



**THE AMERICAN  
HIMALAYAN FOUNDATION**

**FINANCIAL STATEMENTS**

FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

# THE AMERICAN HIMALAYAN FOUNDATION

(A California Not-For-Profit Corporation)  
December 31, 2015 and 2014

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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, 2015 and 2014 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, 2015 and 2014, 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 29, 2016  
Danville, California

*Regalia & Associates*

# THE AMERICAN HIMALAYAN FOUNDATION

## Statements of Financial Position December 31, 2015 and 2014

	December 31,	
	2015	2014
<b>Assets</b>		
Cash and cash equivalents	\$ 2,536,470	\$ 7,280,908
Investments	6,824,214	-
Pledges receivable	2,815,700	2,384,427
Accounts receivable and other	510	4,906
Contributed Tibetan chests	10,000	10,000
Himalaya book inventory	3,132	3,198
Furniture, equipment and leasehold improvements, net	-	13,422
Life insurance, cash surrender value	1,552,876	1,553,230
	<u>\$ 13,742,902</u>	<u>\$ 11,250,091</u>
Total assets	<u>\$ 13,742,902</u>	<u>\$ 11,250,091</u>
<b>Liabilities and Net Assets</b>		
Liabilities:		
Accounts payable	\$ 29,293	\$ 28,303
Accrued employee vacation payable	132,022	118,945
Grants payable	447,170	295,566
Deferred rent credit	-	6,260
	<u>608,485</u>	<u>449,074</u>
Total liabilities	<u>608,485</u>	<u>449,074</u>
Net assets:		
Unrestricted	10,714,820	9,772,184
Temporarily restricted	2,419,597	803,833
Permanently restricted	-	225,000
	<u>13,134,417</u>	<u>10,801,017</u>
Total net assets	<u>13,134,417</u>	<u>10,801,017</u>
Total liabilities and net assets	<u>\$ 13,742,902</u>	<u>\$ 11,250,091</u>

# THE AMERICAN HIMALAYAN FOUNDATION

## THE AMERICAN HIMALAYAN FOUNDATION Statements of Activities and Changes in Net Assets Years ended December 31, 2015 and 2014

	2015				2014			
	Unrestricted	Temporarily restricted	Permanently restricted	Total	Unrestricted	Temporarily restricted	Permanently restricted	Total
Revenues, gains and other support:								
Contributions	\$ 3,099,009	\$ 3,968,553	\$ -	\$ 7,067,562	\$ 2,798,748	\$ 1,412,964	\$ -	\$ 4,211,712
In-kind contributions	-	-	-	-	205,642	-	-	205,642
Total contributed income	3,099,009	3,968,553	-	7,067,562	3,004,390	1,412,964	-	4,417,354
Special events	833,286	-	-	833,286	883,361	-	-	883,361
Investment income	824,321	-	-	824,321	906	-	-	906
Gain (loss) from sale of donated securities	3,388	-	-	3,388	(945)	-	-	(945)
Gain (loss) from life insurance performance	(59,971)	-	-	(59,971)	43,475	-	-	43,475
Reclassifications and releases from restrictions	2,577,789	(2,352,789)	(225,000)	-	1,120,287	(1,120,287)	-	-
Total revenues, gains and other support	7,277,822	1,615,764	(225,000)	8,668,586	5,051,474	292,677	-	5,344,151
Expenses:								
Program Expenses:								
I. Education								
1. Stop Girl Trafficking/In Honor of Amar College Fund	1,327,675	-	-	1,327,675	571,385	-	-	571,385
2. Homes and Education for Orphans, Street Children and Disabled Children	181,014	-	-	181,014	184,310	-	-	184,310
3. Tibetan College Scholarships	37,695	-	-	37,695	32,899	-	-	32,899
4. Medical Training, Ladakh	11,639	-	-	11,639	12,341	-	-	12,341
6. Other Scholarships	12,052	-	-	12,052	14,581	-	-	14,581
II. Hospitals and Clinics, Nepal	260,000	-	-	260,000	292,651	-	-	292,651
III. Mustang								
1. Day Care Centers and Education	78,517	-	-	78,517	110,944	-	-	110,944
2. Cultural Heritage Conservation: Gompa Restoration	140,361	-	-	140,361	169,435	-	-	169,435
3. Cultural Heritage Conservation: Monastic Education, Tibetan Teachers	79,114	-	-	79,114	88,106	-	-	88,106
4. Health Care	39,809	-	-	39,809	91,186	-	-	91,186
5. Community, Youth Group and Public Works Projects	-	-	-	-	10,951	-	-	10,951
6. Lo Gylapo Foundation Oversight	1,441	-	-	1,441	2,449	-	-	2,449
IV. Everest Area: Education, Health Care, Cultural Conservation, Infrastructure	58,042	-	-	58,042	126,356	-	-	126,356

# THE AMERICAN HIMALAYAN FOUNDATION

## Statements of Activities and Changes in Net Assets Years ended December 31, 2015 and 2014

	2015				2014			
	Unrestricted	Temporarily restricted	Permanently restricted	Total	Unrestricted	Temporarily restricted	Permanently restricted	Total
V. Tibetan Refugees, Nepal and India								
1. K-12 Education: Schools and Hostels	\$ 63,534	\$ -	\$ -	\$ 63,534	\$ 77,551	\$ -	\$ -	\$ 77,551
2. Care for Elders	87,545	-	-	87,545	91,181	-	-	91,181
3. Nunneries and Other Cultural Conservation	20,924	-	-	20,924	24,973	-	-	24,973
4. Community and Infrastructure Projects	840	-	-	840	17,352	-	-	17,352
5. Livelihood Development	(1,109)	-	-	(1,109)	16,425	-	-	16,425
6. Health Care	6,378	-	-	6,378	2,520	-	-	2,520
VI. In Tibet: Health Care, Infrastructure, Elders, Cultural Conservation	184,846	-	-	184,846	250,008	-	-	250,008
VII. Livelihood Development, Nepal	94,369	-	-	94,369	181,222	-	-	181,222
VIII. Saving Wildlife	146,598	-	-	146,598	147,607	-	-	147,607
IX. Nepal Earthquake Relief, Recovery & Rebuilding								
1. Emergency Relief	102,180	-	-	102,180	-	-	-	-
2. STOP Girl Trafficking Earthquake Expansion	457,404	-	-	457,404	-	-	-	-
3. Recovery and Rebuilding: Schools, Hospitals & Clinics, Elder Homes, Community Buildings & Infrastructure	958,559	-	-	958,559	-	-	-	-
X. Kathmandu Based Technical Support	373,850	-	-	373,850	343,020	-	-	343,020
XI. Program Technical Assistance	258,856	-	-	258,856	257,330	-	-	257,330
XII. Program Oversight	477,029	-	-	477,029	466,194	-	-	466,194
XIII. Currency Fluctuation	(10,090)	-	-	(10,090)	(14,506)	-	-	(14,506)
Total program expenses	5,449,072	-	-	5,449,072	3,568,471	-	-	3,568,471
Special event expenses direct	159,870	-	-	159,870	271,169	-	-	271,169
Other fundraising expenses	505,574	-	-	505,574	470,477	-	-	470,477
Total fundraising expenses	665,444	-	-	665,444	741,646	-	-	741,646
Management and general administrative expenses	220,670	-	-	220,670	217,242	-	-	217,242
Total expenses	6,335,186	-	-	6,335,186	4,527,359	-	-	4,527,359
Increase (decrease) in net assets	942,636	1,615,764	(225,000)	2,333,400	524,115	292,677	-	816,792
Net assets at beginning of year	9,772,184	803,833	225,000	10,801,017	9,248,069	511,156	225,000	9,984,225
Net assets at end of year	\$10,714,820	\$ 2,419,597	\$ -	\$ 13,134,417	\$ 9,772,184	\$ 803,833	\$ 225,000	\$ 10,801,017

# THE AMERICAN HIMALAYAN FOUNDATION

## Statements of Cash Flows Years ended December 31, 2015 and 2014

	2015	2014
<b>Cash flows from operating activities:</b>		
Increase in net assets	\$ 2,333,400	\$ 816,792
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities:		
(Gain) loss on sale of donated securities	(3,388)	945
Depreciation and amortization	13,422	25,725
Contributed securities	(126,168)	(140,806)
Changes in operating assets and liabilities:		
(Increase) in pledges receivable	(431,273)	(2,183,018)
Decrease in accounts receivable and other	4,396	46,874
Decrease in Himalaya book inventory	66	129
Decrease (increase) in life insurance cash surrender value	354	(121,901)
Increase in accounts payable	990	17,367
Increase in accrued employee vacation payable	13,077	962
Increase (decrease) in grants payable	151,604	(393,279)
(Decrease) in deferred rent credit	(6,260)	(10,731)
Net cash provided by (used for) operating activities	1,950,220	(1,940,941)
<b>Cash flows from investing activities:</b>		
Sale of donated securities	129,556	139,861
Purchase of investments	(6,824,214)	-
Net cash (used for) provided by investing activities	(6,694,658)	139,861
Net (decrease) in cash and cash equivalents	(4,744,438)	(1,801,080)
Cash and cash equivalents at beginning of year	7,280,908	9,081,988
Cash and cash equivalents at end of year	\$ 2,536,471	\$ 7,280,908
Supplemental disclosure for noncash operating activities		
Donated securities	\$ 126,168	\$ 140,806

# THE AMERICAN HIMALAYAN FOUNDATION

## Notes to Financial Statements December 31, 2015 and 2014

### 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, 2015 and 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

### 3. Cash and Cash Equivalents

Included in cash and cash equivalents of \$2,536,470 and \$7,280,908 at December 31, 2015 and 2014, 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 at December 31, 2014 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>2015</u>	<u>2014</u>
Office furniture	\$ 46,428	\$ 46,428
Computer equipment	23,302	23,302
Leasehold improvements	<u>220,503</u>	<u>220,503</u>
Subtotal	290,233	290,233
Accumulated depreciation and amortization	<u>(290,233)</u>	<u>(276,811)</u>
Furniture, equipment and leasehold improvements	<u>\$ -</u>	<u>\$ 13,422</u>

Depreciation and amortization expense amounted to \$13,422 and \$25,725 for the years ended December 31, 2015 and 2014, 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, 2015 and 2014.

**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 \$2,372,471 and \$2,141,712 to AHF during the years ended December 31, 2015 and 2014, respectively. In the aggregate, contribution revenue for the thirteen-year period ended December 31, 2015 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 12% of AHF's general program service, fundraising, and management and general administrative expenses in 2015 and 2014, 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 at 2014. There was no balance at December 31, 2015 because the lease incentive was fully amortized during the year ended December 31, 2015. Amortization of deferred rent credit of \$6,260 and \$10,731 for the years ended December 31, 2015 and 2014, 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.

The \$205,642 premiums paid for the years ended December 31, 2015 and 2014 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 \$1,552,876 and \$1,553,230 as of December 31, 2015 and 2014, 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:

	<u>2015</u>	<u>2014</u>
Restricted for projects	\$ 2,419,597	\$ 803,833

Contributions to temporarily restricted net assets amounted to \$3,968,553 and \$1,412,964 for the years ended December 31, 2015 and 2014, respectively. Net assets released from restrictions amounted to \$2,352,789 and \$1,120,287 for the years ended December 31, 2015 and 2014, respectively.

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

	<u>2015</u>	<u>2014</u>
Restricted for endowment purposes	\$ -	\$ 225,000

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. During the year ended December 31, 2015, AHF received notification from the donor of the contribution originally recorded as permanently restricted that such funds should be reclassified to temporarily restricted and applied to the Tibetan College Scholarships program.

### 8. Retirement Plan

All qualified 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 \$22,653 and \$26,583 on behalf of participating employees to the plan for the years ended December 31, 2015 and 2014, 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 \$132,022 and \$118,945 at December 31, 2015 and 2014, respectively.

### 10. Subsequent Events

In compliance with ASC 855, *Subsequent Events*, AHF has evaluated subsequent events through April 29, 2016, 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.