

SEWA INTERNATIONAL INC., USA

FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REPORT

YEARS ENDED DECEMBER 31, 2022 AND 2021



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# SEWA INTERNATIONAL INC., USA

YEARS ENDED December 31, 2022 and 2021

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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors and Management of  
Sewa International Inc., USA

### ***Auditors' Opinion***

We have audited the accompanying financial statements of Sewa International Inc., USA, a State of Georgia nonprofit corporation, (the "Organization"), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows 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 Organization as of December 31, 2022 and 2021, 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 Auditors' Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 Organization 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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 Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### ***Auditor's Responsibilities 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 is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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.

## **INDEPENDENT AUDITORS' REPORT, *CONTINUATION***

For the years ended December 31, 2022 and 2021

Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, 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 Organization'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 Organization'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.

*Bankole, Okoye & Associates PC*

Bankole, Okoye & Associates PC  
Houston, Texas  
August 28, 2023

## Financial Statements

SEWA INTERNATIONAL INC., USA

STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
Cash and cash equivalents	\$ 11,422,696	\$ 19,970,068
Accounts receivable	194,077	36,534
Notes receivable (Note 3)	650,000	300,000
Investments (Note 4)	11,077,980	8,575,671
Prepaid expenses	14,364	36,550
Other assets	19,792	1,000
Property and equipment, net (Note 5)	<u>5,675</u>	<u>1,103</u>
TOTAL ASSETS	<u>\$ 23,384,584</u>	<u>\$ 28,920,926</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued liabilities	\$ 67,603	\$ 145,522
Unearned government award programs revenue	<u>146,257</u>	<u>-</u>
Total liabilities	<u>213,860</u>	<u>145,522</u>
NET ASSETS		
Net assets without donor restrictions:		
<i>Designated by the Board for endowment</i> (Note 7)	7,058,473	10,132,500
<i>Undesignated</i>	<u>5,521,116</u>	<u>4,847,159</u>
Total net assets without donor restrictions	12,579,589	14,979,659
Net assets with donor restrictions (Note 8)	<u>10,591,135</u>	<u>13,795,745</u>
Total net assets	<u>23,170,724</u>	<u>28,775,404</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 23,384,584</u>	<u>\$ 28,920,926</u>

*The accompanying notes are an integral part of this financial statement.*

SEWA INTERNATIONAL INC., USA

STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
OPERATING ACTIVITIES			
<i>Revenues and Other Support</i>			
Contributions	\$ 2,535,098	\$ 2,728,692	\$ 5,263,791
Events registration and related revenues	247,531	-	247,531
Inkind revenues	13,340	-	13,340
Investment income	253,108	-	253,108
Government award programs revenue (Note 6)	611,066	-	611,066
Net assets released from restrictions:			
Satisfaction of purpose restrictions	<u>5,933,302</u>	<u>(5,933,302)</u>	<u>-</u>
Total operating revenues and other support	<u>9,593,446</u>	<u>(3,204,610)</u>	<u>6,388,837</u>
<i>Expenses</i>			
Program services	7,300,142	-	7,300,142
Fundraising	138,931	-	138,931
Management and general	<u>466,082</u>	<u>-</u>	<u>466,082</u>
Total operating expenses	<u>7,905,155</u>	<u>-</u>	<u>7,905,155</u>
Change in net assets from operating activities	1,688,292	(3,204,610)	(1,516,318)
NON-OPERATING ACTIVITIES			
Net realized and unrealized loss on investments	(4,104,712)	-	(4,104,712)
Other income	<u>16,350</u>	<u>-</u>	<u>16,350</u>
Total non-operating activities	<u>(4,088,362)</u>	<u>-</u>	<u>(4,088,362)</u>
CHANGE IN NET ASSETS	<u>(2,400,071)</u>	<u>(3,204,610)</u>	<u>(5,604,680)</u>
NET ASSETS, BEGINNING OF YEAR	<u>14,979,659</u>	<u>13,795,745</u>	<u>28,775,404</u>
NET ASSETS, END OF YEAR	<u>\$ 12,579,589</u>	<u>\$ 10,591,135</u>	<u>\$ 23,170,724</u>

*The accompanying notes are an integral part of this financial statement.*

SEWA INTERNATIONAL INC., USA

STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
OPERATING ACTIVITIES			
<i>Revenues and Other Support</i>			
Contributions	\$ 5,719,954	\$ 38,988,862	\$ 44,708,816
Events registration and related revenues	118,325	-	118,325
Inkind revenues	-	313,664	313,664
Investment income (Note 3)	108,639	-	108,639
Government award programs revenue	169,632	-	169,632
Net assets released from restrictions:			
Satisfaction of purpose restrictions	<u>27,588,733</u>	<u>(27,588,733)</u>	<u>-</u>
Total operating revenues and other support	<u>33,705,283</u>	<u>11,713,793</u>	<u>45,419,076</u>
<i>Expenses</i>			
Program services	27,380,161	-	27,380,161
Fundraising	75,940	-	75,940
Management and general	<u>322,558</u>	<u>-</u>	<u>322,558</u>
Total operating expenses	<u>27,778,659</u>	<u>-</u>	<u>27,778,659</u>
Change in net assets from operating activities	5,926,624	11,713,793	17,640,417
NON-OPERATING ACTIVITIES			
Net realized and unrealized gain on investments	<u>1,468,155</u>	<u>-</u>	<u>1,468,155</u>
Total non-operating activities	<u>1,468,155</u>	<u>-</u>	<u>1,468,155</u>
CHANGE IN NET ASSETS	7,394,779	11,713,793	19,108,572
NET ASSETS, BEGINNING OF YEAR	<u>7,584,880</u>	<u>2,081,952</u>	<u>9,666,832</u>
NET ASSETS, END OF YEAR	<u>\$ 14,979,659</u>	<u>\$ 13,795,745</u>	<u>\$ 28,775,404</u>

*The accompanying notes are an integral part of this financial statement.*



SEWA INTERNATIONAL INC., USA

STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED DECEMBER 31, 2022

	Program Services				Total for Program Services	Fundraising Expenses	Management and General Expenses	Total Expenses
	Community Service and Emergency Response	COVID-19 Vaccine Outreach & Education Grant Program	American Rescue Plan Act Grant Program	AmeriCorps Grant Program				
Charitable Donations	\$ 5,619,524	\$ -	\$ -	\$ -	\$ 5,619,524	\$ -	\$ -	\$ 5,619,524
Purchase of Food Items	49,003	3,207	-	2,876	55,086	-	-	55,086
Materials and Supplies (includes inkind of \$3,500)	85,453	5,283	12,362	38,613	141,711	13,074	2,750	157,535
Death & Distress Expenses	32,598	-	-	-	32,598	-	-	32,598
Professional Services	124,780	75,966	2,654	69,659	273,058	18,800	141,485	433,343
Leasing and Rentals (includes inkind of \$9,840)	125,904	-	6,737	450	133,091	37,911	7,667	178,669
Payroll Expenses	323,391	78,058	6,752	265,184	673,385	-	178,568	851,953
Payroll Taxes	19,168	6,233	-	20,023	45,424	-	20,813	66,236
Contractual and Consulting Services	128,586	-	-	-	128,586	-	-	128,586
Travels, Lodging and Meals	3,915	26,904	-	5,863	36,681	34,414	36,615	107,711
Artists' Fees and Expenses	-	-	-	-	-	2,500	-	2,500
Bank Charges and Service Fees	35,968	-	-	-	35,968	8,586	22,024	66,578
Advertising and Promotional Expenses	26,981	386	-	628	27,995	6,251	12,942	47,188
Printing, Stationery, and Office Expenses	9,280	10,318	-	4,460	24,058	2,173	2,851	29,082
Registration Fees and Expenses	3,738	5	-	15,025	18,768	135	4,207	23,109
Utilities and Telephones	5,403	-	238	-	5,641	-	16,605	22,246
Other Expenses	(953)	-	-	4,093	3,140	-	2	3,142
Insurance	1,226	-	-	424	1,650	-	3,680	5,330
Scholarships and Sponsorships	2,500	-	-	-	2,500	-	5,000	7,500
Repairs and Maintenance	3,015	-	-	-	3,015	-	-	3,015
Shipping Charges	25,777	139	-	113	26,030	-	1,712	27,742
Booth Setup	575	2,979	-	-	3,554	-	-	3,554
Dues & Subscriptions	7,733	-	-	944	8,677	10,076	6,049	24,801
Depreciation	-	-	-	-	-	-	3,113	3,113
Honorarium	-	-	-	-	-	5,010	-	5,010
	<u>\$ 6,633,567</u>	<u>\$ 209,477</u>	<u>\$ 28,743</u>	<u>\$ 428,355</u>	<u>\$ 7,300,142</u>	<u>\$ 138,931</u>	<u>\$ 466,082</u>	<u>\$ 7,905,155</u>

*The accompanying notes are an integral part of this financial statement.*

SEWA INTERNATIONAL INC., USA

STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED DECEMBER 31, 2021

	<b>Program Services</b>			<b>Fundraising Expenses</b>	<b>Management and General Expenses</b>	<b>Total Expenses</b>
	Community Service and Emergency Response	AmeriCorps Program	Total for Program Services			
Charitable Donations	\$ 16,529,435	\$ -	\$ 16,529,435	\$ -	\$ -	\$ 16,529,435
Donations of Food Items	59,302	-	59,302	-	-	59,302
Materials and Supplies (includes inkind of \$301,244)	8,985,393	1,981	8,987,374	12,256	-	8,999,630
Death & Distress Expenses	29,366	-	29,366	-	-	29,366
Rehabilitation and Rebuilding	9,585	-	9,585	-	-	9,585
Professional Services	215,042	4,493	219,535	24,905	100,908	345,348
Leasing and Rentals (includes inkind of \$9,900)	36,429	-	36,429	1,177	28,832	66,438
Payroll Expenses	268,209	191,201	459,410	-	113,050	572,460
Payroll Taxes	23,571	10,404	33,975	-	6,829	40,804
Contractual and Consulting Services	72,605	37,770	110,375	-	-	110,375
Travels, Lodging and Meals	11,466	1,578	13,044	17,433	1,569	32,046
Artists' Fees and Expenses	-	-	-	5,500	-	5,500
Bank Charges and Service Fees	353,274	-	353,274	2,026	15,647	370,947
Advertising and Promotional Expenses	1,155	3,773	4,928	10,959	28,983	44,870
Printing, Stationery, and Office Expenses	6,679	403	7,082	217	828	8,127
Registration Fees and Expenses	5,801	973	6,774	234	7,111	14,119
Utilities and Telephones (includes inkind of \$2,520)	10,323	-	10,323	-	8,328	18,651
Other Expenses	737	3,791	4,528	-	-	4,528
Insurance	8,674	2,468	11,142	-	3,129	14,271
Repairs and Maintenance	1,610	-	1,610	-	393	2,003
Shipping Charges	485,988	-	485,988	-	24	486,012
Dues & Subscriptions	6,632	50	6,682	1,233	4,585	12,500
Depreciation	-	-	-	-	2,342	2,342
	<u>\$ 27,121,276</u>	<u>\$ 258,885</u>	<u>\$ 27,380,161</u>	<u>\$ 75,940</u>	<u>\$ 322,558</u>	<u>\$ 27,778,659</u>

*The accompanying notes are an integral part of this financial statement.*

## SEWA INTERNATIONAL INC., USA

### STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	<u>\$ (5,604,680)</u>	<u>\$ 19,108,572</u>
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	3,113	2,342
Changes in operating assets and liabilities:		
Accounts receivable	(157,542)	11,194
Prepaid expenses	22,186	(35,625)
Other assets	(18,792)	-
Accounts payable and accrued liabilities	(77,919)	25,455
Unearned revenue	<u>146,257</u>	<u>-</u>
Total adjustment	<u>(82,697)</u>	<u>3,366</u>
Net cash provided by operating activities	<u>(5,687,377)</u>	<u>19,111,938</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net purchases of investments	(2,502,309)	(1,578,525)
Cash advances to acquire notes payable	(350,000)	-
Purchases of property and equipment	<u>(7,685)</u>	<u>(1,655)</u>
Net cash used in investing activities	<u>(2,859,995)</u>	<u>(1,580,180)</u>
Net increase in cash and cash equivalents	(8,547,372)	17,531,758
Cash and cash equivalents, beginning of year	<u>19,970,068</u>	<u>2,438,310</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u><u>\$ 11,422,696</u></u>	<u><u>\$ 19,970,068</u></u>

*The accompanying notes are an integral part of this financial statement.*

# SEWA INTERNATIONAL INC., USA

## NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2022 and 2021

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### 1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Organization and Purpose

Sewa International, Inc., USA, (the “Organization”) is a Hindu faith-based, humanitarian, nonprofit service organization incorporated in the State of Georgia on June 13, 2003, whose objective is to serve humanity in distress, aid local communities, and promote volunteerism, all as part of a vision in pursuit of a world of equality where everyone is happy, enjoying good health, and living in harmony with nature. The Organization devotes its resources mostly to disaster relief and rehabilitation and in development projects in the areas of health, education, empowerment, and community development. The Organization is affiliated with ‘Sewa International,’ a larger movement that started in India in 1989 and has currently spread to about 20 countries. Although the Organization and the ‘Sewa International’ movement are founded on similar philosophy and principles, the Organization is legally independent of the ‘Sewa International’ movement. The Organization maintains its own separate Board of Directors, and is independently registered in, and follows the applicable laws and regulations of the United States, as well as designs and operates its own programs.

The Organization is funded primarily through individual and corporate contributions, admission fees from fundraising events, and certain government award programs funding.

#### Basis of Accounting

The Financial Accounting Standards Board (“FASB”) is the designated organization for establishing standards of financial accounting that govern the preparation of financial reports by nongovernmental entities, including nonprofit organizations, in the United States of America.

The Organization prepares its financial activities on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles (U.S. GAAP) for nonprofit organizations. These financial statements reflect all significant asset and liability balances as of December 31, 2022 and 2021, as well as all revenues earned and expenses incurred by the Organization for the years then ended. Under the accrual method, revenues are recorded in the period earned and when the amount and timing of the revenue can be reasonably determined. Expenses and asset additions are recognized at the time a liability arises which is normally at the time title passes to, or a service is received by, the Organization.

#### Financial Statement Presentation

The Organization prepares its financial statements in accordance with the requirements of FASB’s Accounting Standards Codification (“ASC”) Topic 958-205, *Nonprofit Organizations – Presentation of Financial Statements*, as updated. Net assets, revenues, and expenses are classified based on the existence or absence of donor/externally imposed restrictions. Accordingly, the Organization reports information regarding its financial position and activities according to the following two classes of net assets:

1. *Net Assets without Donor/External Restrictions* – These are resources that are not subject to donor-imposed stipulations and can be used for the general operations of the Organization.
2. *Net Assets with Donor/External Restrictions* – These are resources that are subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. This class of net assets also includes resources that are subject to donor

## SEWA INTERNATIONAL INC., USA

### NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2022 and 2021

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restrictions requiring that the principal be held in perpetuity and any income thereon may be used by the Organization.

The Organization is also required by FASB ASC Topic 958-205 as updated, to present a statement of cash flows and an analysis of its expenses by both functional and natural classifications, as well as to make enhanced disclosures about its liquidity and availability of resources.

#### *Revenue Recognition*

In accordance with FASB ASC Topic 958-605, *Not-for-Profit Entities – Revenue Recognition*, contributions received by the Organization are recorded as increases in net assets without donor restrictions or net assets with donor restrictions depending on the existence and nature of any donor restrictions.

Contributions are recognized as revenues in the period the Organization receives any direct cash donation or any unconditional promises to give cash accepted by the Organization. Such contributions received are recorded as net assets without donor-restrictions or net assets with donor-restrictions, depending on the existence and nature of any donor-restrictions. Contributions with donor-restrictions (i.e., when the donors have directed how and when their gifts should be used by the Organization, or when donations are in a direct response to specified purposes for which the Organization is soliciting donations) are reported as increases in net assets with donor-restrictions. When a restriction expires, net assets with donor-restrictions are reclassified to net assets without donor-restrictions and reported in the statement of activities as net assets released from restrictions. When both restricted and unrestricted resources are available for use for the same purpose, it is the Organization's policy to use restricted resources first, then unrestricted resources as they are needed. Contributions of non-financial assets are recorded at their estimated fair value at the date of the contribution.

Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met or if the promisor lifts the conditions. The Organization did not have any conditional promises to give as of December 31, 2022 or 2021.

Registration fees and ticket sales revenues from fundraising events are recorded when cash is received from registrants or from the sales of the events' tickets.

Government award programs revenue is recorded when and only to the extent that allowable costs are incurred for allowable activities under the award contract agreements with the grantors or the pass-through funding agencies. Government award programs funds received ahead of such expenditures are recorded as unearned revenue and are later reclassified to government award programs revenue based on the revenue recognition criteria.

Other incomes, including interest, dividends and other investment income, as well as miscellaneous revenues, are recognized when received.

Expenses are recorded as decreases in net assets without donor-restrictions. Gains and losses on assets or liabilities, including unrealized gains or losses on investments as of the reporting date, are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation.

## SEWA INTERNATIONAL INC., USA

### NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2022 and 2021

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#### Donated Services and Materials

In accordance with FASB ASC Topic 958-605-25-2, *Non-for-Profit Entities - Accounting for Contributions Received*, contributions of non-financial assets are recorded at their estimated fair value at the date of the contribution. The Organization recorded inkind revenues comprising various consumables and supplies valued at \$13,340 and \$301,244 for the years ended December 31, 2022 and 2021, respectively, which the Organization donated to various communities as part of its COVID-19 relief efforts. These were included in program services expenses in the statements of activities for the years ended December 31, 2022 and 2021.

Donated services for which the Organization made no payment or compensation are recognized as inkind contributions at their estimated fair value at the date of receipt if the services received (a) created or enhanced nonfinancial assets or (b) required specialized skills, were performed by individuals possessing those skills, and would typically need to be purchased if not provided by donation. The Organization received many hours of donated services from volunteers helping with the Organization's administrative and program activities. The Organization recorded volunteer hours that totaled \$1,779,694 and \$354,610, for the years ended December 31, 2022 and 2021, respectively, which were not included in revenues and expenses in the statements of activities because they did not meet the criteria for recognition as revenue under U.S. GAAP.

#### Donated Use of Facilities

The Organization uses certain facilities for its office space and project sites for which it pays no rent and utility costs. The Organization is not related to the donors of these facilities. The Organization accounts for such contributions at the amounts the Organization would have paid for the facilities under existing lease agreements or based on current market rates to lease the facilities, and in the case of utilities, based on the actual billed amounts. For the years ended December 31, 2022 and 2021, the Organization has recorded a total of \$9,840 and \$12,420 respectively, for donated facilities and utilities, which are included in inkind revenues and program services expenses in the statements of activities.

#### Management's Judgment and 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 the following aspects of the financial statements:

1. The reported amounts of assets and liabilities,
2. The disclosure of contingent assets and liabilities at the date of the financial statements, and
3. The reported amounts of revenues and expenses during the reporting period.

Significant estimate included in the financial statements relates primarily to the functional classifications of expenses and the valuation of certain inkind revenues and expenses.

#### Functional Allocation of Expenses

In accordance with FASB ASC Topic 958-720-45-2, *Functional Classification of Expenses*, the costs of providing various programs and other activities of the Organization have been summarized on a functional basis (i.e., expenses have been grouped according to the purpose for which they were

## SEWA INTERNATIONAL INC., USA

### NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2022 and 2021

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incurred) in the statements of activities and in the statements of functional expenses. The primary functional classifications of the Organization's uses of resources are *Program Services expenses*, *Management and General expenses*, and *Fundraising expenses*. Management and general expenses include those expenses that are not directly identifiable with the core function but provide for the overall support and direction of the Organization. Fundraising expenses are costs incurred in connection with special events and other activities targeted at increasing public awareness and raising funds for the Organization's programs and activities. The Organization's core programs are described in Note 2.

#### Cash and Cash Equivalents

The Organization reports as cash and cash equivalents all monies in banks and investments that are available for current use with maturity dates of less than three months from the date of acquisition. The Organization had no cash equivalents as of December 31, 2022 or 2021. Management believes that the carrying amounts reported for cash in the statements of financial position approximate their fair values.

#### Investments

Stocks and other marketable securities purchased by or donated to the Organization are typically held for a period of time before they are sold. Such securities held at the year-end are reported at their fair values in the statements of financial position. Realized and unrealized gains and losses are included in the investment income reported in the non-operating activities Section of statements of activities. Returns from stock and other marketable securities are reported as an increase or decrease in net assets without donor-restrictions unless their use is limited by donor-imposed restrictions. Any proceeds from sales of donated stocks and other marketable securities that are without donor-restrictions, which are temporarily held in money market accounts, are recorded as cash equivalents.

#### Loans Receivable

Loans receivable are carried at unpaid principal balances, less an allowance for loan losses and any net deferred loan fees and unearned discounts. The allowance for loan losses is increased by charges to the change in net assets and decreased by charge-offs (net of recoveries). Management's periodic evaluation of the adequacy of the allowance is based on the Organization's past loan loss experience, specific impaired loans, adverse situations that may affect the borrower's ability to repay, estimated value of any underlying collateral, and current economic conditions. Past due status is determined based on contractual terms. Loans are considered impaired if full principal or interest payments are not anticipated in accordance with the contractual terms. The Organization's practice is to charge off any loan or portion of a loan when the loan is determined by management to be uncollectible due to the borrower's failure to meet repayment terms, the borrower's deteriorating or deteriorated financial condition, the depreciation of the underlying collateral, or for other reasons.

Loans are placed on nonaccrual when management believes, after considering economic conditions, business conditions, and collection efforts that the loans are impaired or collection of interest is doubtful. Uncollected interest previously accrued is charged off or an allowance is established by a charge to interest income. Interest income on nonaccrual loans is recognized only to the extent cash payments are received. The Organization does not have any past due loans as of December 31, 2022.

Interest on loans is recognized over the term of the loan and is calculated using the simple-interest method on principal amounts outstanding. The Organization does not charge loan origination and commitment fees to the borrowers. Accordingly, there are no deferred or amortizable loan fees.

## SEWA INTERNATIONAL INC., USA

### NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2022 and 2021

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#### Property and Equipment

Property and equipment are generally recorded at cost. The Organization follows the policy of capitalizing all expenditures exceeding \$500 for each unit of property and equipment at cost (whether acquired by purchase or by donation). Property and equipment are depreciated and amortized using the straight-line method based on their estimated useful lives ranging from five years for equipment and furniture to 39 years for buildings and improvements. Maintenance and repairs are charged to operations when incurred. Major improvements and renewals that extend the life of the property or equipment are capitalized. Estimated useful lives of property and equipment are as follows:

<u>Classification</u>	<u>Estimated Life</u>
Office equipment	3 years

#### Recent Accounting Pronouncements

In February 2016, the FASB issued Accounting Standards Update (ASU) No. 2016-02, *Leases (Topic 842)*. This Update requires a lessee of property under an operating lease agreement, such as but not limited to leases of an office or storage space, to recognize in the statement of financial position (a) a liability to make lease payments (the lease liability) and (b) a right-of-use “asset” representing its right to use the underlying asset for the lease term. This update is effective for the Organization’s 2022 financial statements. Although the Organization has certain operating leases, it does not have any long term lease contracts that require the application of this new standard.

In September 2020, the FASB issued ASU No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentations and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which amends the accounting guidance for reporting contributed nonfinancial assets such as properties, equipment, materials, supplies, services, and use of space or facilities. The purpose of this standard is to increase the transparency of contributed nonfinancial assets for not-for-profit entities by enhancing the manner of presenting and disclosing them. The ASU is effective for the Organization’s 2022 financial statements. The Organization adopted this guidance in 2022 with no material impact to its financial statements.

#### Income Taxes

The Organization is a nonprofit corporation as described in Section 501(c)(3) of the Internal Revenue Code (the “Code”) and is classified as a public charity under Section 509(a)(2) of the Code. However, income generated from activities unrelated to the Organization’s exempt purpose is subject to tax under Section 511 of the Code. The Organization did not conduct any unrelated business activities in the years ended December 31, 2022 and 2021. Accordingly, the Organization has made no provision for federal income taxes in the accompanying financial statements.

The Organization files Form 990, *Return of Organization Exempt from Income Tax*, for its exempt activities in the federal jurisdiction within the United States. The federal income tax returns of the Organization for years 2021 through 2019 remain subject to examination by the Internal Revenue Service, generally for three years after they were filed.



# SEWA INTERNATIONAL INC., USA

## NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2022 and 2021

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### Advertising Costs

The Organization uses advertising to promote its programs among the audiences from whom it solicits donations, as well as to educate the public about its activities. The production costs of advertising are expensed the first time the advertising takes place. Total advertising expense for the years ended December 31, 2022 and 2021, was \$47,188 and \$44,870, respectively.

### Reclassifications

Certain balances that were previously reported for the year ended December 31, 2021, which are now presented as comparative information, have been reclassified to conform to the year 2022 presentations. Specifically, certain general and administrative cost recovery amounts have been excluded from net assets with donor restrictions as of December 31, 2021, and have been reclassified to the “undesignated” category of net assets without donor restrictions. This reclassification notwithstanding, the total nets as of December 31, 2021 remains unchanged.

## 2. ORGANIZATION’S PROGRAMS AND ACTIVITIES

The Organization provides a variety of services and community benefits in furtherance of its mission. Although the Organization is a Hindu faith-based humanitarian organization, it does not use any portion of its financial resources for proselytizing activities. In addition, the Organization maintains a non-discriminatory service philosophy. Accordingly, exposure, adherence, or conversion to any religious doctrine is not required from the beneficiaries of services provided by the Organization.

The costs of performing the following major activities have been summarized into program services expenses in the accompanying financial statements:

### **A. Community Service and Emergency Response**

The Organization’s community service and emergency response program comprises a variety of activities in the USA and in various regions of the world. The major activities include the following:

#### *1. Disaster Relief and Rehabilitation*

The Organization executes rescue and relief activities immediately after a disaster and supports rehabilitation projects from the stress caused by natural disasters such as floods, landslides, earthquakes, hurricanes, and forest fires that devastate humanity, animals and infrastructure.

#### *2. Family Services*

Based on the concept of Hindu families, the Organization has developed and organized the Family Services program across its chapters with three main areas of focus:

- 2.1 Emergency Support Services to needy families including home health services, grief counseling, legal services, and poverty alleviation initiatives.
- 2.2 Health and Wellness such as Stop Diabetes Movement - an initiative to prevent diabetes through therapy and the practice of yoga. Through its health and wellness program, the Organization promotes Yoga and Meditation for improving physical and mental health in the broader community by organizing free workshops round the year and large-scale public programs on International Day of Yoga on June 21.

## SEWA INTERNATIONAL INC., USA

### NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2022 and 2021

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2.3 Awareness and Education – This includes connecting families with appropriate community organizations to address their specific needs and conducting workshops and seminars on relevant topics including “Marriage 101,” “Living Will,” “Secrets of Working with a Teen,” and “Raising a Culturally Balanced Child”. These programs provide families with the tools and knowledge necessary to maintain a healthy and balanced lifestyle.

#### 3. Human Development and Empowerment

*International Development Projects* - International development projects are conducted by the Organization through and along with its sister organizations worldwide. Since the Sewa movement is in more than 20 countries, this network helps the Organization in implementing its development projects. Currently the Organization is focused on education, child and tribal welfare, youth and women empowerment, vocational training, rural development, and the environment.

*ASPIRE* – The Organization has been actively working towards empowering and assisting communities in need across the United States. Sewa International made significant progress with its ASPIRE (Achieving Student Progress, Instilling Resilience and Excellence) program. The program focuses on addressing language deficits and academic difficulties among students from underprivileged communities. The program has led to an improvement in student attendance, high school graduation rate, college enrollment and employment, with students gaining marketable skills and academic distinction.

*LEAD* - Leadership Education and Development (LEAD) program provides unpaid internships to high school students that trains and equips future non-profit leaders and promotes youth volunteerism. This program caters to over 800 interns serving their local communities and has presence in twenty of the organization’s forty-two chapters.

#### 4. Volunteer Development

Volunteer Development projects including SELF and SERVE programs are implemented by the Organization through its various Chapters in support of their local communities. The Organization provides volunteer resources to community organizations that require a particular task done such as: Spring cleaning of temples or city parks; soup kitchen; stocking the food banks; day visits to terminally or chronically ill children; managing and running community events; etc.

In addition, volunteer-based development programs focus on family services; child, tribal and refugee welfare; women empowerment; health; and education in the USA and many other countries. Youth internship programs are also conducted in the USA and other countries.

#### 5. Sponsor a Child

The *Sponsor a Child* project serves children of low-income families through donating fees, uniforms, books, subject coaching, career guidance, and counseling. The program provides a holistic development opportunity for students. Apart from their regular class work, all students

## SEWA INTERNATIONAL INC., USA

### NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2022 and 2021

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can participate in sports and cultural events. They are also provided exposure to computers and video-based education.

#### 6. Girls' Toilet and Hygiene

The Toilet and Hygiene for Girl Child is an ongoing project in India to build sanitation facilities for the vulnerable sections of the society to overcome practices of open defecation. Lack of toilets in schools is a major contributor to high dropout rate of girls in middle and high schools. Focus of the project is on building toilets for girls in schools and neighborhoods to reverse this trend.

#### 7. Doctors for Sewa

Doctors for Sewa, with about 200 doctors, have been providing medical assistance to those in need. This program focuses on various areas of medical care, including mentorship, international medical camps, telehealth, and free clinics. The Organization has mentored international and local students interested in pursuing a career in medicine. In partnership with the American Association of Physicians of Indian Origin (AAPI), the Organization provides telehealth services to beneficiaries.

### **B. COVID-19 Vaccine Outreach and Education Grant program**

The Organization was awarded a federal pass-through grant by Texas A& M Health. Using this grant execution team supported to reduce vaccine hesitancy among vulnerable community members and extend outreach efforts beyond the community to include those who are also at-risk. This program included developing culturally sensitive and linguistically appropriate vaccine education materials for community awareness and conducting one to one outreach in 89 zip codes and 21 counties of Texas state in collaboration with over 500 local community partners.

### **C. American Rescue Plan Act**

The Organization was awarded a federal pass-through grant under American Rescue Plan Act under Non-Profit Grant Program to be used for economic relief in response to the COVID-19 pandemic for assistance to households and small businesses. This program includes activities like food procurement and distribution, vaccination outreach, rehabilitation, after school enrichment and skill-based training to COVID 19 affected households.

### **D. AmeriCorps Program**

The Organization is a subrecipient of the AmeriCorps federal grant awards. The objectives of the AmeriCorps program include developing national service resources for responding to disasters and for assisting people and businesses affected by disasters through their recovery efforts. Additional objectives include enabling and stimulating volunteer community service. The Organization participates in the training of enrollees. The program requires the Organization to match at least 25% of federal funds with its own resources.

## SEWA INTERNATIONAL INC., USA

### NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2022 and 2021

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#### 3. NOTES RECEIVABLE

The Organization purchased the following promissory notes:

On November 23, 2021, the Organization purchased a \$300,000, 5% convertible promissory note (“Note”) issued by a limited liability company incorporated under the laws of Cayman Islands, in support of the company’s research in therapeutic cures of certain ailments. The Note was issued with a maturity date of September 30, 2023. The Note has been reported at its face value in the financial statements as of December 31, 2022. In accordance with the terms of the Note, interest accrues until the date of repayment of the principal and payment of accrued interest in full. Interest has been accrued through December 31, 2022 and included in revenue and other receivables. Principal balance outstanding at December 31, 2022 was \$300,000.

On October 6, 2022, the Organization purchased a \$500,000 promissory note (the “Loan”) issued by a Texas nonprofit organization to enable the borrower to complete a construction project. The Loan bears interest at 6%, payable monthly through October 6, 2025, which is the date that the principal will become due and payable in full. On November 29, 2022, the borrower repaid \$150,000 of the principal. Interest has been paid through December 30, 2022. The principal balance outstanding at December 31, 2022 was \$350,000.

#### 4. INVESTMENTS AND FAIR VALUE MEASUREMENTS

##### Fair Value Measurements

FASB ASC Topic 820-10, *Fair Value Measurements*, provides the definition of fair value and establishes a framework for measuring fair value. Fair value is defined as the price that would be received for an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date. The Statement also establishes a fair value hierarchy that distinguishes between inputs based on market data from independent sources (observable inputs) and a reporting entity's internal assumptions based upon the best information available when external market data is limited or unavailable (unobservable inputs).

The Organization measures and reports certain assets at fair value and within a hierarchal disclosure framework which prioritizes and ranks the level of observable inputs used in measuring fair value. At each balance sheet date, the Organization performs an analysis of all instruments subject to fair value measurements.

The fair value three-tier hierarchy requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The three levels of inputs that may be used to measure fair value under FASB ASC Topic 820-10 are as follows:

- Level 1: Valuations are based on quoted prices in active markets for identical investments. Accordingly, valuations of these securities do not entail a significant degree of judgment.
- Level 2: Valuations are based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly, and determined through the use of models or other valuation methodologies.

## SEWA INTERNATIONAL INC., USA

### NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2022 and 2021

Level 3: Valuations are based on inputs that are unobservable and significant to the overall fair value measurement, and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant management judgment or estimation.

Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following is a summary of the Organization's financial instruments, excluding cash, within the fair value hierarchy, as of December 31, 2022 and 2021:

Fair Value Measurement as at December 31, 2022, Using:						
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	NAV	Total	Cost Basis
Money market funds and CDs	\$ 6,361,059	\$ -	\$ -	\$ -	\$ 6,361,059	\$ 6,361,059
Equity Securities	1,772,134	-	-	-	1,772,134	3,052,932
Hedge funds	-	-	354,500	969,655	1,324,155	1,414,519
Other ETPs	1,230,492	-	-	-	1,230,492	3,795,500
	<u>9,363,685</u>	<u>-</u>	<u>354,500</u>	<u>969,655</u>	<u>10,687,840</u>	<u>14,624,010</u>
Non-marketable convertible foreign securities	-	-	390,141	-	390,141	200,000
Total Investments	<u>\$ 9,363,685</u>	<u>\$ -</u>	<u>\$ 744,641</u>	<u>\$ 969,655</u>	<u>\$ 11,077,981</u>	<u>\$ 14,824,010</u>

Fair Value Measurement as at December 31, 2021, Using:						
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	NAV	Total	Cost Basis
Money market funds and CDs	\$ 4,592,863	\$ -	\$ -	\$ -	\$ 4,592,863	\$ 4,592,863
Equity Securities	1,530,285	-	-	-	1,530,285	1,381,134
Hedge funds	-	-	367,750	1,243,318	1,611,068	1,414,519
Other ETPs	442,602	-	-	-	442,602	809,553
	<u>6,565,750</u>	<u>-</u>	<u>367,750</u>	<u>1,243,318</u>	<u>8,176,818</u>	<u>8,198,069</u>
Non-marketable convertible foreign securities	-	-	398,853	-	398,853	200,000
Total Investments	<u>\$ 6,565,750</u>	<u>\$ -</u>	<u>\$ 766,603</u>	<u>\$ 1,243,318</u>	<u>\$ 8,575,671</u>	<u>\$ 8,398,069</u>

During the years ended December 31, 2022 and 2021, there were no transfers among Level 1, Level 2 or Level 3.

Investment in a hedge fund valued at \$969,655 and \$1,243,318 at December 31, 2022 and 2021, respectively, is in a private fund that invests primarily in U.S. common stocks and other level 1 securities. The fair values of the investments in this class have been estimated using the net asset value (NAV) per share of the investments as a practical expedient. Investments measured using a NAV per

## SEWA INTERNATIONAL INC., USA

### NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2022 and 2021

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share, or its equivalent, are not classified in the fair value hierarchy above because they may or may not be redeemed at the NAV or because redemption at NAV is uncertain. Because of the use of net asset value as a practical expedient, the hedge fund investments are no longer classified in the fair value hierarchy. The fair value amounts for hedge fund investments presented in the table above are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statement of financial position. On the basis of its analysis of the nature, characteristics, and risks of the investments, the Organization has determined that it is appropriate to present them as a single class.

The Organization invested in a hedge fund valued at \$354,500 and \$367,750 at December 31, 2022 and 2021, respectively, at December 31, 2022 and 2021. The hedge fund invests all of its assets in a company that has invested 70% of its assets in a mortgage lending private company. The hedge fund is valued using significant unobservable inputs. There is no readily available market for this asset. The managers of the mortgage lending company have determined the value of the company's risk assets in a good faith effort.

Non-marketable convertible foreign securities consist of investment in compulsorily convertible preference shares of a privately held Indian non-government (aka NGO) company, without readily determinable market values but valued by the Organization at \$390,141 and \$398,853 at December 31, 2022 and 2021, respectively. The securities were acquired in 2019 at \$200,000. The Organization has valued this investment at the unit rate that the issuer was selling the same shares in private placements at the year end, discounted by 15% in 2022 for the investee company's current operating losses and for lack of a ready market for the asset, in the absence of other observable transactions or evidence of impairment that would warrant further adjustments as of the reporting date and through the date these financial statements were issued. The reported value has also taken into consideration any unrealized exchange gain or loss between the US Dollar and Indian Rupees. No significant exchange loss was observed as of December 31, 2022 and 2021.

The Organization adjusts the carrying value of non-marketable securities up or down for observable price changes in orderly transactions for identical or similar investments of the same issuer and for impairment, if any (referred to as the measurement alternative). All gains and losses on non-marketable securities, realized and unrealized, are recognized in the statement of activities as changes in net assets.

The Organization's financial instruments, including investments reported at fair value, are exposed to various risks such as custodial credit risk, interest rate risk, foreign currency risk, and market price risk which are described in greater details in Note 9.

All assets have been valued using a market approach at December 31, 2022 and 2021 except cash equivalents which are carried at book value because this value-basis is considered to approximate fair value due to the relatively short-term nature of these accounts and the non-marketable convertible securities described above. There were no changes in the valuation techniques applied to financial instruments during the years ended December 31, 2022 and 2021.

## SEWA INTERNATIONAL INC., USA

### NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2022 and 2021

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The following schedule summarizes investment returns in the statements of activities. Unrealized gains from investments reported at fair value at the measurement dates, which are included in net return on investments, are not guaranteed to be realized in cash due to unpredictable fluctuations in the investments fair value.

	<u>2022</u>	<u>2021</u>
Interest and dividend income	\$ 253,108	\$ 108,639
Net realized and unrealized (loss)/gain	<u>(4,104,712)</u>	<u>1,468,155</u>
Net return on investments	<u>\$ (3,851,604)</u>	<u>\$ 1,576,794</u>

#### 5. PROPERTY AND EQUIPMENT

The following is a summary of property and equipment, at cost less accumulated depreciation, at December 31, 2022 and 2021:

	<u>Balance</u> <u>12/31/2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/2022</u>
Office equipment	\$ 23,335	\$ 7,686	\$ -	\$ 31,021
Furnitures	1,689	-	-	1,689
Total Cost	25,024	7,686	-	32,710
Accumulated depreciation	<u>(23,921)</u>	<u>(3,113)</u>	<u>-</u>	<u>(27,034)</u>
Property and equipment, net	<u>\$ 1,103</u>	<u>\$ 4,572</u>	<u>-</u>	<u>\$ 5,675</u>

Depreciation expense for the years ended December 31, 2022 and 2021 amounted to \$3,113 and \$2,342 respectively.

#### 6. GOVERNMENT AWARD PROGRAMS REVENUE

As shown in the statement of functional expenses, the Organization's program services to the communities have continued to expand to include multiple federally funded, cost reimbursement award programs, including the AmeriCorps program; immunization programs; and disaster and emergency response activities covered by the American Rescue Plan Act. Any of the Organization's expenditures for these programs reimbursed with federal funds are reported as government award programs revenue.

#### 7. BOARD-DESIGNATED ENDOWMENT FUND

As required by U.S. generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

In 2017 the Organization received donations of \$1,650,000 without donor-restrictions from a family. In 2017 the Organization's governing board passed a voluntary resolution designating the donations and

## SEWA INTERNATIONAL INC., USA

### NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2022 and 2021

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any subsequent additions thereof or increases through investment returns, to altogether function as the *Bhagawathibai Gehani Family Endowment Fund*, for an unspecified period of time, in honor of the donor family. The purpose of this quasi endowment fund is to generate income for a variety of projects and growth of the Organization. Additional principal donations of \$7,507,311 received from the same source since the establishment of this quasi endowment fund plus various net returns on the invested funds have been added to the fund.

The Organization has established prudent investment strategies and spending policies to govern the management of its quasi endowment fund and other liquid assets in excess of its current spending requirements, which may be invested in marketable securities or other forms of investment instruments authorized by the governing board. Under this policy, the fund's assets are invested in a manner that is intended to preserve their purchasing power while assuming a moderate level of investment risk, as well as provide the Organization with a predictable and stable stream of financial support. Preservation of capital and income generation are the primary goals of the investment policy. Secondary goals include long term capital appreciation in excess of inflation and liquidity for cash flow needs to support Sewa projects. Using a multi-year (at least 5 year) time horizon, the focus on preservation of capital is defined by the Organization as avoidance of permanent impairment of principal, not as avoidance of short-term fluctuation due to market price volatility. The Organization's investment income spending policy allows the governing board to distribute no more than 5% of the net return on investments in any year to support the Organization's purposes.

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The three main asset classes in the Organization's investment portfolio—equities, fixed-income, and cash and equivalents—have different levels of risk and return. The selection of individual securities is secondary to the way that assets are allocated in stocks, bonds, and cash and equivalents, which will be the principal determinants of the Fund's investment results.

Changes in the quasi endowment fund's net assets for the year ended December 31, 2022, were as follows:

	Board Designated Endowment
Balance at December 31, 2021	\$ 10,132,500
Summary of current year activity:	
Addition of funds to the designated endowment	1,349,617
Amount appropriated for expenditure	(518,991)
	<u>10,963,126</u>
Net Return on Investments	(3,904,653)
Ending balance at December 31, 2022	<u>\$ 7,058,473</u>

As of December 31, 2022, due to disbursements for program expenses, as well as the current unfavorable market fluctuations and cumulative unrealized loss, the fund's total original gift value of \$9,157,311 has decreased by \$1,616,058.



## SEWA INTERNATIONAL INC., USA

### NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2022 and 2021

#### 8. NET ASSETS WITH DONOR RESTRICTIONS

At December 31, 2022 and 2021, the total net assets with donor-restrictions in terms of the purpose and/or the timing of their use were \$10,591,135 and \$13,795,745, respectively. The following table identifies the composition of net assets with donor-restrictions, by purpose and by region, as of December 31, 2022 and 2021, as well as the net assets released from restrictions through expenses in the current year:

<u>Program/ Purpose</u>	<u>Region</u>	<u>Balance as at 12/31/2021</u>	<u>Additions in 2022</u>	<u>Spending in 2022</u>	<u>Reclassification to comply with fund classification policy</u>	<u>Balance as at 12/31/2022</u>
Disaster Relief	Africa	\$ -	\$ -	\$ 10,416	\$ 10,416	\$ -
Disaster Relief	India	11,192,105	400,809	3,067,188		8,525,725
Disaster Relief	USA	256,747	36,283	67,281		225,748
Education	India	1,254,458	601,364	1,099,804	83,206	839,224
Education	South Asia	-	140,319	140,319		-
Education	USA	492,324	152,158	309,060	-	335,422
Family Services	India	-	-	-	-	-
Family Services	South America	37,900	-	32,167	-	5,733
Family Services	South Asia	106,725	-	-	-	106,725
Family Services	USA	199,544	33,519	87,679	-	145,384
Health & Hygiene	India	8,612	794,121	692,669	5,500	115,564
Health & Hygiene	USA	12,948	36,889	50,058	10,251	10,030
Other	India	9,271	103,965	113,061	-	175
Other	India	1,050	70,551	73,052	4,489	3,039
Volunteer Development	India	122,159	263,806	268,353	-	117,612
Volunteer Development	USA	101,902	94,908	36,058	-	160,752
<b>Totals</b>		<b>\$ 13,795,745</b>	<b>\$ 2,728,692</b>	<b>\$ 6,047,164</b>	<b>\$ 113,862</b>	<b>\$ 10,591,135</b>

#### 9. LIQUIDITY MANAGEMENT

As of December 31, 2022, the Organization had \$5,273,808 of financial assets available within one year of the latest balance sheet date to meet cash needs for general expenditures, consisting of the following:

	2022
Cash and cash equivalents	\$ 11,422,696
Accounts receivable	194,077
Notes receivable	650,000
Investments	11,077,980
Financial assets at year end	23,344,753
Less those unavailable for general purpose within one year due to:	
- Internal limit from board designated fund	7,058,473
- Resources restricted by donors for specific programs	10,662,471
- Note receivable not maturing within one year	350,000
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 5,273,808</u>

## SEWA INTERNATIONAL INC., USA

### NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2022 and 2021

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The Organization reasonably estimates its cash needs on a month to month basis and is able to structure its financial assets to provide cash for its general expenditures, liabilities, and other obligations as they become due.

#### 10. CONCENTRATIONS

##### Concentrations of Business Risks Related to Investments and Other Financial Instruments

Investments and other financial instruments are subject to a variety of risks, including custodial credit risks, interest rate risks, and market price risks.

Custodial credit risk refers to the risk that in the event of the failure of a depository financial institution, the depositor will not be able to recover the deposits, resulting in a financial loss to the Organization. Deposits are exposed to custodial credit risks if they are not covered by depository insurance and are not otherwise collateralized. The Organization's financial instruments that are subject to concentrations of credit risks consist of cash deposited with financial institutions and marketable securities held by brokers.

The Organization maintains cash deposit balances with financial institutions considered by management as credit-worthy and strong. These deposit balances may occasionally exceed limits insured by the Federal Deposit Insurance Corporation (FDIC), which is \$250,000 per customer per bank. Cash deposits include money market funds with financial institutions which are insured by FDIC because they did not meet the criteria to be insured by the Securities Investor Protection Corporation (SIPC). At December 31, 2022 and 2021, the Organization's cash deposit balances with certain financial institutions exceeded the FDIC insured limit by a combined total of approximately \$10,918,465 and \$19,272,157, respectively, which were not otherwise insured. The Organization did not experience any loss of assets resulting from a custodial credit risk during the years ended December 31, 2022 and 2021.

Market price risk is the risk that changes in market prices – e.g. interest rates, foreign exchange rates, equity prices, and credit spreads – will affect the Organization's income or the fair value of its holdings of financial instruments. Return on investments included in the current period's revenues may include unrealized gains inherent in the investments' fair value, which may or may not be realizable in cash in the foreseeable future due to subsequent changes in investments fair value. The fair value of the financial instruments regularly fluctuates as a result of changes in market prices (other than those arising from interest rate risks or currency risks), whether caused by factors specific to an individual investment or its issuer or factors affecting all instruments traded in the market. Market price risks are managed by the investment manager by diversifying the portfolio, but diversification is not always a foolproof mitigant against fluctuations of investments fair value.

The Organization invests in financial instruments in accordance with its investment management strategy. The Organization invested in U.S. marketable securities, including stocks, mutual funds, and other investment instruments described in Note 3. These investments valued at \$6,385,827 and \$8,875,671 as December 31, 2022 and 2021, respectively, which included cash components of \$423,514 and \$423,115 at December 31, 2022 and 2021, respectively, were held by U.S. investment companies. The SIPC insures each investor against custodial risks up to \$500,000, inclusive of a sublimit of \$250,000 for claims of eligible cash. Investments in excess of SIPC insured limit were not otherwise insured.

# SEWA INTERNATIONAL INC., USA

## NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2022 and 2021

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As more fully described in Note 3, the Organization's investments also included certain non-marketable convertible foreign securities, which were reported at \$690,141 and \$698,853 at December 31, 2022 and 2021, respectively. These assets are subject to exchange rate risks in addition to market and custodial risks. These assets are not otherwise insured.

### Operations Outside the United States of America

In the years ended December 31, 2022 and 2021, approximately 75% and 94%, respectively, of the Organization's program service expenses were for activities outside the United States.

## 11. COMMITMENTS

### Lease Commitment

The Organization leases facilities for fundraising events and warehousing of program supplies, residential facilities for some of its program sites in Houston and San Marcos, Texas, as well as office spaces in Houston, Texas, Los Angeles and Milpitas, California. Some of these leases are short-term facility rentals for event days and are not non-cancellation term leases. The current non-cancellable term leases will mature at different dates through December, 2023. The Organization enjoyed the use of some of the facilities with term lease agreements at no-rent or reduced-rent basis in 2022 and 2021. Donated rental benefits have been included in inkind revenues and expenses. The following table presents the minimum future payable amounts under the current non-cancellable lease agreements:

<u>Year ending December 31,</u>	<u>Amount</u>
2023	\$ 37,112
Thereafter	-
	<u>\$ 37,112</u>

Total rental expenses, including inkind rental expenses, for the years ended December 31, 2022 and 2021, was \$ 178,669 and \$66,438 respectively.

## 12. SUBSEQUENT EVENTS

Management has evaluated subsequent events through August 28, 2023. This was the date the financial statements were available to be issued. No events have occurred subsequent to the latest statement of financial position date, which would require adjustments to, or disclosure in, the financial statements.