

SAKHI FOR SOUTH ASIAN WOMEN, INC.

Audited Financial Statements

June 30, 2012


REPORT OF INDEPENDENT AUDITORS

To the Board of Directors of
Sakhi for South Asian Women, Inc.

We have audited the accompanying statement of financial position of Sakhi for South Asian Women, Inc. ("Sakhi") as of June 30, 2012, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of Sakhi's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from Sakhi's June 30, 2011 financial statements and, in our report dated May 7, 2012 we expressed an unqualified opinion on those financial statements.

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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Sakhi for South Asian Women, Inc. as of June 30, 2012, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.


Schall & Ashenfarb
Certified Public Accountants, LLC

May 9, 2013

SAKHI FOR SOUTH ASIAN WOMEN, INC.
STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2012
(With comparative totals for June 30, 2011)

	<u>6/30/12</u>	<u>6/30/11</u>
Assets		
Current assets:		
Cash and cash equivalents (Notes 2b and 2c)	\$56,983	\$45,965
Unconditional promises to give (Note 2d)	72,867	118,196
Government grants receivable (Note 2a)	37,950	71,121
Prepaid expenses and other assets	<u>10,449</u>	<u>4,374</u>
Total current assets	<u>178,249</u>	<u>239,656</u>
Long-term assets:		
Security deposit	59,730	29,539
Fixed assets (net of accumulated depreciation) (Notes 2e and 4)	<u>9,790</u>	<u>4,647</u>
Total long-term assets	<u>69,520</u>	<u>34,186</u>
Total assets	<u><u>\$247,769</u></u>	<u><u>\$273,842</u></u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued expenses	\$21,353	\$28,232
Deferred rent (Note 2f)	<u>0</u>	<u>7,093</u>
Total current liabilities	<u>21,353</u>	<u>35,325</u>
Net assets (Note 2a):		
Unrestricted	209,750	102,142
Temporarily restricted (Note 3)	<u>16,666</u>	<u>136,375</u>
Total net assets	<u>226,416</u>	<u>238,517</u>
Total liabilities and net assets	<u><u>\$247,769</u></u>	<u><u>\$273,842</u></u>

The attached notes and auditors' report are an integral part of these financial statements.

SAKHI FOR SOUTH ASIAN WOMEN, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012
(With comparative totals for the year ended June 30, 2011)

	<u>Unrestricted</u>	<u>Temporarily Restricted (Note 3)</u>	<u>Total 6/30/12</u>	<u>Total 6/30/11</u>
Support and revenue:				
Government grants	\$275,620		\$275,620	\$249,616
Contributions	328,873	\$24,677	353,550	390,011
Fundraising income, net of expenses of \$14,197, where the donors received a direct benefit (Note 5)	113,343		113,343	79,230
Net assets released from restrictions:				
Satisfaction of program restrictions (Note 3)	144,386	(144,386)	0	0
Total support and revenue	<u>862,222</u>	<u>(119,709)</u>	<u>742,513</u>	<u>718,857</u>
Expenses:				
Program services	<u>551,423</u>		<u>551,423</u>	<u>435,808</u>
Supporting services:				
Management and general	110,757		110,757	93,399
Fundraising	92,434		92,434	103,294
Total supporting services	<u>203,191</u>	<u>0</u>	<u>203,191</u>	<u>196,693</u>
Total expenses	<u>754,614</u>	<u>0</u>	<u>754,614</u>	<u>632,501</u>
Change in net assets	107,608	(119,709)	(12,101)	86,356
Net assets - beginning of year	<u>102,142</u>	<u>136,375</u>	<u>238,517</u>	<u>152,161</u>
Net assets - end of year	<u>\$209,750</u>	<u>\$16,666</u>	<u>\$226,416</u>	<u>\$238,517</u>

The attached notes and auditors' report are an integral part of these financial statements.

SAKHI FOR SOUTH ASIAN WOMEN, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2012
(With comparative totals for the year ended June 30, 2011)

	Program Services	Supporting Services		Total Supporting Services	Total Expenses 6/30/12	Total Expenses 6/30/11 *
		Management and General	Fundraising			
Salaries	\$301,888	\$45,614	\$42,250	\$87,864	\$389,752	\$323,147
Payroll taxes and fringes	49,520	7,483	6,930	14,413	63,933	50,196
Professional fees	12,386	31,577	12,419	43,996	56,382	60,917
Insurance	4,279	647	600	1,247	5,526	3,347
Grants	18,136			0	18,136	6,366
Communications	32,583	1,360	1,314	2,674	35,257	40,468
Travel	15,469			0	15,469	6,429
Printing and duplication	1,768		2,681	2,681	4,449	9,158
Occupancy	76,702	15,097	7,722	22,819	99,521	100,151
Maintenance and repairs	1,549	234	217	451	2,000	2,943
Office expenses	10,722	4,753	14,603	19,356	30,078	26,647
Total expenses before rent forfeiture and depreciation and amortization	525,002	106,765	88,736	195,501	720,503	629,769
Rent forfeiture (Note 6b)	22,880	3,457	3,202	6,659	29,539	0
Depreciation and amortization	3,541	535	496	1,031	4,572	2,732
Total expenses	<u>\$551,423</u>	<u>\$110,757</u>	<u>\$92,434</u>	<u>\$203,191</u>	<u>\$754,614</u>	<u>\$632,501</u>

* Reclassified for comparative purposes.

The attached notes and auditors' report are an integral part of these financial statements.

SAKHI FOR SOUTH ASIAN WOMEN, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2012
(With comparative totals for the year ended June 30, 2011)

	<u>6/30/12</u>	<u>6/30/11</u>
Cash flows from operating activities:		
Change in net assets	(\$12,101)	\$86,356
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	4,572	2,732
(Increase)/decrease in assets:		
Unconditional promises to give	45,329	(91,888)
Government grants receivable	33,171	(30,258)
Prepaid expenses and other assets	(6,075)	14,826
Security deposit	(30,191)	7,350
Increase/(decrease) in liabilities:		
Accounts payable and accrued expenses	(6,879)	(8,570)
Deferred rent	<u>(7,093)</u>	<u>(3,437)</u>
Net cash provided by/(used for) operating activities	<u>32,834</u>	<u>(109,245)</u>
Cash flows from investing activities:		
Purchase of fixed assets	<u>(9,715)</u>	<u>0</u>
Net cash used for investing activities	<u>(9,715)</u>	<u>0</u>
Net increase/(decrease) in cash and cash equivalent	<u>11,018</u>	<u>(22,889)</u>
Cash and cash equivalents - beginning of year	<u>45,965</u>	<u>68,854</u>
Cash and cash equivalents - end of year	<u><u>\$56,983</u></u>	<u><u>\$45,965</u></u>
Supplemental data:		
Interest paid	<u>\$0</u>	<u>\$0</u>
Income taxes paid	<u>\$0</u>	<u>\$0</u>

The attached notes and auditors' report are an integral part of these financial statements.

SAKHI FOR SOUTH ASIAN WOMEN, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

Note 1 - Organization

Sakhi, meaning “woman friend,” founded in 1989, is a New York-based nonprofit organization. **Sakhi for South Asian Women, Inc.** (“Sakhi”) exists to end violence against women. We unite survivors, communities, and institutions to eradicate domestic violence as we work together to create strong and healthy communities. Sakhi uses an integrated approach that combines support and empowerment through service delivery, community engagement, media advocacy, and policy initiatives.

In the past five years, Sakhi has responded to more than 3,400 new requests for assistance, worked with about 60-70 survivors of abuse per month on an ongoing basis, raised awareness with and mobilized thousands of community members to take a stand against violence, and fostered concrete enhancements to language access in the courts. For more information on Sakhi’s work, please visit www.sakhi.org.

Note 2 - Significant Accounting Policies

a. Basis of Accounting

The financial statements of Sakhi have been prepared on the accrual basis of accounting which is the process of recognizing support, revenue and expenses when earned or incurred rather than when received or paid. All significant receivables, payables, and other liabilities have been recorded.

SAKHI reports information regarding its financial position and activities according to specific classes of net assets based on the existence of donor imposed restrictions, as follows:

- *Unrestricted net assets* – represents all activity without donor imposed restrictions.
- *Temporarily restricted net assets* – accounts for activity based on specific restrictions that are expected to be satisfied by passage of time or performance of activities.

Donor-restricted contributions are reported as increases in temporarily restricted net assets. When a 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 restriction. Contributions received with restrictions that expire within the same reporting period are reported as unrestricted. Those contributions received that do not contain restrictions are recorded in the unrestricted class of net assets.

Government grants are treated as exchange transactions because they contain traits that are similar to contracts for services. Any income that has been recognized where the cash has not been received by year end is shown as government grants receivable.

b. Cash and Cash Equivalents

For purposes of the statement of cash flows, Sakhi considers all liquid investments with an initial maturity of three months or less to be cash and cash equivalents.

c. Concentration of Credit Risk

Financial instruments which potentially subject Sakhi to concentration of credit risk consist of cash and money market accounts which have been placed with financial institutions that management deems to be creditworthy. At times, balances may exceed federally insured limits. At year end, there were not significant uninsured balances.

Funding from one government grant accounted for approximately 18% of Sakhi's total support and revenue. Due to budget cuts and other administrative cost savings, future funding for this program is not guaranteed. Management anticipates they will be able to reduce expenses in the future if they receive any future reductions in funding.

d. Unconditional Promises to Give

Sakhi records unconditional promises to give as revenue in the period received at net realizable value if expected to be received within one year. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Historically, Sakhi has not experienced significant bad debt losses. Receivables are written-off to income when all reasonable collection efforts have been exhausted. Sakhi has deemed that no allowance for doubtful accounts was necessary as of June 30, 2012.

e. Fixed Assets

Leasehold improvements and equipment purchased that benefit future periods are capitalized at cost and are depreciated/amortized using the straight-line method over the estimated useful life or period of the lease. Normal maintenance and repair costs are charged to expenses.

f. Deferred Rent

Sakhi recognizes rent expense on the straight-line method. Rent expense that exceeds actual cash outflow is recorded as deferred rent and will be reduced in future periods when cash outflow exceeds rent expense recorded.

g. Management Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

h. Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Certain costs have been allocated among the programs and supporting services benefited. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of Sakhi.

i. Comparative Financial 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 accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with Sakhi's financial statements for the year ended June 30, 2011, from which the summarized information was derived.

Certain reclassifications have been made to conform with the current presentation.

j. Accounting for Uncertainty in Income Taxes

Sakhi does not believe its financial statements include any material, uncertain tax positions. Tax filings for periods ending June 30, 2009 and later are subject to examination by applicable taxing authorities.

k. Subsequent Events

Management has evaluated for potential recognition and disclosure events subsequent to the date of the statement of financial position through May 9, 2013, the date the financial statements were available to be issued. No events have occurred subsequent to the statement of financial position date through our evaluation date that would require adjustment to or disclosure in the financial statements.

Note 3 - Temporarily Restricted Net Assets

The following schedule summarizes temporarily restricted net assets:

	<u>Balance</u> <u>6/30/11</u>	<u>Contributions</u>	<u>Released</u> <u>From</u> <u>Restrictions</u>	<u>Balance</u> <u>6/30/12</u>
Program Restrictions:				
Swarna Fund	\$17,625	\$9,677	(\$18,136)	\$9,166
Economic Empowerment	5,000		(5,000)	0
Domestic Violence	<u>113,750</u>	<u>15,000</u>	<u>(121,250)</u>	<u>7,500</u>
Total Program Restrictions	136,375	24,677	(144,386)	16,666
Time Restrictions	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	<u>\$136,375</u>	<u>\$24,677</u>	<u>(\$144,386)</u>	<u>\$16,666</u>

Note 4 - Fixed Assets

At June 30, 2012, fixed assets consist of the following:

	<u>Cost</u>	<u>Accumulated</u> <u>Depreciation</u>	<u>Net Book</u> <u>Value</u>
Equipment – 5 yr. life	\$14,691	(\$4,901)	\$9,790
Leasehold improvements – 5 yr. life	<u>8,683</u>	<u>(8,683)</u>	<u>0</u>
Total	<u>\$23,374</u>	<u>(\$13,584)</u>	<u>\$9,790</u>

Note 5 - Special Events Income

Special event activities were comprised of the following:

	<u>Revenue</u>	<u>Direct</u> <u>Expenses</u>	<u>Net</u> <u>Revenue</u>
Annual Gala	<u>\$127,540</u>	<u>\$14,197</u>	<u>\$113,343</u>

Note 6 - Commitments & Contingencies

a. Program Audits

Government supported projects are subject to audit by the applicable granting agency. Management does not feel that questioned costs that arise out of any potential audit would be material, and no reserve has been established.

b. Commitments

Sakhi had a lease which was scheduled to expire on September 30, 2012. In February 2012, seven months before the lease was scheduled to expire, Sakhi reached agreement with its landlord to terminate its lease and forfeit the balance of its security deposit.

In May 2012, Sakhi entered into a new non-cancelable lease agreement that expires in May 2023. Sakhi moved into the space in December 2012, after the landlord made agreed upon improvements.

Future minimum payments are as follows:

Year ending:	June 30, 2013	\$5,900
	June 30, 2014	71,856
	June 30, 2015	74,012
	June 30, 2016	76,232
	June 30, 2017	78,519
Thereafter		<u>545,575</u>
		<u>\$852,094</u>

Rent expense for the year ended June 30, 2012 was \$94,778.