



**THE AMERICAN  
HIMALAYAN FOUNDATION**

**FINANCIAL STATEMENTS**

FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

# THE AMERICAN HIMALAYAN FOUNDATION

(A California Not-For-Profit Corporation)  
December 31, 2014 and 2013

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**INDEPENDENT AUDITORS' REPORT**

**The Board of Directors  
The American Himalayan Foundation**

We have audited the accompanying financial statements of the American Himalayan Foundation (a nonprofit organization) which comprise the statements of financial position as of December 31, 2014 and 2013 and the related statements of activities and changes in net assets, and cash flows for the years 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 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 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 American Himalayan Foundation as of December 31, 2014 and 2013, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

April 14, 2015  
Danville, California

*Regalia & Associates*

# THE AMERICAN HIMALAYAN FOUNDATION

## Statements of Financial Position December 31, 2014 and 2013

	December 31,	
	2014	2013
<b>Assets</b>		
Cash and cash equivalents	\$ 7,280,908	\$ 9,081,988
Pledges receivable	2,384,427	201,409
Accounts receivable	5,974	50,000
Prepaid employee expenses	(1,068)	1,780
Contributed tibetan chests	10,000	10,000
Himalaya books	3,198	3,327
Furniture, equipment and leasehold improvements, net	13,422	39,147
Life insurance, cash surrender value	1,553,230	1,431,329
	\$ 11,250,091	\$ 10,818,980
Total assets	\$ 11,250,091	\$ 10,818,980
<b>Liabilities and Net Assets</b>		
Liabilities:		
Accounts payable	\$ 28,303	\$ 10,936
Accrued employee vacation payable	118,945	117,983
Grants payable	295,566	688,845
Deferred rent credit	6,260	16,991
	449,074	834,755
Total liabilities	449,074	834,755
Net assets:		
Unrestricted	9,772,184	9,248,069
Temporarily restricted	803,833	511,156
Permanently restricted	225,000	225,000
	10,801,017	9,984,225
Total net assets	10,801,017	9,984,225
Total liabilities and net assets	\$ 11,250,091	\$ 10,818,980

# THE AMERICAN HIMALAYAN FOUNDATION

## Statements of Activities and Changes in Net Assets Years ended December 31, 2014 and 2013

	2014				2013			
	Unrestricted	Temporarily restricted	Permanently restricted	Total	Unrestricted	Temporarily restricted	Permanently restricted	Total
Revenues, gains and other support:								
Contributions	\$ 2,798,748	\$ 1,412,964	\$ -	\$ 4,211,712	\$ 3,067,325	\$ 1,641,731	\$ -	\$ 4,709,056
In-kind contributions	205,642	-	-	205,642	205,642	-	-	205,642
Contributions from affiliates	-	-	-	-	50,000	-	-	50,000
Total contributed income	3,004,390	1,412,964	-	4,417,354	3,322,967	1,641,731	-	4,964,698
Special events	883,361	-	-	883,361	480,744	-	-	480,744
Royalties	-	-	-	-	40,000	-	-	40,000
Investment income	906	-	-	906	9	-	-	9
Gain (loss) from sale of donated securities	(945)	-	-	(945)	117	-	-	117
Gain from life insurance performance	43,475	-	-	43,475	220,447	-	-	220,447
Net assets released from restrictions	1,120,287	(1,120,287)	-	-	1,595,211	(1,595,211)	-	-
Total revenues, gains and other support	5,051,474	292,677	-	5,344,151	5,659,495	46,520	-	5,706,015
Expenses:								
Program Expenses:								
I. Education								
1. Stop Girl Trafficking / In Honor of Amar College Fund	571,385	-	-	571,385	1,079,546	-	-	1,079,546
2. Homes and Education for Orphans, Street Children and Disabled Children	184,310	-	-	184,310	215,246	-	-	215,246
3. Tibetan College Scholarships	32,899	-	-	32,899	32,382	-	-	32,382
4. Medical Training, Ladakh	12,341	-	-	12,341	10,650	-	-	10,650
5. Schools, Nepal	-	-	-	-	13,000	-	-	13,000
6. Other Scholarships	14,581	-	-	14,581	17,624	-	-	17,624
II. Hospitals and Clinics, Nepal	292,651	-	-	292,651	331,018	-	-	331,018
III. Mustang								
1. Day Care Centers and Education	110,944	-	-	110,944	95,940	-	-	95,940
2. Cultural Heritage Conservation: Gompa Restoration	169,435	-	-	169,435	273,706	-	-	273,706
3. Cultural Heritage Conservation: Monastic Education, Tibetan Teachers	88,106	-	-	88,106	98,652	-	-	98,652
4. Health Care	91,186	-	-	91,186	68,939	-	-	68,939

# THE AMERICAN HIMALAYAN FOUNDATION

## Statements of Activities and Changes in Net Assets Years ended December 31, 2014 and 2013

	2014				2013			
	Unrestricted	Temporarily restricted	Permanently restricted	Total	Unrestricted	Temporarily restricted	Permanently restricted	Total
5. Community, Youth Group and Public Works Projects	\$ 10,951	\$ -	\$ -	\$ 10,951	\$ 21,106	\$ -	\$ -	\$ 21,106
6. Lo Gylapo Foundation Oversight	2,449	-	-	2,449	3,533	-	-	3,533
IV. Everest Area: Education, Health Care, Cultural Conservation, Infrastructure	126,356	-	-	126,356	85,071	-	-	85,071
V. Tibetan Refugees, Nepal and India								
1. K-12 Education: Schools and Hostels	77,551	-	-	77,551	59,584	-	-	59,584
2. Care for Elders	91,181	-	-	91,181	98,995	-	-	98,995
3. Nunneries and Other Cultural Conservation	24,973	-	-	24,973	28,180	-	-	28,180
4. Community and Infrastructure Projects	17,352	-	-	17,352	11,091	-	-	11,091
5. Livelihood Development	16,425	-	-	16,425	-	-	-	-
6. Health Care	2,520	-	-	2,520	2,090	-	-	2,090
VI. In Tibet: Health Care, Infrastructure, Elders, Cultural Conservation	250,008	-	-	250,008	300,377	-	-	300,377
VII. Livelihood Development, Nepal	181,222	-	-	181,222	10,075	-	-	10,075
VIII. Saving Wildlife	147,607	-	-	147,607	66,509	-	-	66,509
IX. In Mongolia and Bhutan: Cultural Preservation, Enterprise Development	-	-	-	-	8,600	-	-	8,600
X. Kathmandu Based Technical Support	343,020	-	-	343,020	266,448	-	-	266,448
XI. Program Technical Assistance	257,330	-	-	257,330	260,026	-	-	260,026
XII. Program Oversight	466,194	-	-	466,194	466,170	-	-	466,170
XIII. Currency Fluctuation	(14,506)	-	-	(14,506)	(10,365)	-	-	(10,365)
Total program expenses	3,568,471	-	-	3,568,471	3,914,193	-	-	3,914,193
Special event expenses direct	271,169	-	-	271,169	146,473	-	-	146,473
Other fundraising expenses	470,477	-	-	470,477	479,532	-	-	479,532
Total fundraising expenses	741,646	-	-	741,646	626,005	-	-	626,005
Management and general administrative expenses	217,242	-	-	217,242	211,538	-	-	211,538
Total expenses	4,527,359	-	-	4,527,359	4,751,736	-	-	4,751,736
Increase in net assets	524,115	292,677	-	816,792	907,759	46,520	-	954,279
Net assets at beginning of year	9,248,069	511,156	225,000	9,984,225	8,340,310	464,636	225,000	9,029,946
Net assets at end of year	\$ 9,772,184	\$ 803,833	\$ 225,000	\$ 10,801,017	\$ 9,248,069	\$ 511,156	\$ 225,000	\$ 9,984,225

See accompanying auditors' report and notes to financial statements

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# THE AMERICAN HIMALAYAN FOUNDATION

## Statements of Cash Flows Years ended December 31, 2014 and 2013

	2014	2013
<b>Cash flows from operating activities:</b>		
Increase in net assets	\$ 816,792	\$ 954,279
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities:		
Loss (gain) on sale of donated securities	945	(117)
Depreciation and amortization	25,725	28,622
Contributed securities	(140,806)	(135,414)
Changes in operating assets and liabilities:		
Increase in pledges receivable	(2,183,018)	(65,830)
Decrease (increase) in accounts receivable	44,026	(49,147)
Decrease in contributed Tibetan Chests	-	17,215
Decrease (increase) in prepaid employee expenses	2,848	(1,780)
Decrease in book inventory	129	13,728
Increase in life insurance cash surrender value	(121,901)	(304,135)
Increase (decrease) in accounts payable	17,367	(8,276)
Increase in accrued employee vacation payable	962	12,169
Decrease in grants payable	(393,279)	(106,450)
Decrease in deferred rent credit	(10,731)	(10,731)
Net cash (used in) provided by operating activities	(1,940,941)	344,133
<b>Cash flows from investing activities:</b>		
Sale of donated securities	139,861	135,531
Net cash provided by investing activities	139,861	135,531
Net (decrease) increase in cash and cash equivalents	(1,801,080)	479,664
Cash and cash equivalents at beginning of year	9,081,988	8,602,324
Cash and cash equivalents at end of year	\$ 7,280,908	\$ 9,081,988
Supplemental disclosure for noncash operating activities		
Donated securities	\$ 140,806	\$ 135,414

# THE AMERICAN HIMALAYAN FOUNDATION

## Notes to Financial Statements December 31, 2014 and 2013

### 1. Organization

The American Himalayan Foundation (AHF) is a private not-for-profit corporation dedicated to helping the people and ecology of the Himalayas. AHF was founded in 1981 to respond to some of the basic problems affecting the people living in the Himalayan region, supporting vital education, health care, and cultural and environmental preservation throughout the Himalayan region. AHF also helps Tibetans with their struggle to survive and maintain their culture. Funds are raised primarily through contributions and special events. AHF has received rulings from the Internal Revenue Service under Section 501(c)(3) and the State of California Franchise Tax Board under RTC Section 23701d granting exemption from federal income and state franchise taxation.

### 2. Summary of Significant Accounting Policies

#### Basis of Accounting

The financial statements of AHF have been prepared on the accrual basis of accounting and, accordingly, reflect all receivables, payables and other liabilities. Many of AHF's disbursements are converted to local Himalayan currency. However, all financial results reflected in the financial statements are reported in United States dollars.

#### Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Accounting Standards Codification (ASC) 958.205, *Presentation of Financial Statements of Not-for-Profit Entities*. Under ASC 958.205, AHF is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

#### Revenue Recognition

AHF records contributions in accordance with the recommendations of ASC 958.605, *Revenue Recognition of Not-for-Profit Entities*. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. 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 on the statements of activities and changes in net assets as net assets released from restrictions.

#### Use of Estimates

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 certain reported amounts 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 reported period. Accordingly, actual results could differ from those estimates.



Notes to Financial Statements

2. Summary of Significant Accounting Policies (continued)

Cash and Cash Equivalents

Cash and cash equivalents include savings, cash deposits and money market accounts with maturity dates of three months or less. Occasionally, AHF is the recipient of donated securities. Investments and other securities received by gift are recorded at market value at the date of contribution in accordance with ASC 958.320, *Investments – Debt and Equity Securities of Not For Profit Organizations*. AHF converts such securities to liquid assets, and any realized gains or losses are separately stated on the statements of activities and changes in net assets.

Furniture, Equipment and Leasehold Improvements

Property and equipment purchased by AHF are recorded at cost or, if donated, at the approximate fair value at the date of donation. Repairs and maintenance are charged to expense as incurred. Furniture and equipment is depreciated using the straight-line method over the estimated useful lives of the assets (primarily three to seven years). Leasehold improvements are amortized using the straight-line method over the shorter of the lease term or the estimated useful life of the asset.

Income Taxes

Financial statement presentation follows the recommendations of ASC 740, *Income Taxes*. Under ASC 740, AHF is required to report information regarding its exposure to various tax positions taken by the organization and requires a two-step process that separates recognition from measurement. The first step is determining whether a tax position has met the recognition threshold; the second step is measuring a tax position that meets the recognition threshold. Management believes that AHF has adequately evaluated its current tax positions and has concluded that as of December 31, 2014, AHF does not have any uncertain tax positions for which a reserve or an accrual for a tax liability would be necessary.

AHF has received notification from the Internal Revenue Service and the State of California that it qualifies for tax-exempt status under Section 501(c)(3) of the Internal Revenue Code and Section 23701d of the California Revenue and Taxation Code. This exemption is subject to periodic review by the federal and state taxing authorities and management is confident that the organization continues to satisfy all federal and state statutes in order to qualify for continued tax exemption status. AHF may periodically receive unrelated business income requiring the organization to file separate tax returns under federal and state statutes. Under such conditions, AHF calculates and accrues the applicable taxes payable.

Contributed Services

Volunteers donate a substantial amount of time to AHF. While significant in value, these services are not recorded in the financial statements since such time is not susceptible to objective measurement or valuation in accordance with ASC 958.30 *Gifts in Kind*.

Functional Allocation of Expenses

The costs of providing AHF's various programs and other activities have been summarized on a functional basis in the statements of activities and changes in net assets. Accordingly, administrative and overhead costs have been allocated among the programs and supporting services benefited.

# THE AMERICAN HIMALAYAN FOUNDATION

## Notes to Financial Statements

### 2. Summary of Significant Accounting Policies (continued)

#### Reclassifications

Certain reclassifications have been made to the 2013 financial statements in order to conform to the presentation used in 2014. Management has modified the presentation of certain expense amounts in order to provide more meaningful information to the readers of the financial statements. There were no changes made to the ending net asset balances as of December 31, 2013.

### 3. Cash and Cash Equivalents

Included in cash and cash equivalents of \$7,280,908 and \$9,081,988 at December 31, 2014 and 2013, respectively, were funds on deposit with financial institutions that were in excess of the amounts covered by insurance provided by the federal government. It is the opinion of management that the solvency of the referenced financial institutions is satisfactorily strong and that AHF's financial position will not be compromised.

Certain funds totaling \$52,463 and \$52,458 at December 31, 2014 and 2013, respectively, were in depository accounts bearing interest at the rate of 0.01% per annum. All other cash and cash equivalents were in noninterest-bearing accounts.

### 4. Furniture, Equipment and Leasehold Improvements

Furniture, Equipment and Leasehold Improvements consist of the following at December 31:

	<u>2014</u>	<u>2013</u>
Office furniture	\$ 46,428	\$ 46,428
Computer equipment	23,302	23,302
Leasehold improvements	220,503	220,503
Subtotal	290,233	290,233
Accumulated depreciation and amortization	<u>(276,811)</u>	<u>(251,086)</u>
Furniture, equipment and leasehold improvements	<u>\$ 13,422</u>	<u>\$ 39,147</u>

Depreciation and amortization expense amounted to \$25,725 and \$28,622 for the years ended December 31, 2014 and 2013, respectively, and such amounts are reflected in management and general administrative expenses on the statements of activities and changes in net assets.

There were no disposals of furniture, equipment and leasehold improvements during the years ended December 31, 2014 and 2013.

**Notes to Financial Statements**

**5. Related Party Transactions**

Richard C. Blum is Chairman of AHF, Blum Capital Partners, LP (Blum Capital) and Richard C. Blum and Associates, Inc. (affiliates).

Richard C. Blum, through the Blum Family Foundation, contributed \$2,141,712 and \$2,267,525 to AHF during the years ended December 31, 2014 and 2013, respectively. Additionally, Richard C. Blum & Associates, Inc. contributed \$50,000 in cash to AHF during the year ended December 31, 2013. In the aggregate, contribution revenue for the twelve-year period ended December 31, 2014 from such related parties covers in excess of 100% of management and general and other fundraising expenses of AHF.

Blum Capital advances payments to AHF's vendors and personnel for services necessary to accomplish the charitable goals of AHF. These services include providing office space, permitting the use of equipment and supplies; and providing administrative support. AHF reimburses Blum Capital for these expenses on a monthly basis. Such expense reimbursements represented 12% and 13% of AHF's general program service, fundraising, and management and general administrative expenses in 2014 and 2013, respectively.

In connection with the Blum Capital lease renewal, Blum Capital was provided with six months of free rent. AHF's portion of the lease incentive amounted to \$102,841, which has been recognized as a liability in a previous year and is being amortized on a straight-line basis over the life of the lease. The lease incentive is reflected as "deferred rent credit" on the statements of financial position and the unamortized balance amounted to \$6,260 and \$16,991 at December 31, 2014 and 2013, respectively. Amortization of deferred rent credit of \$10,731 and \$10,731 for the years ended December 31, 2014 and 2013, respectively, is included in management and general administrative expenses on the statements of activities and changes in net assets.

**6. Life Insurance, Cash Surrender Value**

In February 2003, Richard C. Blum arranged for a \$10 million whole-life insurance policy to be taken out on his life with AHF as the beneficiary and owner of the policy. Mr. Blum, through the Blum Family Foundation, has paid all twelve of the annual premiums of \$205,642 for the policy.

The \$205,642 premiums paid for the years ended December 31, 2014 and 2013 were treated as unrestricted donations and classified as in-kind contributions on AHF's financial statements. The cash surrender value of the life insurance policy amounted to \$1,553,230 and \$1,431,329 as of December 31, 2014 and 2013, respectively. The balance is stated net of fees, premiums and unrealized appreciation (diminution) on the value of the underlying investments. Fees and premiums were included in management and general administrative expenses on the statements of activities and changes in net assets.

# THE AMERICAN HIMALAYAN FOUNDATION

## Notes to Financial Statements

### 7. Net Assets

AHF recognizes support from temporarily restricted net assets when the restrictions imposed by the donors have been satisfied or expired. Temporarily restricted net assets consist of the following as of December 31:

	2014	2013
Restricted for projects	\$ 803,833	\$ 511,156
Total temporarily restricted net assets	<u>\$ 803,833</u>	<u>\$ 511,156</u>

Contributions to temporarily restricted net assets amounted to \$1,412,964 and \$1,641,731 for the years ended December 31, 2014 and 2013, respectively. Net assets released from restrictions amounted to \$1,120,287 and \$1,595,211 for the years ended December 31, 2014 and 2013, respectively.

Permanently restricted net assets consist of the following as of December 31:

	2014	2013
Restricted for endowment purposes	\$ 225,000	\$ 225,000
Total permanently restricted net assets	<u>\$ 225,000</u>	<u>\$ 225,000</u>

Endowment funds classified as permanently restricted net assets represent funds that are subject to restrictions of gift instruments requiring that the principal be invested in perpetuity. By law, AHF is permitted to transfer all interest and realized/unrealized gains to unrestricted net assets.

### 8. Retirement Plan

All AHF employees participate in a retirement plan qualified under Internal Revenue Code Section 401(k). The plan has certain eligibility requirements and accepts rollover contributions, allows hardship distributions, and is otherwise regulated by Federal statutes which are periodically modified by Congress. AHF contributed \$26,583 and \$32,465 on behalf of participating employees to the plan for the years ended December 31, 2014 and 2013, respectively.

### 9. Compensated Absences (Accrued Payroll and Related Benefits)

Financial statement presentation follows the recommendations of ASC 710.25, *Compensated Absences*. Under ASC 710.25, AHF is required to record a liability for the estimated amounts of compensation for future absences. Employees are permitted to accrue a specific number of hours of vacation which is payable upon termination of the employee. Sick leave is not paid upon termination. Annual leave accruals are recorded in the financial statements as an accrued liability on the statements of financial position based on hourly rates in effect at the end of the fiscal year. Accrued employee vacation payable amounted to \$118,945 and \$117,983 at December 31, 2014 and 2013, respectively.

### 10. Subsequent Events

In compliance with ASC 855, *Subsequent Events*, AHF has evaluated subsequent events through April 14, 2015, the date the financial statements were available to be issued, and, in the opinion of management, there are no subsequent events which need to be disclosed.