THE AMERICAN HIMALAYAN FOUNDATION

Financial Statements

For the Years Ended December 31, 2018 and 2017

REGALIA & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

THE AMERICAN HIMALAYAN FOUNDATION

(A California Not-For-Profit Corporation)
December 31, 2018 and 2017

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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, 2018 and 2017 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, 2018 and 2017, 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.

Report of Summarized Comparative Information
We have previously audited American Himalayan Foundation's 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 9, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Regalia & Associates

September 3, 2019
Danville, California

Statements of Financial Position
December 31, 2018 and 2017

	December 31, 2018	December 31, 2017
Assets		
Cash and cash equivalents	$ 3,378,423	$ 4,862,444
Investments	10,010,981	9,540,120
Pledges receivable	1,160,155	21,619
Accounts receivable and other	248,376	15,926
Contributed Tibetan chests	10,000	10,000
Himalaya books	-	297
Total current assets	14,807,935	14,450,406
Furniture, equipment and leasehold improvements, net	5,273	4,384
Life insurance, cash surrender value	1,880,098	2,093,870
Total noncurrent assets	1,885,371	2,098,254
Total assets	$ 16,693,306	$ 16,548,660
Liabilities and Net Assets		
Liabilities:		
Accounts payable	$ 21,516	$ 21,847
Accrued employee vacation payable	167,232	151,935
Grants payable	943,179	551,382
Total current liabilities	1,131,927	725,164
Net assets:		
Without donor restrictions	13,542,483	14,354,237
With donor restrictions	2,018,896	1,469,259
Total net assets	15,561,379	15,823,496
Total liabilities and net assets	$ 16,693,306	$ 16,548,660

Statements of Activities and Changes in Net Assets
Years ended December 31, 2018 and 2017

	2018 Without Donor Restrictions	2018 With Donor Restrictions	2018 Total	2017 Without Donor Restrictions	2017 With Donor Restrictions	2017 Total
Revenues, gains and other support:						
Contributions	$ 1,379,238	$ 3,184,758	$ 4,563,996	$ 2,478,878	$ 1,868,069	$ 4,346,947
Special events	633,241	-	633,241	594,055	-	594,055
Investment income	496,648	-	496,648	2,271,756	-	2,271,756
Gain (loss) from sale of donated securities	18	-	18	18,175	-	18,175
Gain (loss) from life insurance performance	(213,772)	-	(213,772)	263,143	-	263,143
Change in discount related to long-term receivables	-	(38,339)	(38,339)	-	-	-
Net assets released from restrictions	2,596,782	(2,596,782)	-	2,061,857	(2,061,857)	-
Total revenues, gains and other support	4,892,155	549,637	5,441,792	7,687,864	(193,788)	7,494,076
Expenses:						
Program Expenses:						
I. Education						
1. STOP Girl Trafficking/In Honor of Amar College Fund	954,016	-	954,016	1,098,005	-	1,098,005
2. Homes and Education for Orphans, Street Kids and Disabled Children	156,287	-	156,287	162,590	-	162,590
3. Tibetan College Scholarships	59,479	-	59,479	38,120	-	38,120
4. Other Scholarships	25,484	-	25,484	6,361	-	6,361
II. Hospitals and Clinics, Nepal	300,000	-	300,000	283,650	-	283,650
III. Mustang						
1. Day Care Centers and Education	114,783	-	114,783	101,008	-	101,008
2. Cultural Heritage Conservation: Gompa Restoration	151,875	-	151,875	154,804	-	154,804
3. Cultural Heritage Conservation: Monastic Education, Tibetan Teachers	69,434	-	69,434	99,505	-	99,505
4. Health Care	55,976	-	55,976	60,345	-	60,345
5. Community, Youth Group and Public Works Projects	36,860	-	36,860	45,839	-	45,839
6. Lo Gylapo Foundation Oversight	3,015	-	3,015	2,900	-	2,900
IV. Everest Area: Education, Health Care, Cultural Conservation, Infrastructure	52,488	-	52,488	34,266	-	34,266
V. Tibetan Refugees						
1. K-12 Education: Schools and Hostels	68,515	-	68,515	47,393	-	47,393

Statements of Activities and Changes in Net Assets
Years ended December 31, 2018 and 2017

	2018			2017		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
V. Tibetan Refugees *(continued)*						
2. Care for Elders	103,087	-	103,087	103,106	-	103,106
3. Nunneries and Other Cultural Conservation	24,427	-	24,427	23,062	-	23,062
4. Community and Infrastructure Projects	60,477	-	60,477	8,361	-	8,361
5. Livelihood Development	26,359	-	26,359	63,244	-	63,244
6. Health Care	30,278	-	30,278	14,415	-	14,415
VI. In Tibet: Health Care, Infrastructure, Education, Elders, and Cultural Conservation	182,200	-	182,200	67,400	-	67,400
VII. Livelihood Development, Nepal	-	-	-	29,998	-	29,998
VIII. Saving Wildlife	177,054	-	177,054	105,337	-	105,337
IX. Bhutan Development	500,000	-	500,000	-	-	-
X. Nepal Earthquake Relief, Recovery and Rebuilding						
1. STOP Girl Trafficking Earthquake Expansion	-	-	-	48,791	-	48,791
2. Recovery and Rebuilding: Schools, Hospitals and Clinics, Elder Homes, Community Buildings and Infrastructure	149,365	-	149,365	85,120	-	85,120
XI. Kathmandu Based Technical Support	361,290	-	361,290	375,421	-	375,421
XII. Program Technical Assistance	240,055	-	240,055	261,880	-	261,880
XIII. Program Oversight	517,425	-	517,425	501,745	-	501,745
XIV. Currency Fluctuation	1,028	-	1,028	3,643	-	3,643
Total program expenses	4,421,257	-	4,421,257	3,826,309	-	3,826,309
Special event expenses direct	222,196	-	222,196	203,218		203,218
Other fundraising expenses	546,096	-	546,096	541,923	-	541,923
Total fundraising expenses	768,292	-	768,292	745,141	-	745,141
Management and general administrative expenses	514,360	-	514,360	327,736	-	327,736
Total expenses	5,703,909	-	5,703,909	4,899,186	-	4,899,186
Increase (decrease) in net assets	(811,754)	549,637	(262,117)	2,788,678	(193,788)	2,594,890
Net assets at beginning of year	14,354,237	1,469,259	15,823,496	11,565,559	1,663,047	13,228,606
Net assets at end of year	$ 13,542,483	$ 2,018,896	$ 15,561,379	$ 14,354,237	$ 1,469,259	$ 15,823,496

Statements of Cash Flows
Years ended December 31, 2018 and 2017

	2018	2017
Cash flows from operating activities:		
Increase (decrease) in net assets	$ (262,117)	$ 2,594,890
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used for) operating activities:		
Loss on sale of donated securities	18	18,175
Depreciation and amortization	3,304	1,348
Contributed securities	(23,502)	(3,025,714)
Changes in operating assets and liabilities:		
(Increase) decrease in pledges receivable	(1,138,536)	1,416,381
(Increase) in accounts receivable and other	(232,450)	(5,953)
Decrease in Himalaya books	297	2,775
Decrease (increase) in life insurance cash surrender value	213,772	(286,569)
Decrease (increase) in accounts payable	(331)	6,414
Increase in accrued employee vacation payable	15,297	5,509
Increase in grants payable	391,797	242,278
Net cash provided by (used for) operating activities	(1,032,451)	969,534
Cash flows from investing activities:		
Acquisition of furniture, equipment and leasehold improvements	(4,193)	(5,732)
Sale of donated securities	23,484	3,007,539
Acquisition of investments	(470,861)	(2,256,510)
Net cash provided by (used for) investing activities	(451,570)	745,297
Net increase (decrease) in cash and cash equivalents	(1,484,021)	1,714,831
Cash and cash equivalents at beginning of year	4,862,444	3,147,613
Cash and cash equivalents at end of year	$ 3,378,423	$ 4,862,444
Supplemental disclosure for noncash operating activities		
Donated securities	$ 23,502	$ 3,025,714

Statement of Functional Expenses
Year Ended December 31, 2018
(with Summarized Financial Information for the Year ended December 31, 2017)

	Programs	General and Adminstrative	Fundraising	2018 Total	2017 Total
Program grants/support/development	3,662,749	-	-	3,662,749	3,062,684
Salaries, payroll taxes, benefits	522,171	302,966	401,420	1,226,557	1,074,130
Special events	-	-	222,196	222,196	203,218
Insurance	87,929	81,064	48,929	217,922	194,668
Occupancy	50,003	41,093	27,824	118,920	93,099
Office expenses	32,195	42,921	25,552	100,668	104,061
Travel	63,769	-	2,827	66,596	66,239
Credit card/bank service fees	-	4,418	15,483	19,901	23,868
Professional fees	-	19,509	-	19,509	16,691
Graphic design/printing/copying	-	-	9,653	9,653	25,429
Advisor fees	-	8,696	-	8,696	5,971
Information technology	-	4,920	2,612	7,532	7,253
Legal fees	-	7,259	-	7,259	-
Amortization	1,413	1,105	786	3,304	1,348
Other expenses	1,028	409	11,010	12,447	20,527
	4,421,257	**514,360**	**768,292**	**5,703,909**	**4,899,186**

Notes to Financial Statements
December 31, 2018 and 2017

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. 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 in accordance with U.S. generally accepted accounting principles ("US GAAP") 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.

Measure of Operations
The statements of activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to AHF's ongoing operations which include a variety of programmatic activities. Nonoperating activities are limited to resources that generate return from interest-bearing deposits and other activities considered to be of a more unusual or nonrecurring nature.

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.

Concentrations of Credit Risk
Financial instruments that potentially subject AHF to concentrations of credit risk consist principally of cash and cash equivalents and deposits. AHF maintains its cash and cash equivalents in various bank accounts that, at times, may exceed federally insured limits. AHF manages deposit concentration risk by placing cash and money market accounts with financial institutions believed to be creditworthy.

To date, AHF has not experienced losses in any of these accounts. Credit risk associated with accounts receivable and grants receivable considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from reputable organizations and foundations supportive of AHF's mission.

2. Summary of Significant Accounting Policies (continued)

Receivables and Credit Policies
AHF records contributions receivable that are expected to be collected within one year at net realizable value. When material, contributions receivable expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset.

In subsequent years, amortization of the discounts (when applicable) will be included in contribution revenue in the statement of activities. The allowance for uncollectible receivables is based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Contributions receivable are written off when deemed uncollectible.

AHF determined that no allowance for doubtful uncollectible accounts receivable is needed based on historical experience, an assessment of economic conditions, and a review of subsequent collections. It is the policy of the organization to periodically assess receivables to determine proper carrying value.

Furniture, Equipment and Leasehold Improvements
AHF's policy is to record acquisitions of property and equipment at cost or, if donated, at fair market value on the date of donation. Depreciation expense is calculated 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.

Costs of maintenance and repairs are expensed currently. AHF reviews the carrying values of all assets for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated economic utility and/or future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. AHF has determined that no long-lived assets were impaired during the year ended December 31, 2018.

Investments
AHF follows the provisions of ASC 958.321, *Not-for-Profit Entities - Investments* and has estimated the fair value of its investments using available market information and other valuation methodologies. Accordingly, the estimates presented are not necessarily indicative of the amounts that AHF could realize in a current market exchange.

Fair Value Measurements
Fair value measurements – Fair value is defined as the price that would be received to sell an asset in the principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date. Fair value should be based on the assumptions market participants would use when pricing an asset. US GAAP establishes a fair value hierarchy that prioritizes investments based on those assumptions.

(continued)

2. Summary of Significant Accounting Policies (continued)

Fair Value Measurements (continued)
The fair value hierarchy gives the highest priority to quoted prices in active markets (observable inputs) and the lowest priority to an entity's assumptions (unobservable inputs). AHF groups assets at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. These levels are:

Level 1: Unadjusted quoted market prices for identical assets or liabilities in active markets as of the measurement date.

Level 2: Other observable inputs, either directly or indirectly, including:
- Quoted prices for similar assets/liabilities in active markets;
- Quoted prices for identical or similar assets in non-active markets;
- Inputs other than quoted prices that are observable for the asset/liability; and,
- Inputs that are derived principally from or corroborated by other observable market data.

Level 3: Unobservable inputs that cannot be corroborated by observable market data.

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing model of the asset and does not necessarily correspond to our assessment of the quality, risk or liquidity profile of the asset or liability.

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

Net Assets Without Donor Restrictions
Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has the ability to designate, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment, but it has opted not to do so as of December 31, 2018.

Net Assets With Donor Restrictions
Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions can be perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Notes to Financial Statements

2. Summary of Significant Accounting Policies (continued)

Estimates
The preparation of financial statements in conformity with generally accepted accounting principles requires us 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 revenues and expenses during the reporting period. Actual results could differ from those estimates, and those differences could be material.

Revenue and Revenue Recognition
Contributions are recognized when cash, securities, or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met. When applicable, revenue earned under a contractual arrangement (an "exchange transaction") is recognized when earned and therefore measured as services are provided.

Program service fees and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed or expenditures are incurred, respectively.

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized.

Donated Services and In-Kind Contributions
Contributed services and costs are reflected at the fair value of the contribution received. The contributions of services and costs are recognized if they (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Volunteers contribute significant amounts of time to AHF which includes administration, fundraising, and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles.

Functional Expenses
The costs of providing program and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among services and supporting services benefited. Such allocations are determined by management on an equitable basis. A majority of expenses (such as salaries and wages, rent and utilities, insurance, and other overhead) have been allocated based on time and effort using AHF's payroll allocations. Other expenses (such as professional services and other direct costs) have been allocated in accordance with the specific services received from vendors.

Reclassifications
Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

Notes to Financial Statements

2. Summary of Significant Accounting Policies (continued)

Income Taxes
AHF is organized as a California nonprofit corporation and has been recognized by the IRS as exempt from federal income taxes under IRC Section 501(a) as an organization described in IRC Section 501(c)(3), allowing donors to qualify for the charitable contribution deduction under IRC Section 170(b)(1)(A)(vi). This exemption is subject to periodic review by the federal and state taxing authorities and management is confident that AHF continues to satisfy all federal and state statutes in order to qualify for continued tax exempt status. AHF may periodically receive unrelated business income requiring AHF to file separate tax returns under federal and state statutes.

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, 2018 and 2017, AHF does not have any uncertain tax positions for which a reserve or an accrual for a tax liability would be necessary.

Recent and Relevant Accounting Pronouncements
The following pronouncements became effective for fiscal years beginning subsequent to December 15, 2017:

In August 2016, the FASB issued *ASU 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. AHF has adjusted the presentation of these statements accordingly.

In February 2016, the FASB issued *ASU 2016-02, Leases (Topic 842) Accounting for Leases*, which requires lessees to recognize leases on-balance sheet and disclose key information about leasing arrangements. Topic 842 was subsequently amended by *ASU No. 2018-01*, *ASU No. 2018-10*, and *ASU No. 2018-11*. This new pronouncement is effective for fiscal years beginning after December 15, 2019.

The new standard establishes a right-of-use model (ROU) that requires a lessee to recognize a ROU asset and lease liability on the statements of financial position for all leases with a term longer than 12 months. Leases are required to be classified as finance or operating, with classification affecting the pattern and classification of expense recognition in the statements of activities and changes in net assets.

In August 2014, the FASB issued *ASU 2014-15, Presentation of Financial Statements—Going Concern (Subtopic 205-40) Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern*, which requires an organization's management to evaluate whether there are conditions and events, considered in the aggregate, that raise substantial doubt about an entity's ability to continue as a going concern within one year after the date that the financial statements are issued (or within one year after the date that the financial statements are available to be issued, when applicable). As of August 15, 2019 (the date of the Independent Auditors' Report), AHF management has made this evaluation and has determined that AHF has the ability to continue as a going concern.

Notes to Financial Statements

3. Cash and Cash Equivalents

Included in cash and cash equivalents of $3,378,423 and $4,862,444 at December 31, 2018 and 2017, respectively, were funds on deposit with financial institutions which 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 $378,358 and $604,745 at December 31, 2018 and 2017, respectively, were housed in noninterest-bearing depository checking accounts at a local financial institution.

4. Investments and Fair Value Measurements

Investments consist of the following at December 31:

		2018	2017
Private investment fund	[Level 3]	$ 6,824,034	$ 6,107,587
Mutual fund	[Level 1]	3,186,947	3,432,533
Total investments		$ 10,010,981	$ 9,540,120

Investment income (interest, dividends, and unrealized adjustments) amounted to $496,648 and $2,271,756 for the years ended December 31, 2018 and 2017, respectively.

AHF has an Investment Committee which has the responsibility for establishing AHF's return objectives and to define the risk parameters. The committee routinely oversees investment performances and reviews cash flows necessary to sustain AHF's operating activities.

5. Furniture, Equipment and Leasehold Improvements

Furniture, equipment and leasehold improvements consist of the following at December 31:

	2018	2017
Office furniture	$ 46,428	$ 46,428
Computer equipment	33,228	29,034
Leasehold improvements	220,503	220,503
Accumulated depreciation and amortization	(294,886)	(291,581)
Furniture, equipment and leasehold improvements	$ 5,273	$ 4,384

Depreciation expense amounted to $3,305 and $1,348 for the years ended December 31, 2018 and 2017, respectively. There were no disposals of furniture, equipment and leasehold improvements during the years ended December 31, 2018 and 2017.

Notes to Financial Statements

6. Receivables

Pledges receivable of $1,160,155 and $21,619 at December 31, 2018 and 2017, respectively, are due within one year from the date of the statements of financial position and management considers all amounts to be fully collectible.

Accounts receivable and other of $248,376 and $15,926 at December 31, 2018 and 2017, respectively, consist of various short and long-term receivables which are reflected at the net present value of estimated future cash inflows. The change in discount related to long-term receivables amounted to $38,339 during the year ended December 31, 2018 and is shown as a component of net assets with donor restrictions.

Management has evaluated the collectability of all receivables and has determined there is no need to establish an allowance for doubtful accounts at December 31, 2018 and 2017. All receivables are considered to be level 2 assets.

7. 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, in part through the Blum Family Foundation, contributed $1,235,100 and $3,278,617 to AHF during the years ended December 31, 2018 and 2017, respectively. Of the 2017 amount, $1,438,000 was for Richard C. Blum's 2016 pledge receivable. There was no outstanding receivable from Richard C. Blum at December 31, 2017. In the aggregate, contribution revenue for the fifteen-year period ended December 31, 2018 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 3.5% and 4.4% of AHF's general program service, fundraising, and management and general administrative expenses in 2018 and 2017, respectively.

8. 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 have been paid for the years ended December 31, 2018 and 2017. The cash surrender value of the life insurance policy amounted to $1,880,098 and $2,093,870 as of December 31, 2018 and 2017, respectively. The balance is stated net of fees, premiums, and unrealized appreciation (diminution) on the value of the underlying investments. The change in the estimated fair value of the cash surrender value amounted to ($213,772) and $286,569 for the years ended December 31, 2018 and 2017, respectively.

Notes to Financial Statements

9. Liquidity

AHF regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the safeguarding of its available funds. AHF has various sources of liquidity at its disposal, including cash and cash equivalents and other sources (including the future collection of receivables).

For purposes of analyzing resources available to meet general expenditures over a 12-month period, AHF considers all expenditures related to its mission, as well as the conduct of services undertaken, to support those activities to be general expenditures.

In addition to financial assets available to meet general expenditures over the next 12 months, AHF anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources.

The following table shows the total financial assets held by AHF and the amounts of those financial assets readily available within one year of the balance sheet date to meet general expenditures:

Cash and cash equivalents	$ 3,378,423
Investments	10,010,981
Pledges receivable	1,160,155
Accounts receivable and other	248,376
Subtotal	14,797,935
Less: amounts not available to be used within one year:	
Net assets with donor restrictions for programs	(2,018,896)
Financial assets available to meet general expenditures over the next twelve months	$ 12,779,039

AHF receives a substantial amount of support by way of restricted contributions. Because donor restrictions require resources to be used in a particular manner or in a future period, AHF must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets from these restricted contributions may not be available for general expenditures within one year.

As part of AHF's liquidity management, the organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due.

10. Grants Payable

Grants payable of $943,179 and $551,382 at December 31, 2018 and 2017, respectively, represent amounts authorized by the organization's Board of Directors to be distributed during the next fiscal year for numerous projects in the Himalayas undertaken by the organization's management team.

Notes to Financial Statements

11. 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 $167,232 and $151,935 at December 31, 2018 and 2017, respectively.

12. Net Assets

Net Assets With Donor Restrictions: AHF recognizes support from restricted donations when the conditions imposed by the donors have been satisfied or expired. Net assets with donor restrictions consist of the following as of December 31:

	2018	2017
Restricted for projects	$ 2,018,896	$ 1,469,259

Contributions to net assets with donor restrictions amounted to $3,184,758 and $1,868,069 for the years ended December 31, 2018 and 2017, respectively. Net assets released from restrictions amounted to $2,596,782 and $2,061,857 for the years ended December 31, 2018 and 2017, respectively. As reflected in Note 6, the change in discount related to long-term receivables amounted to $38,339 during the year ended December 31, 2018 and is shown as a component of net assets with donor restrictions.

Net Assets Without Donor Restrictions: Net assets without donor restrictions of $13,542,483 and $14,354,237 at December 31, 2018 and 2017, respectively, represent the cumulative net surpluses of AHF since its inception.

13. 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 $28,380 and $24,504 on behalf of participating employees to the plan for the years ended December 31, 2018 and 2017, respectively.

14. Subsequent Events

In compliance with ASC 855, *Subsequent Events*, AHF has evaluated subsequent events through September 3, 2019, 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.