

**ENTITY No. 26-1146349**

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**NEPALI CULTURAL & SPIRITUAL CENTER  
COMPILED FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

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**NEPALI CULTURAL & SPIRITUAL CENTER  
FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

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### **INDEPENDENT ACCOUNTANT'S REPORT**

To the Board of Directors  
Nepali Cultural & Spiritual Center  
2016 W Grauwylar Rd,  
Irving, TX 75061

#### **REPORT ON FINANCIAL STATEMENTS**

We have compiled the accompanying financial statements of Nepali Cultural & Spiritual Center, (hereafter referred to as "the Organization"), which comprise the statements of financial position as of December 31, 2016, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

#### **MANAGEMENT'S RESPONSIBILITY**

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 designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

#### **ACCOUNTANT'S RESPONSIBILITY**

Our responsibility is to conduct the compilations in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

#### **PURPOSE**

This report is intended solely for the information and use of the management, board of directors of Nepali Cultural & Spiritual Center and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Ranjeet Koirala CPA PC". The signature is written in a cursive, flowing style.

Ranjeet Koirala CPA PC  
Irving, Texas  
September 17, 2019

NEPALESE CULTURAL & SPIRITUAL CENTER  
STATEMENT OF FINANCIAL POSITION  
AS OF DECEMBER 31, 2016

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<b>ASSETS</b>	<b>2016</b>
Cash and Cash Equivalents	\$ 62,977
<b>TOTAL CURRENT ASSETS</b>	<u>62,977</u>
PROPERTY AND EQUIPMENT	\$ 1,213,984
<b>TOTAL ASSETS</b>	<u><b>\$ 1,276,961</b></u>
<b>LIABILITIES &amp; NET ASSETS</b>	
<b>CURRENT LIABILITIES</b>	
Accounts Payable and Accrued Expenses	\$ 10,986
Current Portion of Notes Payable	79,534
<b>TOTAL CURRENT LIABILITIES</b>	<u>90,520</u>
Notes Payable net of Current Portion	268,110
<b>TOTAL LONG TERM LIABILITIES</b>	<u>268,110</u>
<b>TOTAL LIABILITIES</b>	<u>358,630</u>
<b>NET ASSETS</b>	
Net Assets without Donor Restrictions	918,331
<b>TOTAL NET ASSETS</b>	<u>918,331</u>
<b>TOTAL LIABILITIES &amp; NET ASSETS</b>	<u><b>\$ 1,276,961</b></u>

See Independent Accountant's Compilation Report and Accompanying Notes to Financial Statements.

NEPALESE CULTURAL & SPIRITUAL CENTER  
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2016

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<b>REVENUE</b>	<b>2016</b>
Contributions, gifts and grants	\$ 196,554
Rental Income	30,000
Total Revenue	<u>226,554</u>
<b>EXPENSES</b>	
Program Services	154,125
Management and General	18,274
TOTAL EXPENSES	<u>172,399</u>
Increase in Net Assets without Donor Restrictions	54,155
NET ASSETS- BEGINNING OF YEAR	864,176
<b>NET ASSETS- END OF YEAR</b>	<b><u>\$ 918,331</u></b>

See Independent Accountant's Compilation Report and Accompanying Notes to Financial Statements.

NEPALESE CULTURAL & SPIRITUAL CENTER  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2016

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<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>	<b><u>2016</u></b>
INCREASE IN NET ASSETS	\$ 54,155
Adjustments to reconcile Net Increase/(Decrease) in Net Assets to net cash provided by operating activities:	
Depreciation	26,950
Accounts Payable and Accrued Expenses	5,274
Cash Used by Operating Activities	<u>86,379</u>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>	
Acquisition of Equipment Furniture & Fixtures	(43,190)
Cash Provided by Investing Activities	<u>(43,190)</u>
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>	
Notes Payable	(6,898)
Cash Used by Financing Activities	<u>(6,898)</u>
CHANGE IN CASH AND CASH EQUIVALENTS	36,291
BEGINNING CASH BALANCE	26,686
<b>ENDING CASH BALANCE</b>	<b><u><u>\$ 62,977</u></u></b>
Supplementary information:	
<u>Cash Paid for:</u>	
Income Taxes	\$ -
Interest Expenses	26,357

See Independent Accountant's Compilation Report and Accompanying Notes to Financial Statements.

NEPALESE CULTURAL & SPIRITUAL CENTER  
 STATEMENT OF FUNCTIONAL EXPENSES  
 FOR THE YEAR ENDED DECEMBER 31, 2016

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Description	Program Services Expenses	Management & General Expenses	Total Expenses
Salaries and Wages	\$ 38,740	4,305	\$ 43,045
Temple Expenses	8,855	-	8,855
Interest Expenses	22,315	4,042	26,357
Depreciation	26,950	-	26,950
Saptah Expenses	17,980	-	17,980
Pooja Supplies	11,064	-	11,064
Utilities	9,130	794	9,924
Repairs and Maintenance	6,589	573	7,162
IRS Tax Payment	-	3,274	3,274
Insurance Expenses	5,113	445	5,558
Property Tax-Irving	3,251	-	3,251
Cleaning Supplies	2,899	252	3,151
Accounting Fees	-	2,000	2,000
Bank Service Fees	-	1,810	1,810
Website Expenses	-	779	779
Donations	480	-	480
Security Expenses	334	-	334
Printing and Stationery	300	-	300
Inspection Expenses	125	-	125
	<u>\$ 154,125</u>	<u>18,274</u>	<u>\$ 172,399</u>

See Independent Accountant's Compilation Report and Accompanying Notes to Financial Statements.

**NEPALI CULTURAL & SPIRITUAL CENTER**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016**

**NOTE 1: NATURE OF BUSINESS & SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Incorporation***

Nepali Cultural & Spiritual Center was organized on August 30, 2007, pursuant to the incorporation laws of the State of Texas to establish and operate a corporation as a non-profit organization under section 501(c)(3) of the Internal Revenue Code of 1986.

***Principal Activity***

The Nepali Cultural and Spiritual Center aims to provide a common place for all Nepali Hindus and Buddhists and other nationalities of these faiths to congregate culturally, spiritually and religiously. The Center encourages community members to strengthen social and religious harmony between different faiths of Nepal and pray and worship the god in accordance with their faith; promote and preserve Nepali cultural heritage; and promote Nepali cultural values. The immediate goal of Nepali Cultural & Spiritual Center is to build and maintain Hindu/Buddhist Cultural and Spiritual Center (a joint project of Pashupati-Buddha Temple, and Community Hall), around DFW Metro.

A) *Form of Presentation*

The Financial Statements are prepared on the accrual basis of accounting in accordance with the U.S. generally accepted accounting principles. Revenues and gains are recognized when earned, and expenditures and losses are recognized when incurred.

B) *Classification and Reporting of Net Assets*

Net assets, revenues and expenses, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

i. *Net Assets without Donor Restrictions*

Net assets that are not subject to donor-imposed stipulations. Net assets received and expended within the reporting period are reported in the Statement of Activities as unrestricted support and revenue.

ii. *Net Assets with Donor Restrictions*

Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or passage of time. When a restriction expires, 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. Net assets with donor restrictions whose restrictions are satisfied in the same year of receipt are treated as net assets without donor restrictions.



**NEPALI CULTURAL & SPIRITUAL CENTER**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016**

**NOTE 1: NATURE OF BUSINESS & SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*C) Contributions, Gains and Other Support*

Contributions are recognized when received from the donor. Contributions not restricted by donors are reported as increases in net assets not restricted by donor in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets restricted by donors depending on the nature of the restrictions. When a restriction expires, donor restricted assets are reclassified to net assets without donor restriction. Unconditional promises to give by donors are recorded as pledges receivable and contribution revenue when promises are made or donated items are received and are immediately available for use without restriction unless specifically restricted by the donor. Unconditional promises expected to be collected within one year are recorded at net realizable value. Unconditional promises expected to be collected in future years are recorded at their fair values.

Conditional promises to give are recognized when the conditions on which such promises depend are substantially met.

The Organization records interest and dividends on its marketable securities when earned. Gains or losses are recorded when realized. Unrealized gains or losses are recorded based upon changes in the fair value of investments held.

*D) Cash and Cash Equivalents*

For purposes of reporting cash flows, cash equivalents include highly liquid assets with an original maturity of three months or less. Cash and Cash Equivalents consist of cash on hand, checking, and money market accounts.

*E) Functional Expenses*

The costs of providing programs and other activities have been summarized on a functional basis in these financial statements. Accordingly, certain costs have been allocated between program services, management, and general.

*F) Concentrations of Credit Risk*

The Organization maintains its cash balances at various local financial Institutions. Accounts at these Institutions are insured by the Federal Deposit Insurance Corporation up to the legal limits of \$250,000 per financial Organization.

*G) Inventory*

Organization has a policy of expensing all temple and office supplies items.

**NEPALI CULTURAL & SPIRITUAL CENTER**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016**

**NOTE 1: NATURE OF BUSINESS & SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*H) Property and Equipment*

Property and Equipment are stated at cost, net of accumulated depreciation. The cost of property and equipment is depreciated over the estimated useful lives of the related assets. Depreciation and amortization are computed on the straight-line method over the estimated useful asset lives.

*I) Advertising Costs*

Advertising costs, except for direct-response advertising, are charged to operations when incurred. The costs of direct-response advertising are capitalized and amortized over the period during which future benefits are to be received. There were no direct-response advertising costs for the current fiscal year.

*J) Use of Estimates*

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual amounts could differ from those estimates.

*K) Concentration of Economic Dependency*

The Organization derives a significant portion of its revenue from public donation.

*L) Uncertain Tax Positions*

The Organization accounts for uncertain tax positions in accordance with FASB ASC 740.

**NEPALI CULTURAL & SPIRITUAL CENTER**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016**

**NOTE 1: NATURE OF BUSINESS & SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*M) Fair Value Measurement*

The Organization reports its qualified assets and liabilities in accordance with the Fair Value Measurements and Disclosure Standards and accounting principles generally accepted in the United States. These standards define fair value, establish a framework for measuring fair value, and expand disclosures about fair value measurements. This policy establishes a Fair Value framework that prioritizes the inputs and assumptions used to measure fair value. The three levels of the fair value hierarchy and a description of the valuation techniques used for instruments measured at fair value are as follows:

- Level 1- Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities as of the reporting date.
- Level 2- Pricing inputs other than quoted prices included in Level 1, which are either directly observable or that can be derived or supported from observable data as of the reporting date.
- Level 3- Pricing inputs include those that are significant to the fair value of the financial asset or financial liability and are generally less observable from objective sources. These inputs may be used with internally developed techniques that result in management's best estimate of fair value.

A qualifying asset or liability's level within the framework is based upon the lowest level of any input that is significant to the fair value measurement. The Organization's qualifying assets or liabilities are recorded at fair value using Level 1 inputs.

*N) Subsequent Events*

The Organization evaluates subsequent events through September 17, 2019, the date of this report. No material subsequent events have occurred that require recognition or disclosure in these financial statements.

**NEPALI CULTURAL & SPIRITUAL CENTER**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016**

**NOTE 2: PROPERTY AND EQUIPMENT**

Physical property and equipment are stated on the balance sheet at cost at date of acquisition or, in the case of gifts, fair market value at date of donation. Depreciation is provided over the estimated useful lives of the respective assets on a straight-line basis.

The major classification of property and equipment as of December 31, 2016 is as follows:

Assets	Estimated Life	2016
Land		\$ 529,383
Building	39 Years	188,929
Building Improvements	39 Years	516,899
Statutes	5 Years	41,192
Sound Systems	5 Years	19,320
Furniture & Fixture	7 Years	9,352
Property & Equipment, Gross		\$ 1,305,075
Accumulated Depreciation		(91,091)
Property & Equipment, Net		\$ 1,213,984
Depreciation		\$ 26,950

***Capitalization***

Expenditures for maintenance and repairs are charged to expenses, whereas major betterments are capitalized. The Institution capitalizes property and equipment with useful life of greater than one year for costs in excess of \$1,000.

**NEPALI CULTURAL & SPIRITUAL CENTER**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016**

**NOTE 3: ACCOUNTS PAYABLE AND ACCRUED EXPENSES**

Accounts payable and accrued expenses balances as of December 31, 2016 was \$10,986 which is comprised of professional fees of \$2,000 and income tax on unrelated business income of \$8,986 respectively.

**NOTE 4: NOTES PAYABLE**

The organization had notes payable balance of \$268,110 as of December 31, 2016 which was fully secured by the real estate asset of the company.

Future maturities of notes payable as of December 31, 2016 was as follows:

Year	Short Term	Long Term	Total
2017	79,534		79,534
2018		53,622	53,622
2019		54,158	54,158
2020		54,700	54,700
2021		55,247	55,247
2022 and thereafter		50,383	50,383
	79,534	268,110	347,644

**NOTE 5: NET ASSETS**

The organization's net assets as of December 31, 2016 was as follows:

	Net Assets		
	Without Donor Restrictions	With Donor Restrictions	Total
Balance as of December 31, 2015	\$ 864,176	-	\$ 864,176
Add: Changes in Net Assets	54,155	-	54,155
Released during the year	-	-	-
Balance as of December 31, 2016	\$ 918,331	-	\$ 918,331

**NEPALI CULTURAL & SPIRITUAL CENTER**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016**

**NOTE 6: CONCENTRATION OF CREDIT RISK**

The Organization maintains many banks accounts with large regional banks. The balances of these accounts may exceed the Federal Deposit Insurance Corporation insured \$250,000 limit. It is the Organization's policy to try to ensure that the balance in any bank does not exceed \$250,000 at any time. It is, however, not practicable for an Organization of this size to maintain cash balance below \$250,000 at all times, due to the ongoing cash needs of the Organization.

Concentration of credit risk with respect to accounts receivables are limited due to the large number of customers comprising The Organization's customer base.

**NOTE 7: INCOME TAXES**

The Organization is a non-profit entity formed for charitable purposes and is exempt from Federal and State Income Taxes under Section 501(c)(3). As such, no income tax is due from the Organization on operation related to charitable purposes. Donors may deduct contributions made to the Organization within Internal Revenue Code Regulations.

***Unrelated business income***

The Organization is subject to a tax on any unrelated business income. The Organization's policy is to classify income tax related interest and penalties in interest expenses. The organization earned (net) \$20,196 in unrelated business income during the fiscal year ended December 31, 2016 on which the organization is liable to pay \$3,274 tax to the IRS. The Organization was also liable to pay \$3,082 tax on its unrelated business income for prior years.

**NOTE 8: RELATED PARTY TRANSACTIONS**

The organization had no related party transactions during the fiscal year ended December 31, 2016.

**NEPALI CULTURAL & SPIRITUAL CENTER  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**NOTE 9: NET ASSETS, ACID TEST RATIO, NET ASSETS**

**CHANGES IN NET ASSETS**

The Organization's profitability for the current year was as follows:

<b>Description</b>	<b>2016</b>
Revenues	\$ 226,554
Total Expenses (excluding Taxes)	(169,125)
Change in Net Assets	57,429
Tax Expenses	(3,274)
Net Change in Net Assets after tax	54,155

**ACID TEST RATIO**

The Organization's acid test ratio as of December 31, 2016 was as follows:

<b>Description</b>	<b>2016</b>
Current Assets	\$ 62,977
Current Liabilities	90,520
Acid Test Ratio	0.70:1

**TANGIBLE NET ASSETS**

The tangible net assets of the Organization as of December 31, 2016 was as follows

<b>Description</b>	<b>2016</b>
Total Assets	\$ 1,276,961
Less: Total Liabilities	(358,630)
Net Assets Unrestricted	918,331
Less: Intangible Assets	-
Tangible Net Assets \$	918,331

This information is presented for purposes of additional analysis and is not a required part of the basic financial statements.