

**SARVODAYA U.S.A. CORPORATION**

**FINANCIAL STATEMENTS**

**December 31, 2009 and 2008**

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## ACCOUNTANT'S REVIEW REPORT

To the Board of Directors  
Sarvodaya U.S.A. Corporation  
Madison, Wisconsin

We have reviewed the accompanying statements of financial position of Sarvodaya U.S.A. Corporation as of December 31, 2009 and 2008, and the related statements of activities, functional expenses, and cash flows for the years then ended, in accordance with Statements on Standards for Accounting and Review services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of Sarvodaya U.S.A. Corporation.

A review consists principally of inquiries of Corporation personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with generally accepted accounting principles.

Wegner LLP  
Madison, Wisconsin  
February 12, 2010

**SARVODAYA U.S.A. CORPORATION**  
**STATEMENTS OF FINANCIAL POSITION**  
December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
<b>ASSETS</b>		
Cash	\$ 51,135	\$ 66,177
Accounts receivable	1,105	-
Unconditional promises to give - net	<u>55,328</u>	<u>2,500</u>
<b>Total assets</b>	<u><u>\$ 107,568</u></u>	<u><u>\$ 68,677</u></u>
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 1,695	\$ 1,192
<b>NET ASSETS</b>		
Undesignated	26,843	38,496
Board designated	<u>10,462</u>	<u>-</u>
Total unrestricted	37,305	38,496
Temporarily restricted	<u>68,568</u>	<u>28,989</u>
Total net assets	<u>105,873</u>	<u>67,485</u>
<b>Total liabilities and net assets</b>	<u><u>\$ 107,568</u></u>	<u><u>\$ 68,677</u></u>

See accountant's review report and accompanying notes.

**SARVODAYA U.S.A. CORPORATION**  
**STATEMENTS OF ACTIVITIES**  
Years ended December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
<b>UNRESTRICTED NET ASSETS</b>		
<b>SUPPORT AND REVENUE</b>		
Contributions	\$ 87,241	\$ 152,382
Other income	2,669	7,936
	<u>89,910</u>	<u>160,318</u>
Total unrestricted support and revenue	89,910	160,318
<b>EXPENSES</b>		
<b>Program services</b>		
Sri Lanka	62,765	120,767
Nepal	16,752	24,375
United States	11,289	24,506
	<u>90,806</u>	<u>169,648</u>
Total program services	90,806	169,648
<b>Supporting activities</b>		
Management and general	37,457	39,506
Fundraising	42,142	31,589
	<u>79,599</u>	<u>71,095</u>
Total supporting activities	79,599	71,095
Total expenses	170,405	240,743
Net assets released from restrictions		
Satisfaction of program restrictions	79,304	51,250
	<u>79,304</u>	<u>51,250</u>
Change in unrestricted net assets	(1,191)	(29,175)
<b>TEMPORARILY RESTRICTED NET ASSETS</b>		
Contributions	118,883	52,148
Net assets released from restrictions		
Satisfaction of program restrictions	(79,304)	(51,250)
	<u>39,579</u>	<u>898</u>
Change in temporarily restricted net assets	39,579	898
<b>Change in net assets</b>	38,388	(28,277)
Net assets- beginning of year	67,485	95,762
	<u>67,485</u>	<u>95,762</u>
<b>Net assets - end of year</b>	<u>\$ 105,873</u>	<u>\$ 67,485</u>

See accountant's review report and accompanying notes.

**SARVODAYA U.S.A. CORPORATION**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
Years ended December 31, 2009 and 2008

	Program Services				Supporting Activities			2009 Total Expenses
	Sri Lanka Program	Nepal Program	United States Outreach Program	Total Program Services	Management and General	Fundraising	Total Supporting Activities	
Personnel	\$ 8,927	\$ 8,927	\$ 8,926	\$ 26,780	\$ 11,996	\$ 9,513	\$ 21,509	\$ 48,289
Occupancy	-	-	-	-	1,786	1,190	2,976	2,976
Insurance	-	-	-	-	1,166	778	1,944	1,944
Travel	629	3,275	2,363	6,267	841	535	1,376	7,643
Professional services	-	-	-	-	6,685	-	6,685	6,685
Other operating expenses	-	-	-	-	14,983	30,126	45,109	45,109
Specific project grants	53,209	4,550	-	57,759	-	-	-	57,759
	<u>\$ 62,765</u>	<u>\$ 16,752</u>	<u>\$ 11,289</u>	<u>\$ 90,806</u>	<u>\$ 37,457</u>	<u>\$ 42,142</u>	<u>\$ 79,599</u>	<u>\$ 170,405</u>
	Program Services				Supporting Activities			2008 Total Expenses
	Sri Lanka Program	Nepal Program	United States Outreach Program	Total Program Services	Management and General	Fundraising	Total Supporting Activities	
Personnel	\$ 14,827	\$ 14,827	\$ 14,828	\$ 44,482	\$ 13,000	\$ 14,371	\$ 27,371	\$ 71,853
Occupancy	-	-	-	-	1,685	1,123	2,808	2,808
Insurance	-	-	-	-	1,165	776	1,941	1,941
Travel	23,715	6,548	9,678	39,941	4,245	2,702	6,947	46,888
Professional services	-	-	-	-	5,742	-	5,742	5,742
Other operating expenses	-	-	-	-	13,669	12,617	26,286	26,286
Specific project grants	82,225	3,000	-	85,225	-	-	-	85,225
Total expenses	<u>\$ 120,767</u>	<u>\$ 24,375</u>	<u>\$ 24,506</u>	<u>\$ 169,648</u>	<u>\$ 39,506</u>	<u>\$ 31,589</u>	<u>\$ 71,095</u>	<u>\$ 240,743</u>

See accountant's review report and accompanying notes.

**SARVODAYA U.S.A. CORPORATION**  
**STATEMENTS OF CASH FLOWS**  
Years ended December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 38,388	\$ (28,277)
Adjustments to reconcile change in net assets to net cash used in operating activities		
Amortization of discount of promises to give	1,752	-
Allowance for uncollectible promises to give	2,920	-
(Increase) decrease in accounts receivable	(1,105)	200
Increase in promises to give	(57,500)	(2,500)
Increase (decrease) in accounts payable and accrued expenses	<u>503</u>	<u>(3,170)</u>
<b>Net cash used in operating activities</b>	(15,042)	(33,747)
Cash - beginning of year	<u>66,177</u>	<u>99,924</u>
<b>Cash - end of year</b>	<u>\$ 51,135</u>	<u>\$ 66,177</u>

See accountant's review report and accompanying notes.

**SARVODAYA U.S.A. CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2009 and 2008

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Sarvodaya U.S.A. Corporation is part of a network of non-profit organizations around the world inspired by the Sarvodaya Shramadana Movement of Sri Lanka (LJSSS). The movement works toward a vision of inclusive, healthy, and sustainable communities where individuals and organizations act together to overcome political, cultural, geographic, socioeconomic, and religious divisions to support quality of life for all. Sarvodaya U.S.A.'s primary source of revenue is contributions from the general public. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

**NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation**

Sarvodaya U.S.A. is required to report information regarding its financial position and activities according to three classes of net assets:

*Unrestricted net assets*—Net assets that are not restricted by donors. Designations are voluntary board-approved segregations of unrestricted net assets for specific purposes, projects, or investments.

*Temporarily restricted net assets*—Net assets whose use has been limited by donor-imposed time restrictions or purpose restrictions.

*Permanently restricted net assets*—Net assets that have been restricted by donors to be maintained by Sarvodaya U.S.A. in perpetuity.

**Contributions**

Contributions received are recorded as increases in unrestricted, temporarily restricted or permanently restricted net assets, depending on the existence and/or nature of any donor restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

**Estimates**

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Donated Services**

No amounts have been reflected in the financial statements for donated services. Sarvodaya U.S.A. generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist Sarvodaya U.S.A. with specific programs. Sarvodaya U.S.A. estimates that it received more than 15,000 and 460 volunteer hours valued at \$150,000 and \$4,600 in 2009 and 2008.

**SARVODAYA U.S.A. CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2009 and 2008

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NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**Functional Allocation of Expenses**

The costs of Sarvodaya U.S.A.'s programs and other activities have been summarized on a functional basis in the statements of activities and in the statements of functional expenses. Accordingly, certain costs have been allocated among the program services and supporting activities benefited. The following describes those activities:

**Sri Lanka Program**—Sarvodaya U.S.A. works in many different aspects in Sri Lanka to support the Sarvodaya Shramadana movement there. The grants support tsunami rehabilitation and reconstruction activities, conflict resolution and peace building activities, as well as specific housing projects and welfare centers such as day care centers, nutritional centers, orphanages, vocational training centers, homes for the elders, homes for teenage mothers and their babies and a school for the deaf.

**Nepal Program**—Sarvodaya U.S.A. helps support The Jyotidaya Co-operative School, located in Katmandu Valley, which is based on the principles of the Sarvodaya Shramadana movement and seeks to provide a middle path between the extremes of expensive private school and low-quality public education. Jyotidaya serves some of the most under privileged population in Chapagaun and surrounding villages. More than 40 orphans and children from economically disadvantaged families receive free education despite severe disparities in resource attainment.

**United States Outreach Program**—Because the principles promoted by the Sarvodaya Shramadana movement can be practiced anywhere in the world, Sarvodaya U.S.A. works to educate others and raise awareness by speaking tours, books, curriculum and other products available to schools, universities, community service groups, religious congregations and the public at large.

**Management and General**—These activities include the functions necessary to ensure an adequate working environment, manage the financial and budgetary responsibilities of Sarvodaya U.S.A., and represent it within the community.

**Fundraising**—These activities include the cultivation of new donors, the creation and coordination of direct mail solicitations, and planned giving activities.

**Promises to Give**

Unconditional promises to give consist of contributions due from individuals and foundations. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

On a periodic basis, Sarvodaya U.S.A. provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. For 2009, management recorded an allowance for uncollectible amounts of 5% of unconditional promises to give receivable in more than one year. No allowance for uncollectible amounts was recorded for 2008.

**SARVODAYA U.S.A. CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2009 and 2008

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**NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Income Taxes**

Sarvodaya U.S.A. is an exempt public charity under Section 501(c)(3) of the Internal Revenue Code and therefore is not subject to federal and state income or franchise taxes. However, income from certain activities not directly related to Sarvodaya U.S.A.'s tax-exempt purpose is subject to taxation as unrelated business income. Sarvodaya U.S.A.'s federal exempt organization returns are subject to examination by the Internal Revenue Service, generally for three years after they are filed. Sarvodaya U.S.A. is no longer subject to such examinations for years before 2006.

**Reclassifications**

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements.

**Date of Management's Review**

Management has evaluated subsequent events through February 12, 2010, the date which the financial statements were available to be issued.

**NOTE 2 — OPERATING LEASE**

Sarvodaya U.S.A. has a lease for its office space through December 2010 for \$255 per month. Rent expense for 2009 and 2008 was \$2,976 and \$2,808.

**NOTE 3 — UNCONDITIONAL PROMISES TO GIVE**

Unconditional promises to give at December 31, 2009 and 2008 consisted of the following:

	2009	2008
Amounts receivable in		
Less than one year	\$ 20,000	\$ 2,500
One to five years	40,000	-
	60,000	2,500
Promises to give	60,000	2,500
Less discount to net present value	1,752	-
Less allowance for uncollectible amounts	2,920	-
	\$ 55,328	\$ 2,500
Unconditional promises to give - net		

Unconditional promises to give receivable in more than one year were discounted at 3% for 2009.

**SARVODAYA U.S.A. CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2009 and 2008

**NOTE 4 — NET ASSETS**

Temporarily restricted net assets are available for the following purposes or periods:

	2009	2008
<b>Sri Lanka Program</b>		
Peace projects	\$ 4,585	\$ 3,257
Emergency relief	3,256	-
Women's empowerment	3,146	2,205
Suwasetha program for the needy	397	-
Ma-Sevana teenage mothers home	284	-
Community capacity	112	3,212
Sarvodaya Sri Lanka fund	74	9,000
Tsunami relief	45	4,835
Social services	-	822
Other projects	14	-
<b>Nepal Program</b>		
Disaster relief	1,057	3,158
Children sponsorship	270	-
<b>Time restrictions</b>		
For subsequent years' activities	55,328	2,500
Temporarily restricted net assets	\$ 68,568	\$ 28,989

Board designated net assets at December 31, 2009 and 2008 consisted of the following:

	2009	2008
Micro-enterprise development programs in Nepal	\$ 7,462	\$ -
Training and capacity building in Nepal	3,000	-
Board designated net assets	\$ 10,462	\$ -

**NOTE 5 — ECONOMIC DEPENDENCY**

Sarvodaya U.S.A. received approximately 36% of its revenue in 2009 from the Tan Teo Charitable Foundation. A significant reduction in the amount of this support may have an adverse effect on the organization's programs and activities.