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**INDEPENDENT AUDITOR'S REPORT**

**The Board of Directors of  
The Sikh Coalition**

**Opinion**

We have audited the accompanying financial statements of The Sikh Coalition (the "Coalition"), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, cash flows and functional expenses for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Sikh Coalition as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Sikh Coalition and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Responsibilities of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Sikh Coalition's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

**Auditor's Responsibility for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but not absolute assurance, and therefore is not a guarantee that an audit conducted in accordance with Generally Accepted Auditing Standards (GAAS) will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Sikh Coalition's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Sikh Coalition's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control—related matters that we identified during the audit.

*Owen J. Flanagan & Co.*  
November 10, 2022

THE SIKH COALITION  
STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2021 AND 2020

Exhibit A

	<u>2021</u>	<u>2020</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 2,149,426	\$ 1,675,899
Investments, at fair value	381,729	52,873
Beneficial interest in life insurance	14,260	13,802
Prepaid expenses and other receivables	4,249	5,332
Contributions receivable	1,167,275	754,801
Property and equipment (net of accumulated depreciation of \$80,367 in 2021 and \$75,991 in 2020)	<u>14,449</u>	<u>14,173</u>
<u>Total Assets</u>	<u>\$ 3,731,388</u>	<u>\$ 2,516,880</u>
<u>LIABILITIES AND NET ASSETS</u>		
Liabilities		
Accounts payable	\$ 181,360	\$ 38,316
Accrued expenses	230,922	230,228
Deferred rent	<u>9,158</u>	<u>19,527</u>
<u>Total Liabilities</u>	<u>421,440</u>	<u>288,071</u>
Net Assets		
Without donor restrictions	1,842,484	1,513,440
With donor restrictions		
Time or purpose restricted	954,889	202,794
Endowment funds	<u>512,575</u>	<u>512,575</u>
<u>Total Net Assets</u>	<u>3,309,948</u>	<u>2,228,809</u>
<u>Total Liabilities and Net Assets</u>	<u>\$ 3,731,388</u>	<u>\$ 2,516,880</u>

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

THE SIKH COALITION  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2021

Exhibit B-1

		With Donor Restrictions		
	Without Donor Restrictions	Time or Purpose Restricted	Endowment Funds	Total
Revenues				
Contributions	\$ 1,640,969	\$ 41,200	\$ -	\$ 1,682,169
Grants	435,000	1,090,000		1,525,000
Donated goods and services	629,857			629,857
Other income	12,200			12,200
Beneficial interest in life insurance	-	458		458
Net investment return	18,492		24,860	43,352
Net assets released from restrictions	404,423	(379,563)	(24,860)	-
	<u>3,140,941</u>	<u>752,095</u>	<u>-</u>	<u>3,893,036</u>
<u>Total Revenues</u>				
Expenses				
Program services	2,493,943			2,493,943
Fund-raising	206,775			206,775
Administrative	111,180			111,180
	<u>2,811,897</u>			<u>2,811,897</u>
<u>Total Expenses</u>				
Change in Net Assets for Year	329,044	752,095	-	1,081,139
Net Assets - beginning of year	1,513,440	202,794	512,575	2,228,809
Net Assets - end of year	<u>\$ 1,842,484</u>	<u>\$ 954,889</u>	<u>\$ 512,575</u>	<u>\$ 3,309,948</u>

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

THE SIKH COALITION  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2020

Exhibit B-2

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>		<u>Total</u>
		<u>Time or Purpose Restricted</u>	<u>Endowment Funds</u>	
Revenues				
Contributions	\$ 1,544,896	\$ 26,491	\$ -	\$ 1,571,387
Grants	95,000	172,000		267,000
Donated goods and services	464,594			464,594
Other income - PPP loan forgiveness	262,001			262,001
Beneficial interest in life insurance	-	721		721
Net investment return	7,817		11,174	18,991
Net assets released from restrictions	504,665	(493,491)	(11,174)	-
	<u>2,878,973</u>	<u>(294,279)</u>	<u>-</u>	<u>2,584,694</u>
<u>Total Revenues</u>				
Expenses				
Program services	2,247,553			2,247,553
Fund-raising	217,195			217,195
Administrative	81,000			81,000
	<u>2,545,748</u>			<u>2,545,748</u>
<u>Total Expenses</u>				
Change in Net Assets for Year	333,225	(294,279)	-	38,946
Net Assets - beginning of year	<u>1,180,215</u>	<u>497,073</u>	<u>512,575</u>	<u>2,189,863</u>
Net Assets - end of year	<u>\$ 1,513,440</u>	<u>\$ 202,794</u>	<u>\$ 512,575</u>	<u>\$ 2,228,809</u>

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

THE SIKH COALITION  
STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2021 AND 2020

Exhibit C

	<u>2021</u>	<u>2020</u>
<u>CASH FLOWS PROVIDED (USED)</u>		
FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 1,081,139	\$ 38,946
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Increase in beneficial interest in life insurance	(458)	(721)
Depreciation	4,376	6,188
(Increase) decrease in contributions receivable	(412,474)	196,702
Decrease in prepaid expenses and other receivables	1,083	1,316
Increase in accounts payable	143,044	1,371
Increase in accrued expenses	694	58,779
Decrease in deferred rent	(10,369)	(5,088)
Donated securities	(19,504)	(10,256)
Realized gains	(1,952)	(8,904)
Change in unrealized appreciation	(19,842)	(5,782)
<u>NET CASH PROVIDED BY OPERATING ACTIVITIES</u>	<u>765,737</u>	<u>272,551</u>
FROM INVESTING ACTIVITIES:		
Purchase of equipment	(4,652)	(1,861)
Proceeds from sale of investments	33,793	-
Purchase of investments	(321,351)	(316)
<u>NET CASH (USED) BY INVESTING ACTIVITIES</u>	<u>(292,210)</u>	<u>(2,177)</u>
NET INCREASE IN CASH	473,527	270,374
CASH AND CASH EQUIVALENTS, beginning of year	<u>1,675,899</u>	<u>1,405,525</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 2,149,426</u>	<u>\$ 1,675,899</u>

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

THE SIKH COALITION  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED DECEMBER 31, 2021

Exhibit D-1

	<u>Government Advocacy</u>	<u>Community Relations</u>	<u>Education</u>	<u>Legal Affairs</u>	<u>Total Program</u>	<u>Fund- raising</u>	<u>Administrative</u>	<u>Total</u>
Employee services	\$ 410,288	\$ 438,902	\$ 251,007	\$ 490,218	\$ 1,590,415	\$ 130,648	\$ 78,460	\$ 1,799,523
Bank fees, equipment and other expenses	2,522	2,747	957	2,177	8,403	4,467	2,141	15,010
Books, subscriptions and publications	10,721	10,697	6,105	21,939	49,462	4,220	2,068	55,750
Fund-raising and advocacy fees	-	-	-	-	-	22,739	-	22,739
Insurance	1,931	2,065	1,181	4,955	10,132	615	369	11,116
Postage and shipping	110	775	259	197	1,341	8,748	18	10,107
Printing and copying	1,490	2,584	1,088	1,781	6,943	24,428	285	31,656
Professional fees	13,043	11,039	6,066	641,201	671,349	1,044	21,682	694,075
Rent and utilities	26,390	28,231	16,145	31,531	102,297	8,403	5,047	115,747
Telephone and internet	1,320	1,412	807	1,577	5,116	420	252	5,788
Temporary assistance	2,422	2,590	2,726	5,893	13,631	346	208	14,185
Travel, conferences and meals	2,417	16,062	1,364	11,144	30,987	379	459	31,825
Depreciation	998	1,067	610	1,192	3,867	318	191	4,376
<u>Total Expenses</u>	<u>\$ 473,652</u>	<u>\$ 518,171</u>	<u>\$ 288,315</u>	<u>\$ 1,213,805</u>	<u>\$ 2,493,943</u>	<u>\$ 206,775</u>	<u>\$ 111,180</u>	<u>\$ 2,811,897</u>

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

THE SIKH COALITION  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED DECEMBER 31, 2020

Exhibit D-2

	<u>Government Advocacy</u>	<u>Community Relations</u>	<u>Education</u>	<u>Legal Affairs</u>	<u>Total Program</u>	<u>Fund- raising</u>	<u>Administrative</u>	<u>Total</u>
Employee services	\$ 406,046	\$ 421,085	\$ 260,385	\$ 409,341	\$ 1,496,857	\$ 162,935	\$ 69,951	\$ 1,729,743
Bank fees, equipment and other expenses	684	723	439	908	2,754	274	117	3,145
Books, subscriptions and publications	13,873	15,117	9,117	18,521	56,628	8,716	292	65,636
Fund-raising and advocacy fees	-	-	-	-	-	24,161	-	24,161
Insurance	1,996	2,070	1,280	6,791	12,137	801	344	13,282
Postage and shipping	2,235	2,415	1,708	2,253	8,611	897	385	9,893
Printing and copying	173	180	111	175	639	70	30	739
Professional fees	8,615	14,299	8,288	478,940	510,142	3,447	3,055	516,644
Rent and utilities	27,352	28,365	17,540	27,574	100,831	10,976	4,712	116,519
Telephone and internet	1,547	1,604	992	1,559	5,702	621	266	6,589
Temporary assistance	8,035	8,332	5,152	8,100	29,619	3,224	1,384	34,227
Travel, conferences and meals	2,542	11,738	1,524	2,474	18,278	490	214	18,982
Depreciation	1,453	1,506	932	1,464	5,355	583	250	6,188
<u>Total Expenses</u>	<u>\$ 474,551</u>	<u>\$ 507,434</u>	<u>\$ 307,468</u>	<u>\$ 958,100</u>	<u>\$ 2,247,553</u>	<u>\$ 217,195</u>	<u>\$ 81,000</u>	<u>\$ 2,545,748</u>

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

THE SIKH COALITION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021

**NOTE 1 NATURE OF ORGANIZATION**

The Sikh Coalition (the “Coalition”) is a New Jersey not-for-profit corporation operating in New York City and California. It has been created to defend civil rights and liberties, educate the broader community about the Sikh religion and diversity, promote community empowerment and foster civic engagement amongst Sikh Americans. They focus their efforts through program areas such as Community Relations, Education, Government Advocacy and Legal Affairs.

The Coalition receives the majority of its support from grants and contributions.

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Basis of Accounting***

The Coalition’s financial statements are prepared using the accrual basis of accounting. Under this method, revenues are recognized when earned and expenses are recognized when the obligation is incurred.

***Method of Presentation***

In accordance with generally accepted accounting principles, net assets are recorded based on donor restrictions or lack thereof.

*Net Assets Without Donor Restrictions* – Net assets which have no donor-imposed stipulations and may be used for general operations.

*Net Assets With Donor Restrictions* – Net assets from contributions which have donor-imposed stipulations that either expire due to the passage of time or actions of the Coalition, or require that they be held in perpetuity by the Coalition. When the donor stipulations have been satisfied, the contribution is reclassified to net assets without donor restrictions. The donor-restricted endowment funds consist of \$512,575 of original gifts to be held in perpetuity. The investment return from these funds must be spent in accordance with donor stipulations.

***Cash and Cash Equivalents***

Cash consists of funds in checking, savings, money market funds held within investment accounts and a short-term certificate of deposit with a maturity of one year.

***Accounting for Uncertainty in Income Taxes***

The Coalition recognizes the effect of income tax positions only if these positions are more likely than not to be sustained. Management has determined that the Coalition had no uncertain tax positions that would require financial statement recognition and/or disclosure. The Coalition is no longer subject to examinations by the applicable taxing jurisdictions prior to 2018.

***Use of Estimates***

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

***Property and Equipment***

Property and equipment are carried at cost. Depreciation is recorded using the straight-line method over estimated service lives of the property, which range from 3 to 5 years.

THE SIKH COALITION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

***Contributions Receivable***

Unconditional contributions are recorded when the Coalition is notified. Long term pledge receivables are discounted to present value using the Prime Rate. The Prime Rate at December 31, 2021 was 3.25%.

***Functional Allocation of Expenses***

The financial statements report certain categories of expenses that are attributable to Government Advocacy, Community Relations, Education, Legal Affairs, Fund-Raising and Administrative. Certain categories of expenses are attributable to more than one program or supporting function and are allocated on a reasonable basis which is consistently applied. The Coalition allocates these expenses based on estimates of time and effort per employee and other Coalition resources utilized on programmatic activities as compared to management of the Coalition.

***Investments***

The Coalition's investments consist of publicly traded equity securities and during 2021 the Coalition invested in private credit funds. The publicly traded investments are reported at fair market value as determined by the investment custodian based on market price quotations. The fair value of investments in private credit funds have been estimated using the Net Asset Value ("NAV") as reported by the management of the funds.

Investments, in general, are exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of risk associated with investments, it is reasonably possible that changes in the values of investments could occur.

Realized gains and losses from the sale of investments are determined by comparison of cost to proceeds on a first-in, first-out method. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis and dividends are recorded on the ex-dividend date.

The Coalition has adopted a conservative investment policy which attempts to provide a predictable stream of funding for its programs while seeking to maintain the purchasing power of its endowment assets including those assets of donor restricted funds that must be held in perpetuity.

The Coalition relies on a low-risk total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Coalition puts emphasis on lower risk equity-based investments to achieve its long-term return objectives within prudent risk constraints.

***Fair Value of Investments***

Investments are carried at fair value based on quoted market prices. The Coalition follows Financial Accounting Standards Board (FASB) guidance on *Fair Value Measurements*, which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the higher reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices on active market which may include quoted prices for similar assets or liabilities or other input which can be corroborated by observable market data. Level 3 inputs are unobservable input and are used to the extent that observable inputs do not exist. In accordance with FASB guidance, investments valued at Net Asset Value as a practical expedient are excluded from the fair value hierarchy.

THE SIKH COALITION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

***Subsequent Events***

In connection with the preparation of the financial statements the Coalition evaluated subsequent events after the statement of financial position date of December 31, 2021 through November 10, 2022 which was the date the financial statements were available to be issued.

**NOTE 3 CONCENTRATION OF CREDIT RISK**

During 2021 and 2020, the Coalition had cash in banks exceeding federally insured limits. The Coalition manages this risk by using only large, established financial institutions.

**NOTE 4 TAX STATUS**

The Coalition is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and is further classified as a publicly supported organization.

**NOTE 5 DONATED SERVICES**

During 2021 and 2020, the Coalition engaged law firms on a pro bono basis for a variety of different reasons, but primarily in defense of Sikh's rights through legal services and advocacy. These services have been recorded under Professional fees on the Statement of Functional Expenses at a cost of \$629,857 and \$464,594 in 2021 and 2020, respectively.

**NOTE 6 PROPERTY AND EQUIPMENT**

A summary of the property and equipment and accumulated depreciation as of December 31, 2021 and 2020 is as follows:

	2021	2020
Furniture and equipment	\$85,039	\$80,387
Artwork	9,777	9,777
	94,816	90,164
Less: Accumulated depreciation	80,367	75,991
	\$14,449	\$14,173

**NOTE 7 RETIREMENT PLAN**

The Coalition maintains a deferred annuity plan under Section 403(b) of the Internal Revenue Code for all eligible employees. After 1 year of service, the Coalition will match employee contributions up to 3% of the employee's salary. The total expense for this benefit was \$35,991 and \$34,228 in 2021 and 2020, respectively.

THE SIKH COALITION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021

**NOTE 8 INVESTMENTS**

A summary of net investment return as of December 31, 2021 and 2020 is as follows:

	2021	2020
Interest and dividends	\$ 24,726	\$ 4,355
Realized gain on investments	1,952	8,904
Change in unrealized gain on investments	19,842	5,782
Directly reported investment fees	<u>(3,168)</u>	<u>(50)</u>
	<u>\$ 43,352</u>	<u>\$ 18,991</u>

The following are major categories of investments measured at estimated fair value as of December 31, 2021 and 2020 grouped by the fair value hierarchy:

	2021			
	Cost	Level 1	Investments Valued Using NAV (*)	Total
Common stocks				
Technology	\$ 19,905	\$ 38,131	\$ -	\$ 38,131
Utilities	5,439	5,241	-	5,241
Miscellaneous	22,382	31,994	-	31,994
Private credit funds	304,253	-	306,363	306,363
	<u>\$ 351,979</u>	<u>\$ 75,366</u>	<u>\$ 306,363</u>	<u>\$ 381,729</u>
	2020			
	Cost	Level 1	Investments Valued Using NAV (*)	Total
Common stocks				
Technology	\$ 30,049	\$ 38,658	\$ -	\$ 38,658
Utilities	5,274	4,851	-	4,851
Miscellaneous	7,642	9,364	-	9,364
	<u>\$ 42,965</u>	<u>\$ 52,873</u>	<u>\$ -</u>	<u>\$ 52,873</u>

(\*) As discussed in Note 1, investments that are measured using the practical expedient are not classified within the fair value hierarchy. The Private credit funds ("Fund") are illiquid in nature. The Fund's principal investment objective is to seek superior risk-adjusted absolute returns from a diversified and actively managed portfolio. It is intended that the Fund will invest in novel, esoteric, and "unpriced" or mispriced credit opportunities originated by next generation, technology-enabled originators.

THE SIKH COALITION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021

**NOTE 9 TIME OR PURPOSE RESTRICTED**

At December 31, 2021 and 2020, time or purpose restricted net assets were restricted for the following purposes:

	<u>2021</u>	<u>2020</u>
Library Project	\$ 22,993	\$ 22,993
Program Projects	341,638	140,000
Time Restricted	550,000	-
Beneficial Interest in Life Insurance	14,259	13,802
Small grants program	25,999	25,999
	<u>\$954,889</u>	<u>\$202,794</u>

During the year ended December 31, 2021 and 2020, net assets released from restriction were released for the following purposes:

	<u>2021</u>	<u>2020</u>
Program Projects	\$329,563	\$218,491
Time Restricted	50,000	275,000
Endowment earnings for operations	22,310	10,028
Endowment earnings legal intern	1,455	654
Endowment earnings interns	1,095	492
	<u>\$404,423</u>	<u>\$504,665</u>

During 2020, the Coalition was awarded a \$20,000 matching grant to be received and recognized as income when conditions have been met. Conditions were met and income was recorded during 2021.

**NOTE 10 LEASE COMMITMENT**

The Coalition signed a lease agreement on July 14, 2017 for office space at 50 Broad Street, New York City. The term of the agreement is for five years and two months and the annual base rent in the initial year is approximately \$105,000 with annual increases of approximately 3%. The Coalition also received three months of free rent. Under the terms of the lease, the minimum lease payments as of December 31, 2021 were \$89,121.

The total rent expense was \$105,667 and \$107,569 in 2021 and 2020, respectively.

During 2022, the Coalition signed a new lease agreement on August 31, 2022 for office space at 165 Broadway, New York City. The term of the agreement is from October 1, 2022 through September 30, 2024 and the annual base rate is approximately \$11,500.

THE SIKH COALITION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021

**NOTE 11 ENDOWMENT**

The Coalition has three endowment funds. The first endowment totals \$460,000 which is to be held in perpetuity with all earnings to be spent on the furthering of the Coalition's goals in accordance with donor stipulations. The Dhillon Family Endowment Fund was endowed to support legal internships and the Puran S. Bajwa Fund was endowed to support intern scholarships; both are to be held in perpetuity with the earnings to be spent as directed by the donors.

During 2015, the Dhillon Family Endowment Fund and Puran S. Bajwa Fund received new contributions of \$5,000 each, increasing the principal balances to \$30,000 and \$22,575, respectively.

The Board of Directors of the Coalition has interpreted the New Jersey Uniform Prudent Management of Institutional Funds Act as not restricting the governing board from appropriating realized income and unrealized appreciation of endowment funds for expenditure with respect to the purposes for which the endowment fund was established. The Coalition has deemed it prudent to annually release all earnings on the endowment fund into net assets without donor restrictions to help support its programs in accordance with the donor stipulations. If the Coalition incurs a negative net investment return for the year, the balance remains in the Endowment Funds net assets, disaggregated into the time or purpose restricted column, until they can be appropriated for expenditure.

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). The Board of Directors of the Coalition has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required by law. Deficiencies of this nature exists as a result from unfavorable market fluctuations and continued appropriation of expenses relating to the donor-restricted endowment fund.

Endowment net asset composition and activity as of December 31, 2021 and 2020 is as follows:

	2021		
	Time or Purpose Restricted	Perpetual Endowment	Total Endowment Funds
Balance at beginning of year	\$ -	\$ 512,575	\$ 512,575
Net investment return	24,860	-	24,860
Appropriation for expenditure	(24,860)	-	(24,860)
Balance at end of year	\$ -	\$ 512,575	\$ 512,575
	2020		
	Time or Purpose Restricted	Perpetual Endowment	Total Endowment Funds
Balance at beginning of year	\$ -	\$ 512,575	\$ 512,575
Net investment return	11,174	-	11,174
Appropriation for expenditure	(11,174)	-	(11,174)
Balance at end of year	\$ -	\$ 512,575	\$ 512,575

**NOTE 12 CONTRIBUTIONS RECEIVABLE**

Total contributions receivable of \$1,167,275 at December 31, 2021 are expected to be collected in 2022.

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**NOTE 13 PPP Loan**

In May 2020, the Coalition was granted a loan in the amount of \$262,001, pursuant to the Paycheck Protection Program (the “PPP”) under Division A, Title I of the CARES Act, which was enacted March 27, 2020. The loan matures after two years and bears interest at a rate of 1% per annum, payable monthly after six months. Funds from the loan may be used for payroll costs, health care benefits, mortgage payments, rent, utilities, and interest on other debt obligations incurred after February 15, 2020. Under the terms of the PPP, certain amounts of the loan may be forgiven if they are used for qualifying expenses as described in the CARES Act. The Coalition received forgiveness on the loan in May 2021.

The Coalition opted to treat the loan as a conditional contribution received in 2020. Subsequently, the proceeds were recognized as contribution revenue as of December 31, 2020 since the conditions were substantially met.

**NOTE 14 LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The following reflects the Coalition’s financial assets as of December 31, 2021, reduced by amounts not available for general expenditures within one year of the statement of financial position date because of contractual or donor-imposed restrictions. Amounts available include donor-restricted amounts that are available for general expenditure in the following year:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$2,149,426	\$1,675,899
Investments	381,729	52,873
Beneficial interest in life insurance	14,260	13,802
Contributions receivable	<u>1,167,275</u>	<u>754,801</u>
	3,712,690	2,497,375
Contractual or donor-imposed restrictions		
Illiquid investments	(138,396)	-
Purpose restricted	(404,889)	(202,794)
Endowment funds	<u>(512,575)</u>	<u>(512,575)</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$2,656,830</u>	<u>\$1,782,006</u>

The Coalition manages its liquidity and cash needs by establishing a budget for each fiscal year based on expected revenues to fund anticipated expenses. Cash flow is monitored regularly and investments are redeemed as needed with board approval. The Coalition maintains a strong cash position so a draw-down from its investments is rare. If funds are drawn from the investment accounts, they are replenished as soon as possible.

**NOTE 15 RECLASSIFICATIONS**

Certain prior year numbers have been reclassified to conform to the current year presentation.

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**NOTE 16 COVID-19**

The COVID-19 pandemic has resulted in substantial volatility in global financial markets. As a result, the 2021 and 2020 special events were cancelled. As the outbreak continues, the Coalition may experience a disruption in operations as well as a decline in contributions received or level of contributions and fair value of investments. Due to changing market conditions, an estimate amount of the total loss due to the outbreak, if any, cannot be determined at this time.