

**Financial Statements and  
Accountant's Audit Report**

**Year Ended December 31, 2022**

**GURU NANAK FOUNDATION OF AMERICA, INC.**

**(GNFA)**

*The accompanying notes and auditor's report are an integral part of the financial statements*

**GURU NANAK FOUNDATION OF AMERICA, INC.**

**Audited Financial Statements**

**December 31, 2022**

**CONTENTS**

- Accountant's Audit Report
- Statement of Financial Position
- Statement of Activities and Changes in Net Assets
- Statement of Cash Flows
- Notes to Financial Statements
- Supplemental Schedule of Functional Expenses

*The accompanying notes and auditor's report are an integral part of the financial statements*

# Victor J Williams, CPA, PA

## *Certified Public Accountants*

14346 Kimono Cir, Boyds, MD. 20841  
Phone (443) 967-3234, Fax (301) 576-8674

### INDEPENDENT AUDITOR'S REPORT

August 11, 2023

The Board of Trustees,  
Guru Nanak Foundation of America, Inc.

#### **Report on the Financial Statements**

We have audited the accompanying financial statements which comprise statement of financial position of Guru Nanak Foundation of America, Inc. (the "Foundation") as of December 31, 2022, and the related statement of activities and changes in net assets and cash flows for the year then ended and the related notes to the financial statements.

#### **Management's Responsibility 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; 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 audit. 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 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 assessment of the risks of material misstatement of the financial statements, 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 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 opinion.

#### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Guru Nanak Foundation of America, Inc. as of December 31, 2022, and the changes in its net assets and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Sincerely,

*Victor J Williams, CPA, PA*

Victor J Williams, CPA, PA

**Statement of Financial Position**  
**As of December 31, 2022**

---

ASSETS

Current Assets	
Cash and cash equivalents	\$ 1,139,177
Cash and cash equivalents - Restricted	352,167
Total Current Assets	<u>1,491,344</u>
Non-Current Assets	
Property & equipment, net	5,654,417
Total non-current Assets	<u>5,654,417</u>
Intangibles	
Refinancing Cost, net	-
Total Intangibles	<u>-</u>
Total Assets	<u>\$ 7,145,761</u>

LIABILITIES & NET ASSETS

Current Liabilities	
Accounts Payables and Credit Cards	\$ 3,079
Payroll Liabilities	2,279
Loan Payable - EIDL	149,245
Loan Payable – Current Portion	43,817
Total current liabilities	<u>198,420</u>
Non-Current Liabilities	
Loan Payable - net of current portion	1,198,683
Total non-current liabilities	<u>1,198,683</u>
Net Assets	
Unrestricted net Assets	3,012,689
Temporarily restricted net Assets	2,735,969
Total Net Assets	<u>5,748,658</u>
Total Liabilities & Net Assets	<u>\$ 7,145,761</u>

*The accompanying notes and auditor's report are an integral part of the financial statements*

**Guru Nanak Foundation of America, Inc.**  
**Statement of Activities and Changes in Net Assets**  
**For the year ended December 31,**

	Unrestricted Net Assets	Temporarily Restricted Net Assets	Total Net Asset
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>REVENUES</b>			
Contributions and donations	\$ 284,520	739,075	1,023,595
Membership Dues	38,058		38,058
Government Grants	0		0
Other Income	819		819
Net assets released from restrictions	369,049	(369,049)	-
 Total Revenues	 <u>\$ 692,446</u>	 <u>370,026</u>	 <u>1,062,472</u>
<b>EXPENSES:</b>			
Program expenses			
Gurudwara Committee	224,076	-	224,076
Building Maintenance Committee	12,902	-	12,902
Langar Committee	30,991	-	30,991
Education Committee	32,342	-	32,342
Community Affairs Committee	11,803	-	11,803
Capital Projects Committee	1,466	-	1,466
 Total Program Expenses	 <u>313,580</u>	 <u>-</u>	 <u>313,580</u>
Supporting Services			
Management & General:			
Depreciation	21,637	-	21,637
Interest expense	37,767	-	37,767
 Total Management & general expense	 <u>59,404</u>	 <u>-</u>	 <u>59,404</u>
Fund Raising Expenses	65,913	-	65,913
 Total Supporting Services	 <u>125,317</u>	 <u>-</u>	 <u>125,317</u>
 Total Expenses	 <u>438,897</u>	 <u>-</u>	 <u>438,897</u>
Change in Net Assets	253,549	370,026	623,575
Net Assets, beginning of the year	<u>2,759,140</u>	<u>2,365,943</u>	<u>5,125,083</u>
Net Assets, end of the year	<u>3,012,689</u>	<u>2,735,969</u>	<u>5,748,658</u>

*The accompanying notes and auditor's report are an integral part of the financial statements*

**Guru Nanak Foundation of America, Inc.**  
**Statement of Cash flows**  
**For the year ended December 31, 2022**

---

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$ 623,575
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	21,637
Changes in current assets & liabilities:	
Receivables	14,249
Accounts payable and accrued expenses	(30,690)
Payroll Liabilities	2,279
Loan Payable EIDL	(655)
Net Cash Provided by Operating activities	<u>630,395</u>

CASH FLOWS FROM FINANCING ACTIVITIES:

Proceeds from new loan	770,943
Payment of refinancing expenses	
Principal payments under the Note payable	
Net Cash Used in Financing activities	<u>770,943</u>

CASH FLOWS FROM INVESTMENT ACTIVITIES:

Change in fixed assets	(1,504,699)
Net Cash Used in Investment activities	<u>(1,504,699)</u>

Net change in cash and cash equivalents	(103,361)
Cash and cash equivalents, beginning of year	<u>1,594,705</u>
Cash and cash equivalents, end of year	<u>1,491,344</u>

Supplemental disclosure of cash flow information	
Interest paid	<u>37,767</u>

*The accompanying notes and auditor's report are an integral part of the financial statements*

## **1. Organization**

Guru Nanak Foundation of America, Inc. (the "Foundation" or "GNFA") is a non-profit organization incorporated in July 1970 under the laws of the State of Maryland. The objective of the Foundation is to promote religious, educational, social and cultural aspects of Sikhism in the Washington D.C. metropolitan area. Primary sources of funding include public contributions, membership dues and funds raised via cultural programs and fund raisers.

The Board of Trustees (the "Board") appoints members to Committees that manage various activities and issues. Significant Committees and their responsibilities are as follows:

- a. **Gurdwara Committee** is responsible for the general management of the Gurdwara and its regular functions include: weekly prayer meetings, religious ceremonies and community affairs.
- b. **Membership Committee** is responsible for evaluation of credentials of new applicants to various categories of membership and presents their recommendations to the Board for approval and final presentation to the General Body, if necessary. It is also responsible for evaluating the participation of various members in the Foundation and may be called upon to investigate any activities that may seem to be contrary to the Foundation's By-laws.
- c. **Education Committee** is responsible to plan, develop and carry-out activities pertaining to education in religious, language and socio-cultural activities of Sikhs and Sikhism, with the ultimate purpose of developing a regular, full time Sikh school up to high school level.
- d. **Finance and Resource Committee** is responsible to plan and execute short term and long term financial and other goals as may pertain to building new facilities and maintaining old facilities.
- e. **Capital Projects Committee** is responsible to plan, obtain permits, schedule timetables and carry out activities pertaining to capital projects as determined by the Board and to report on the budgetary requirements, developments, monitoring and completion of the projects.

## **2. Summary of Significant Accounting Policies**

### **Basis of Accounting**

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America, consequently, revenue is recognized when earned and expenses when obligations are incurred.

*The accompanying notes and auditor's report are an integral part of the financial statements*

### **Cash and Cash Equivalents**

All highly liquid investments with original maturities of three months or less are considered as cash equivalents.

### **Unrestricted Net Assets**

Unrestricted net assets are those whose use by the Foundation is not subject to any donor-imposed stipulations. Board designated voluntary restrictions, such as voluntarily earmarking assets for a particular purpose, are included among the unrestricted net assets of the Foundation. The board is free to designate certain portions of its funds for certain activities; however, these are included among unrestricted net assets since they are not bound by restrictions imposed by a donor.

### **Temporarily Restricted Net Assets**

Temporarily restricted net assets are those whose use by the Foundation is subject to donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Foundation pursuant to those stipulations. Generally, donor restricted contributions are reported as temporarily restricted even if those restrictions are met in the same reporting period the contributions are received. Currently, all temporarily restricted net assets are restricted for education and capital projects.

### **Permanently Restricted Net Assets**

Permanently restricted net assets are those whose use by the Foundation is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Foundation. Income from these assets can be unrestricted or restricted based on donor stipulations. Currently, the Foundation does not have any permanently restricted net assets.

### **Contributions**

The Foundation recognizes contributions and unconditional promises to give as revenue in the period received or promised whichever is earlier. All contributions are considered to be unrestricted unless specifically restricted by the donor. Contributions are reported as temporarily or permanently restricted if they are received with donor stipulations that limit their use or are subject to time restrictions. A donor restriction expires when a purpose restriction is accomplished or a stipulated time restriction ends. Upon expiration, temporarily restricted net assets are reclassified to unrestricted net assets in the Statement of Activities as net assets released from restrictions.

*The accompanying notes and auditor's report are an integral part of the financial statements*

**Guru Nanak Foundation of America, Inc.**  
**Notes to Financial Statements**  
**For the year ended December 31, 2022**

**Property and Equipment**

Acquisitions of property and equipment are recorded at cost and depreciated using the straight-line depreciation method over the estimated useful life of the respective assets, which range from 3 to 40 years. The Foundation capitalizes all property and equipment purchased with a cost of \$5,000 or more.

When assets are sold or retired, the related cost and accumulated depreciation are removed from the accounts. Any gain or loss resulting from disposition is credited or charged to operations. Expenditures for equipment repairs and maintenance are charged to operations as incurred.

**Functional Allocation of Expense**

The cost of providing programs and other activities has been summarized on a functional basis in the statement of activities. All indirect expenses, other than fund-raising, depreciation and interest expense are recorded in the Gurdwara Committee program expenses.

**Tax Status**

The Foundation is a tax-exempt organization under section 501(c)(3) of the Internal Revenue Code; accordingly, no provision for federal and state income taxes has been recorded in the accompanying financial statements. GNFA has gained an exemption from the Montgomery County, Maryland from local real estate taxes effective January 1, 2005.

There was no unrelated business income during the year ended December 31, 2022. There were no uncertain tax positions as of December 31, 2022.

**Management Estimates and Uncertainties**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The estimates susceptible to significant changes include, among others; those used in determining the cost of land parcels purchased and building improvements made in prior years and useful lives of respective assets. Management believes the estimated amounts used for the financial statements are reasonable and disclosures in the financial statements are adequate.

*The accompanying notes and auditor's report are an integral part of the financial statements*

**Guru Nanak Foundation of America, Inc.**  
**Notes to Financial Statements**  
**For the year ended December 31, 2022**

**3. Property and Equipment**

Property and equipment consisted of the following at December 31, 2022

Building -1976	\$ 260,000
Building Improvements -1992	290,000
Building Improvements - 2000	16,743
New Building Land Improvements - 2017	167,446
New Building Land Improvements - 2018	456,803
New Building Land Improvements - 2019	320,772
New Building Land Improvements - 2020	642,746
New Building Land Improvements - 2021	731,289
New Building Land Improvements - 2022	1,504,699
Furniture & Equipment - 2020	1,552
Trailer Improvements – 2019	47,230
Trailer Improvements - 2020	17,292
Land -1974	75,000
Land -1978	60,000
Land -2001	1,591,993
Equipment	<u>43,421</u>
	6,226,986
Less accumulated depreciation	<u>(572,569)</u>
Property and equipment, net	<u>\$ 5,654,417</u>

Depreciation expense for the year ended December 31, 2022 was \$ 21,637.

In 1974, the Foundation purchased 78,408 square feet of land at an approximate cost of \$75,000. In 1976, the Foundation constructed the initial building at an approximate cost of \$260,000. In 1978, the Foundation purchased adjacent land of 1.85 acres at an approximate cost of \$60,000. In 1992, the Foundation made major improvements to the existing building at an approximate cost of \$290,000. In November 2001, the Foundation purchased additional land of 396,445 square feet for approximately \$1.8 million. In 2003, Maryland State Highway recouped approximately 1 acre from the Foundation for their highway extension project, for which they paid the Foundation approximately \$200,000 in 2003 and an additional \$40,000 in 2005.

*The accompanying notes and auditor's report are an integral part of the financial statements*

**Guru Nanak Foundation of America, Inc.**  
**Notes to Financial Statements**  
**For the year ended December 31, 2022**

**4. Prior-Period Adjustment**

A prior period adjustment in the net amount of \$ 20,688 to correct entries made in payables and receivables for 2020 and 2021 have been adjusted in the current period. The amount is not considered material to warrant restating prior period accounts and the prior year's Retained Earnings.

**5. Notes Payable**

Year ending December 31, 2021	\$ 471,557
Add: net proceeds, principal and interest	<u>727,126</u>
Total future payments as December 31, 2022	\$ 1,198,683
Interest paid	\$ 37,676

**6. Concentration of Credit Risk**

Financial instruments which potentially subject the Foundation to a concentration of credit risk principally consist of cash and cash equivalent, certificate of deposits and the Loan payable. The Foundation maintains cash and deposit balances at several financial institutions and the cash balance at each financial institution is insured under the Federal Deposit Insurance Corporation (FDIC) up to a certain limit. At times, the balances in cash and deposit may exceed the balance insured by the FDIC. However, the Foundation has not experienced any losses related to this concentration to date and believes it is not exposed to any significant credit risks.

As of December 31, 2022, the Foundation had the following Performance Bonds:

- a) A \$535,265 Performance Letter of Credit was replaced by a Performance Bond (through CapSpecialty Bond Company) to Montgomery County, Maryland for Sediment Control Permit.
- b) A \$174,300 Performance Letter of Credit was replaced by Performance Bond (through CapSpecialty Bond Company) to Montgomery County, Maryland for Right of Way Permit.
- c) A \$60,100 WSSC Performance Letter of Credit was replaced by Performance Bond (through CapSpecialty Bond Company) to WCC for new Utility Permit.

*The accompanying notes and auditor's report are an integral part of the financial statements*

**Guru Nanak Foundation of America, Inc.**  
**Notes to Financial Statements**  
**For the year ended December 31, 2022**

**7. Commitments and Contingencies**

The Foundation is planning to construct a new building for a Gurdwara, a school and a clinic. In June 2010, the Foundation signed a contract in the total amount of approximately \$102,000 with a third-party engineering company to conduct environmental studies, land surveying and development services and obtaining relevant permits from the County's Planning and Park Commission. At December 31, 2014, partial amount of work related to the above contract had been done. In 2017, work on this project has been ramped up as can be indicated by the substantial amounts being transferred from temporarily restricted to unrestricted net assets.

**8. Subsequent Events**

In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through the date the financial statements were available to be issued.

*The accompanying notes and auditor's report are an integral part of the financial statements*

Supplementary Schedule of Functional Expenses  
For the year ended Dec 31 2022

Description	Program Expenses									Management & General				Fund Raising	Total expense
	Gurudwara Committee	Building Maintenance Committee	Langar Committee	Education Committee	Community Affairs Committee	Youth Committee	Capital Projects Committee	Dharmik Program	Total Program Expenses	Depr'n expense	Refinance Costs	Interest expense			
Amortization									-						-
Bad Debts									-						-
Bank charges	4,522								4,522						4,522
Bonus Expense	8,000								8,000						8,000
Books				1,594					1,594						1,594
Bowling				1,883					1,883						1,883
Building Construction Material									-						-
Building Permit and Other									-						-
Catering Fundraising									-				17,550		17,550
Clearing Account	3,140								3,140						3,140
Covid-Relief									-						-
Clinic Expense	700								700						700
Depreciation									-	21,637					21,637
Design and Engineering									-						-
Electrical Work									-						-
Entertainment Fundraising									-				19,037		19,037
Equipment Purchase									-						-
Elevator Expense									-						-
Fees and Dues	8,923								8,923						8,923
Footing and Walls									-						-
Groceries and Food Drive			30,991						30,991						30,991
Grounds									-						-
Grounds Storm Water Pond									-						-
Grounds Parking									-						-
Installation Phase 1									-						-
Insurance	9,244								9,244						9,244
Interest									-						-
Inspection									-						-
Janitorial		10,660							10,660						10,660
Khalsa School				4,495					4,495						4,495
Kitchen Expansion									-						-
Kirtan, Visiting Ragis	13,776								13,776						13,776
Landscaping		350							350						350
Letter of Credit Fees									-						-
Maintenance Expense		552							552						552
Merit Awards and Scholarship				850					850						850
Mortgage Interest Expense									-		37,767				37,767
Mortgage Late Fee									-						-
Membership Dues and Subscription	75				870				945						945
Newsletter									-						-
Office Supplies									-						-
Other	1,975								1,975				1,775		3,750
Permits									-						-
Pest Control		1,340							1,340						1,340
Postage and Delivery									-						-
Printing and Reproduction	177						1,466		1,643						1,643
Prior Period Adjustment	(20,688)								(20,688)						(20,688)
Professional Accounting Fees	5,250								5,250						5,250
Professional Fees	13,082								13,082						13,082
Punjabi Newspaper									-						-
Reconciliation Descrpancy									-						-
Religious and Community Programs					10,933				10,933						10,933
Repairs and Maintenance									-						-
Rental Facility Fundraising									-				17,143		17,143
Retaining Wall									-						-
Returns									-						-
Salaries	94,610								94,610						94,610
Security	24,064								24,064						24,064
Settlement Cost									-						-
Supplies				1,930					1,930						1,930
Targeted Fundraising - Pingalwara									-				10,408		10,408
Taxes- Payroll	7,903								7,903						7,903
Taxes -Real estate	1,447								1,447						1,447
Telephone	1,809								1,809						1,809
Trailers Khalsa School				21,090					21,090						21,090
Travel and Meetings				500					500						500
Utilities	45,821								45,821						45,821
Website	246								246						246
Youth Camp									-						-
	<b>224,076</b>	<b>12,902</b>	<b>30,991</b>	<b>32,342</b>	<b>11,803</b>	<b>-</b>	<b>1,466</b>	<b>-</b>	<b>313,580</b>	<b>21,637</b>	<b>-</b>	<b>37,767</b>	<b>65,913</b>	<b>438,897</b>	