

**ENTITY No. 26-1146349**

---

**NEPALI CULTURAL & SPIRITUAL CENTER  
AUDITED FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

---

**NEPALI CULTURAL & SPIRITUAL CENTER  
AUDITED FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

**TABLE OF CONTENTS**

INDEPENDENT AUDITOR’S REPORT .....	1
STATEMENT OF FINANCIAL POSITION .....	3
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS .....	4
STATEMENT OF CASH FLOWS.....	5
STATEMENT OF FUNCTIONAL EXPENSES .....	6
NOTES TO THE FINANCIAL STATEMENTS.....	7



Ranjeet Koirala CPA PC  
Certified Public Accountants

P: (972) 203-7837  
E: rk@rkcpa.net

## **INDEPENDENT AUDITOR'S REPORT**

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

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

We have audited 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, 2017, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

### **MANAGEMENT'S RESPONSIBILITY**

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.

### **AUDITOR'S RESPONSIBILITY**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 from 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 auditor's 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 the 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 Nepali Cultural & Spiritual Center as of December 31, 2017, and the results of its operations and changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **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 30, 2019

NEPALESE CULTURAL & SPIRITUAL CENTER  
STATEMENT OF FINANCIAL POSITION  
AS OF DECEMBER 31, 2017

---

<b>Assets</b>	<b>2017</b>
Cash and Cash Equivalents	\$ 61,701
<b>TOTAL CURRENT ASSETS</b>	<b>61,701</b>
PROPERTY AND EQUIPMENT	\$ 1,226,199
OTHER ASSETS	
Security Deposit	3,000
<b>TOTAL ASSETS</b>	<b>\$ 1,290,900</b>
<b>LIABILITIES &amp; NET ASSETS</b>	
<b>CURRENT LIABILITIES</b>	
Accounts Payable and Accrued Expenses	\$ 15,203
Current Portion of Notes Payable	26,506
<b>TOTAL CURRENT LIABILITIES</b>	<b>41,709</b>
Notes Payable net of Current Portion	73,001
<b>TOTAL LONG TERM LIABILITIES</b>	<b>73,001</b>
<b>TOTAL LIABILITIES</b>	<b>114,710</b>
<b>NET ASSETS</b>	
Net Assets without Donor Restrictions	1,176,190
<b>TOTAL NET ASSETS</b>	<b>1,176,190</b>
<b>TOTAL LIABILITIES &amp; NET ASSETS</b>	<b>\$ 1,290,900</b>

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

NEPALESE CULTURAL & SPIRITUAL CENTER  
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2017

---

<b>REVENUE AND SUPPORT</b>	<b>2017</b>
Contributions, gifts and grants	\$ 419,538
Rental Income	30,000
<b>TOTAL REVENUES AND SUPPORT</b>	<b>449,538</b>
<b>EXPENSES</b>	
Program Services	172,857
Management and General	18,822
<b>TOTAL EXPENSES</b>	<b>191,679</b>
<b>INCREASE IN NET ASSETS</b>	<b>257,859</b>
<b>NET ASSETS- BEGINNING OF YEAR</b>	<b>918,331</b>
<b>NET ASSETS- END OF YEAR</b>	<b>\$ 1,176,190</b>

The accompanying notes are an integral part of these financial statements:

NEPALESE CULTURAL & SPIRITUAL CENTER  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2017

---

<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>	<b><u>2017</u></b>
INCREASE/(DECREASE) IN NET ASSETS	\$ 257,859
Adjustments to reconcile Net Increase/(Decrease) in Net Assets to net cash provided by operating activities:	
Depreciation	27,745
Accounts Payable and Accrued Expenses	4,217
Security Deposits	(3,000)
Cash Provided by Operating Activities	<u>286,821</u>
 <b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>	
Acquisition of Equipment Furniture & Fixtures	(39,960)
Cash Used by Investing Activities	<u>(39,960)</u>
 <b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>	
Notes Payable	(248,137)
Cash Used By Financing Activities	<u>(248,137)</u>
CHANGE IN CASH AND CASH EQUIVALENTS	(1,276)
BEGINNING CASH BALANCE	62,977
<b>ENDING CASH BALANCE</b>	<b><u><u>\$ 61,701</u></u></b>
 Supplementary information:	
<u>Cash Paid for:</u>	
Income Taxes	\$ -
Interest Expenses	26,883

The accompanying notes are an integral part of these financial statements

NEPALESE CULTURAL & SPIRITUAL CENTER  
 STATEMENT OF FUNCTIONAL EXPENSES  
 FOR THE YEAR ENDED DECEMBER 31, 2017

---

Description	2017		
	Program Services Expenses	Management & General Expenses	Total Expenses
Salaries and Wages	49,698	5,522	55,220
Temple Supplies	5,428	-	5,428
Office Supplies	7,202	800	8,002
Interest Expenses	24,195	2,688	26,883
Depreciation	27,745	-	27,745
Inaguration Expense	14,247	-	14,247
Pooja Supplies	6,807	-	6,807
Utilities	18,093	1,573	19,666
Repairs and Maintenance	9,589	834	10,423
Insurance Expenses	2,726	237	2,963
Cleaning Supplies	7,127	620	7,747
Audit Fees	-	2,000	2,000
Bank Service Fees	-	2,331	2,331
IRS Tax Payment	-	2,217	2,217
	<u>172,857</u>	<u>18,822</u>	<u>191,679</u>

The accompanying notes are an integral part of these financial statements



**NEPALI CULTURAL & SPIRITUAL CENTER**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

**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, 2017**

**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, 2017**

**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, 2017**

**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 30, 2019, the date of this report. No material subsequent events have occurred that require recognition or disclosure in these financial statements.

*O) Reclassification*

The presentation of certain prior year balances has been reclassified to conform to the current year presentation

**NEPALI CULTURAL & SPIRITUAL CENTER**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

**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, 2017, was as follows:

Assets	Estimated Life	2017
Land		\$ 529,383
Building	39 Years	188,929
Building Improvements	39 Years	550,429
Statutes	5 Years	43,622
Sound Systems	5 Years	19,320
Furniture & Fixture	7 Years	9,352
Sign Board	5 Years	4,000
Property & Equipment, Gross		\$ 1,345,035
Accumulated Depreciation		(118,836)
Property & Equipment, Net		\$ 1,226,199
Depreciation		\$ 27,745

***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, 2017**

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

Accounts payable and accrued expenses balances as of December 31, 2017, was \$15,203 as detailed below:

Description	2017
Accounting Fees	\$ 4,000
Income Tax Payable	11,203
Total	\$15,203

**NOTE 4: NOTES PAYABLE**

The organization borrowed real estate loan of \$112,219 from Citizens National Bank of Texas on June 22, 2017 at 5.5% interest rate secured by property located in park Center Rep Block A Lot 2A Dallas County. As of December 31, 2017, notes payable balance was \$99,507 as detailed below.

Future maturities of notes payable as of December 31, 2017, was as follows:

Year	Short Term	Long Term	Total
2017	26,506		26,506
2018		14,600	14,600
2019		14,746	14,746
2020		14,893	14,893
2021		15,042	15,042
2022 and thereafter		13,720	13,720
	26,506	73,001	99,507

**NOTE 5: NET ASSETS**

The organization's net assets as of December 31, 2017, was as follows:

	Net Assets		
	Without Donor Restrictions	With Donor Restrictions	Total
Balance as of December 31, 2016	\$ 918,331	-	\$ 918,331
Add: Changes in Net Assets	257,859	-	257,859
Released during the year	-	-	-
Balance as of December 31, 2017	\$ 1,176,190	-	\$ 1,176,190

**NEPALI CULTURAL & SPIRITUAL CENTER**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

**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 Company'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 Company.

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

During the fiscal year ended December 31, 2017, the organization earned a net income of \$14,218 in unrelated business income on which the organization is liable to pay \$2,217 to the IRS. The Organization was also liable to pay \$8,986 tax on its unrelated business income for prior year.

**NOTE 8: RELATED PARTY TRANSACTIONS**

The organization had following related party transactions during the fiscal year ended December 31, 2017.

***Personal Guarantee***

The Organization borrowed \$112,219 from Citizens National Bank of Texas during the fiscal year ended December 31, 2017, which was secured by real estate assets and personal guarantee of board of directors.

**NEPALI CULTURAL & SPIRITUAL CENTER**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

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

**CHANGES IN NET ASSETS**

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

<b>Description</b>	<b>2017</b>
Revenue And Support	\$ 449,538
Total Expenses (excluding Taxes)	(189,462)
Change in Net Assets	260,076
Tax Expenses	(2,217)
Net Change in Net Assets	257,859

**ACID TEST RATIO**

The Organization's acid test ratio as of December 31, 2017 was as follows:

<b>Description</b>	<b>2017</b>
Current Assets	\$ 61,701
Current Liabilities	41,709
Acid Test Ratio	1.48:1

**TANGIBLE NET ASSETS**

The tangible net assets of the Organization as of December 31, 2017 was as follow:

<b>Description</b>	<b>2017</b>
Total Assets	\$ 1,290,900
Less: Total Liabilities	(114,710)
Net Asssets Unrestricted	1,176,190
Less: Intangible Assets	-
Tangible Net Assets \$	1,176,190

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



**NEPALI CULTURAL & SPIRITUAL CENTER**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

**NOTE 15: LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The Organization has adopted the ASU 2016-14 standards for identifying the Liquidity required to meet the expected expenses within the next twelve months, after the date of these reports. The following reflects the Organization's financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date.

	<u>2017</u>
<u>Financial Assets at year end</u>	
Cash and Cash Equivalents	\$ 61,701
<u>Less:</u>	
Those unavailable for general expenditures within one year, due to:	
Purpose and time restrictions	-
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 61,701</u></u>