific purposes, since these designations may be reversed by the Executive & Operation Committee at any time in the future.

# **Greater Austin Nepali Society**

## **Notes to Financial Statements (continued)**

*For the Year Ended December 31, 2023*

### **Note 1 – Summary of Significant Accounting Policies (continued)**

#### **Basis of Presentation (continued)**

Net assets with restrictions – These types of net assets are subject to donor-imposed stipulations, which limit their use by the Society, either permanently or temporarily, to a specific purpose and/or the passage of time. When a restriction expires, net assets with restrictions are reclassified to net assets without restrictions and reported in the statement of activities as net assets released from restrictions.

#### **Revenue Recognition**

Contributions, including promises to give, are recorded as made. All contributions are available for unrestricted use unless specifically restricted by the donor. Conditional promises to give are recognized when the conditions on which they depend are substantially met. When donor restrictions expire, that is, when a stipulated time restriction ends or restricted purpose is accomplished, the related net assets with restrictions are reclassified to net assets without restrictions. This is reported in the statement of activities as net assets released from restrictions.

Pledges are recognized as revenues when the donor's commitment is received. Pledges are recognized at the estimated present value of the future net cash flows, net of allowances.

#### **Cash and Cash Equivalents**

The Society considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

#### **Investments**

The Society records investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statements of financial position. Net investment gain (loss) is reported in the statement of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

# **Greater Austin Nepali Society**

## **Notes to Financial Statements (continued)**

*For the Year Ended December 31, 2023*

### **Note 1 – Summary of Significant Accounting Policies (continued)**

#### **Pledges Receivable**

Pledges receivable are stated at the amount the Society expects to collect from outstanding balances. The Society has not set up an allowance for uncollectible receivables as of December 31, 2023, because management estimates that the receivables are collectible, and write-offs are historically unusual and small.

#### **Property and Equipment**

Property and equipment are stated at cost, if purchased, and at fair market value at date of gift, if received by donation. The Society capitalizes assets with cost/fair value of \$1,000 or more and a useful life of more than one year. Provision has been made for depreciation of furniture, fixtures, and equipment using the straight-line method over an estimated useful life of three to thirty-nine years. Upon the sale or retirement of depreciable assets, the related cost and accumulated depreciation are removed from the account. Any gain or loss on the sale or retirement is recognized in current operations.

#### **In-Kind and Donated Services**

The Society records various types of in-kind support primarily related to their programs. In-kind support is recognized in accordance with the *Contributions Received* Subsection of FASB ASC 958. The amounts reflected in the accompanying financial statements as in-kind support are offset by like amounts included in expenses.

#### **Functional Allocation of Expenses**

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include rent and depreciation that are allocated on a square footage basis, as well as salaries, benefits, payroll taxes, professional services, office expenses, interest, and insurance which are allocated on the basis of time and effort.

## **Greater Austin Nepali Society**

### **Notes to Financial Statements (continued)**

*For the Year Ended December 31, 2023*

#### **Note 1 – Summary of Significant Accounting Policies (continued)**

##### **Fair Value of Financial Instruments**

The Society follows FASB ASC 820, *Fair Value Measurements and Disclosures*, which relates to the Society's financial assets and liabilities carried at fair value and the associated fair value disclosures. FASB ASC 820 defines fair value, expands related disclosure requirements and specifies a hierarchy of valuation techniques based on the nature of the inputs used to develop the fair value measures. Fair value is defined 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.

There are three levels of inputs to fair value measurements – Level 1, meaning the use of quoted prices for identical instruments in active markets; Level 2, meaning the use of quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in markets that are not active or are directly or indirectly observable; and Level 3, meaning the use of unobservable inputs.

The Society's financial instruments consist principally of cash and cash equivalents and pledges receivable with restrictions. The Society believes all of the financial instruments' values approximate current market values.

##### **Federal Income Taxes**

Greater Austin Nepali Society is a religious organization described in Section 501(c)(3) of the Internal Revenue Code and is exempt from Federal income taxes on earnings received for exempt purposes.

The Society is required to file the Form 990-T (Exempt Organization Business Income Tax Return) in years in which the Society is subject to UBIT. All tax returns are subject to examination by the IRS, generally up to three years from the later of the original due date of the tax return or the date the tax return was filed.

The most significant tax positions of the Society are its assertion that it is exempt from income taxes and its determination of whether any amounts are subject to unrelated business income tax (UBIT). Management has determined that the Society had no activity subject to UBIT during the year ended December 31, 2023. All significant tax positions have been considered by management and it has determined that it is more likely than not that all tax positions would be sustained upon examination by taxing authorities.

## **Greater Austin Nepali Society**

### **Notes to Financial Statements (continued)**

*For the Year Ended December 31, 2023*

#### **Note 1 – Summary of Significant Accounting Policies (continued)**

##### **Date of Management's Review**

These financial statements considered subsequent events through March 14, 2025, the date the financial statements were available to be issued.

##### **Note 2 – Concentration of Risk**

Financial instruments which potentially subject the Society to credit risk principally consist of cash and cash equivalents and investments. To minimize the risk, the Society places its temporary cash investments with high credit quality financial institutions insured by the Federal Deposit Insurance Corporation (FDIC). Effective, January 1, 2013, deposit insurance coverage by the FDIC changed to \$250,000 per bank per entity for all interest bearing and non-interest bearing accounts. Securities are protected by the Security Investment Protection Corporation (SIPC) which currently protects brokerage accounts of each entity up to \$500,000 in securities. Additional coverage is frequently offered by brokerage accounts for amounts in excess of the \$500,000 SIPC limit. As of December 31, 2023, the Society had no uninsured balances. The Society has not experienced any losses in these accounts in the past.

##### **Note 3 – Property and Equipment**

At December 31, 2023, property and equipment consisted of the following:

Land	\$	175,000
Improvements		408,710
Work in Progress		446,907
Less: accumulated depreciation		<u>(52,908)</u>
Property and equipment, net	\$	<u>977,709</u>

Total depreciation expense was \$22,602 for the year ended December 31, 2023.

## Greater Austin Nepali Society

### Notes to Financial Statements (continued)

*For the Year Ended December 31, 2023*

#### Note 4 – Note Payable

The Society borrowed \$304,200 from First Texas Bank, Georgetown, Texas on February 12, 2021, with an initial interest rate of 3.25%. The Base Rate will adjust every sixty months on the anniversary date until maturity to a per annum rate of interest equal to the lesser of (x) the “Prime Rate” in effect on the Interest Rate Change Dates; provide, however, that in no event shall the Base Rate be less than three and twenty-five hundredths percent or (y) the “Maximum Lawful Rate”. The loan matures in February 2041 and amortizes over the period with monthly payments of principal of \$1,725.41 plus interest.

Future maturities of long-term debt at December 31, 2023 are as follows:

<i><b>Year ending December 31,</b></i>		
2024	\$	12,028
2025		12,191
2026		12,846
2027		13,270
2028		13,708
Thereafter		207,838
Total	\$	<u>271,881</u>

#### Note 5 – Net Assets

The summary of the activity in net assets with restrictions during the year ended December 31, 2023 is as follows:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Releases</b>	<b>Ending Balance</b>
<b><u>Time Restricted</u></b>				
Pledges receivable	\$ 332,409	\$ 62,644	\$ (122,566)	\$ 272,487
	<u>\$ 332,409</u>	<u>\$ 62,644</u>	<u>\$ (122,566)</u>	<u>\$ 272,487</u>

## Greater Austin Nepali Society

### Notes to Financial Statements (continued)

*For the Year Ended December 31, 2023*

#### **Note 6 – Liquidity and Availability of Financial Assets**

The Society's working capital and cash flows have variations during the years attributable to the receipt of contributions.

The following reflects the Society's financial assets as of the statement of financial position date, reduced by amounts not available for general use within one year of the statement of financial position date because of contractual or donor-imposed restrictions or internal designations. Amounts available include donor-restricted amounts that are available for expenditure in the following year. Amounts not available include amounts set aside for operating and other reserves that could be drawn upon if the Society's Executive & Operation Committee approves that action.

Cash and cash equivalents	\$ 45,186
Pledges receivable with restrictions	<u>272,487</u>
Total financial assets	317,673
With restrictions	<u>(272,487)</u>
Financial Assets Available to Meet Cash Needs For Expenditures Within One Year	<u>\$ 45,186</u>