

HIMALAYAN CHILDREN'S FUND
REPORT AND FINANCIAL STATEMENTS
JUNE 30, 2021

HIMALAYAN CHILDREN'S FUND

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Himalayan Children's Fund

Report on the Financial Statements

We have audited the accompanying financial statements of Himalayan Children's Fund (the Organization), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

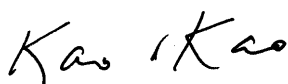
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Himalayan Children's Fund as of June 30, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with U.S. generally accepted accounting principles.



Kao & Kao
Santa Monica, California
April 30, 2022

HIMALAYAN CHILDREN'S FUND
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2021

ASSETS

Cash and cash equivalents	\$ 98,367
Investments (Note 3)	2,615,458
Property and equipment (Note 4)	-
	<hr/>
Total assets	\$ <u>2,713,825</u>

LIABILITIES AND NET ASSETS

Net assets:

Without donor restrictions	\$ <u>2,713,825</u>
Total net assets	<u>2,713,825</u>
	<hr/>
Total liabilities and net assets	\$ <u>2,713,825</u>

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

HIMALAYAN CHILDREN'S FUND
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

Support and revenue:	
Support:	
Contributions	\$ 425,685
Total contributions	<u>425,685</u>
Revenue:	
Interest, dividends and other revenue	35,334
Realized gains and losses on investments, net	106,363
Unrealized gains and losses on investments, net	<u>469,184</u>
Total revenue	<u>610,881</u>
Total support and revenue	<u>1,036,566</u>
Expenses:	
Program services	
Support for education, food, clothing, medicine, etc	<u>420,875</u>
Total program services	<u>420,875</u>
Supporting services	
Management and general	<u>52,624</u>
Total supporting services	<u>52,624</u>
Total expenses	<u>473,499</u>
Change in net assets	563,067
Net assets at beginning of year	<u>2,150,758</u>
Net assets at end of year	<u>\$ 2,713,825</u>

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

HIMALAYAN CHILDREN'S FUND
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Program services</u>	<u>Management and general</u>	<u>Total</u>
Support for education, food, clothing, medicine, etc:			
Thrangu Tashi Choling Monastery & Tara Abbey, Nepal	\$ 154,353	\$ -	\$ 154,353
Thrangu Monastery & Nunnery, Tibet	29,945	-	29,945
Vajra Vidya Institute, India	26,353		26,353
Pullahari Drubkhang Monastery, India	19,160	-	19,160
Shree Mangal Dvip Boarding School, Nepal	191,064	-	191,064
Salaries and related expenses		38,754	38,754
Professional fee	-	9,352	9,352
Postage and mailing	-	336	336
Travel and transportation expense	-	-	-
Depreciation	-	197	197
Other operating expenses	-	3,985	3,985
Total expenses	<u>\$ 420,875</u>	<u>\$ 52,624</u>	<u>\$ 473,499</u>

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

HIMALAYAN CHILDREN'S FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021

Cash flows from operating activities:

Change in net assets \$ 563,067

Adjustments to reconcile change in net assets to net cash
used in operating activities:

Realized and unrealized gains and losses on investments, net	(575,547)
Depreciation	197
Donated investments	(3,052)

Net cash (used for) operating activities	<u>(578,402)</u>
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Cash flows from investing activities:

Purchase of investments	(304,671)
Proceed from sale of investments	<u>375,598</u>
Net cash from investing activities	<u>70,927</u>

Net increase in cash and cash equivalents	55,592
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Cash and cash equivalents at beginning of year	<u>42,775</u>
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Cash and cash equivalents at the end of the year	<u>\$ 98,367</u>
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Cash paid during the year for

Interest	-
Income Taxes	-

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

HIMALAYAN CHILDREN'S FUND
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES:

Nature of activities

The Himalayan Children's Fund (the Organization), a California nonprofit corporation was incorporated in 1987 by students of Venerable Thrangu Rinpoche. The Organization provides support for education, food, clothing, medicine and other needs to equip the children and adults with the tools necessary for life enhancement while helping to preserve the culture of the people which is primarily of Tibetan and Buddhist heritage in Tibet, India and Nepal. The Organization is funded primarily through contributions and grants.

Basis of presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles.

The Organization implemented Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958) - *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return.

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

Net Assets Without Donor Restrictions - Net assets available for use in the general operations and not subject to donor restrictions.

Net Assets with Donor Restrictions - Net assets subject to donor-imposed restrictions. Some donor imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

At June 30, 2021, all net assets are without donor restriction.

HIMALAYAN CHILDREN'S FUND
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES
(continued):

Revenue and Revenue Recognition

The Organization receives substantially all of its revenue from direct donations. Contributions are measured at their fair value at the date of contribution and are reported as an increase in net assets. The Organization reports gifts of cash or other assets in the category designated by the donor, either without or with restrictions. The Organization reports gifts of goods and equipment as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Absent explicit donor stipulation about how the contributions are to be spent, the Organization reports these contributions as without donor restrictions. At June 30, 2021, all contributions are available for unrestricted use.

Contributions, including unconditional promises to give, are recognized as revenue in the period the contribution is received. Conditional promises to give, that is, those with a measurable performance or other barrier and a right of return are not recognized until the conditions on which they depend have been met. At June 30, 2021, there are no conditional promises to give.

Contributed services

The Organization benefits from personal services provided by a substantial number of volunteers. Those volunteers have donated significant amounts of time and services in the Organization's program operations and in its fund-raising campaigns. However, the majority of the contributed services do not meet the criteria for recognition in financial statements. U.S. generally accepted accounting principles allow recognition of contributed services only if (a) the services create or enhance nonfinancial assets or (b) the services would have been purchased if not provided by contribution, require specialized skills, and are provided by individuals possessing those skills. There are no contributed services for the year ended June 30, 2021.

Use of estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Significant estimates and assumptions are used for, but not limited to, contractual allowance for accounts receivable and useful lives for depreciation. Due to the inherent uncertainty involved in making estimates, actual results reported in future periods may be different from these estimates.

HIMALAYAN CHILDREN'S FUND
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES
(continued):

Investments

Investments in debt securities, equity securities with readily determinable market values, are recorded at fair market value.

Investments are made according to the Investment Policy, Procedures and Objectives adopted by the Organization's Board of Directors. These guidelines provide for investment in equities and fixed income securities with performance measured against appropriate indices. A spending policy, adopted by the Organization, determines funds available for the purpose of investment management and consulting.

Investment purchases and sales are accounted for on a trade-date basis. Interest income is recorded when earned and dividends are recorded on the ex-dividend date.

The Organization records investments at fair value under the provisions of fair value measurement and disclosures codified in ASC 820.

The fair value of investments in securities traded on national securities exchanges is valued at the closing price on the last business day of the fiscal year.

Property and equipment

Acquisitions of equipment are recorded at cost. Maintenance and repairs that do not improve or extend the lives of equipment are charged to expense as incurred. When assets are sold or retired, their cost and related accumulated depreciation are removed from the accounts and any gain or loss is reported in the statement of activities. Provision for depreciation is computed on the straight-line method over lives of 3 to 5 years.

Income taxes

The Organization is a California nonprofit corporation, exempt from federal and state income tax under Section 501(c)(3) of the Internal Revenue Code (the Code) and corresponding state provision, and has been determined not to be a private foundation under Section 509(a)(1) of the Code.

The Organization is no longer subject to federal income tax examinations for the years ended prior to June 30, 2015 and no longer subject to state income tax examinations for the years ended prior to June 30, 2017.

Cash equivalents

For purpose of the statements of cash flows, the Organization records investments in money market funds as cash equivalents. Due to its short-term nature, fair value approximates carrying value.

HIMALAYAN CHILDREN'S FUND
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES
(continued):

Expense recognition and allocation

The cost of providing the Organization's programs and other activities is summarized on a functional basis in the statements of activities and statements of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions benefited.

General and administrative expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the Organization.

Fundraising costs are expensed as incurred, even though they may result in contributions received in future years. Advertising costs are expensed as incurred.

Subsequent events

Subsequent events are events or transactions that occur after the date of the statement of financial position but before financial statements are available to be issued. The Organization recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the statement of financial position, including the estimates inherent in the process of preparing the financial statements. The Organization's financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the statement of the financial position but arose after the date of the statement of financial position and before the financial statements are available to be issued.

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency stemming from a new strain of coronavirus ("COVID-19") and on March 11, 2020, the WHO classified the COVID-19 outbreak as a pandemic. The COVID-19 pandemic has triggered volatility in financial markets and has had a significant impact on the global economy and investment values. The Organization's investments fluctuate in response to changing market conditions, therefore the impact of the COVID-19 pandemic on investment values in subsequent periods, if any, cannot be determined. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report.

The Organization's management has evaluated subsequent events through April 30, 2022, the date the financial statements were available to issue and made any necessary adjustments and disclosures, as applicable.

HIMALAYAN CHILDREN'S FUND
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

NOTE 2 – FAIR VALUE MEASUREMENTS:

The Organization records its investment in accordance with Accounting Standards Codification(ASC) 820, *Fair Value Measurements and Disclosures*. ASC 820 defines fair value as the price that would be received to sell an asset or transfer a liability in an orderly transaction between market participants at the measurement date. ASC 820 also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. Three levels of inputs that may be used to measure fair value are established as follows:

- *Level 1* - Quoted prices in active markets for identical assets or liabilities. An active market for the asset or liability is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis.
- *Level 2* - Quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuations in which all significant inputs are observable in the market.
- *Level 3* - Valuation is modeled using significant inputs that are unobservable in the market. These unobservable inputs reflect the Organization's own estimates of assumptions that market participants would use in pricing the asset or liability.

When quoted market prices are available in an active market, securities are classified within Level 1 of the fair value hierarchy. If quoted prices are not available or accessible, then fair values are estimated using pricing models, matrix pricing or discounted cash flow models. The fair value of securities estimated using pricing models or matrix pricing is generally classified within Level 2 of the fair value hierarchy. When discounted cash flow models are used, there is limited activity or less transparency around inputs to the valuation and securities are classified within Level 3 of the fair value hierarchy.

The following is a description of the valuation methodologies used for instruments measured at fair value on a recurring basis and recognized in the accompanying statement of financial position, as well as the general classification of such instruments pursuant to the valuation hierarchy.

HIMALAYAN CHILDREN'S FUND
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

NOTE 2 – FAIR VALUE MEASUREMENTS (continued):

Registered investment companies (mutual funds)

Shares of registered investment company funds (or mutual funds) are valued at the net asset value (NAV) of the shares held by the Organization and valued at the closing price reported on the active market on which the individual securities are traded.

U.S. Government securities, mortgage-backed securities and other debt and equity securities

Fair value is based on quoted prices from applicable exchange. If quoted market price is not available, fair value is estimated using significant other observable inputs, which include broker quotes or evaluated price quotes received from pricing services.

The following tables set forth by level, within the fair value hierarchy, the Organization's assets at fair value as of June 30, 2021.

Assets at Fair Value as of June 30, 2021				
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual and stable value funds:				
Bond and bank loan funds	\$793,363	-	-	\$793,363
Index funds	87,079	-	-	87,079
International stock funds	555,651	-	-	555,651
Individual stocks & REITS	137,496	-	-	137,496
Domestic stock funds	1,041,869	-	-	1,041,869
Total assets at fair value	\$2,615,458			\$2,615,458

Due to the short-term nature of cash equivalents, fair value approximates carrying value.

NOTE 3 – INVESTMENTS:

Investments are recorded at readily-determinable fair values and consist of the following at June 30, 2021:

Mutual funds	\$ 2,615,458
	\$ 2,615,458

HIMALAYAN CHILDREN'S FUND
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

NOTE 3 – INVESTMENTS (continued):

Activities in the investments during the year were as following:

	June 30, 2021
Balance, beginning of year	\$ 2,107,786
Purchases of investments	304,671
Proceeds from sales of investments	(375,598)
Donated investment	3,052
Realized and unrealized gains on sales of investments	575,547
Balance, end of year	\$ 2,615,458

The Organization's investment portfolio is actively managed by professional investment advisers. The investment advisers constantly sell and purchase investments to achieve the desired portfolio mix and holdings. Their fee is based on a percentage of assets, not the volume of transactions.

NOTE 4 – PROPERTY AND EQUIPMENT:

Property and equipment consisted of the following at June 30, 2021:

Property and equipment	\$ 2,112
Less accumulated depreciation	(2,112)
	\$ -0-

The depreciation expense for the year ended June 30, 2021 was \$197.

HIMALAYAN CHILDREN’S FUND
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

NOTE 5 – CONCENTRATIONS OF RISK:

Amounts held in financial institutions occasionally are in excess of the Federal Deposit Insurance Corporation and Securities Investor Protection Corporation limits. The Organization deposits its cash with high quality financial institutions, and management believes the Organization is not exposed to significant credit risk on those amounts.

The majority of the Organization’s contributions and grants are received from corporations, foundations, and individuals located in the U.S. As such, the Organization’s ability to generate resources via contributions and grants is dependent upon the economic health of the U.S. An economic downturn could cause a decrease in contributions and grants that coincides with an increase in demand for the Organization’s services.

The Organization’s investments are subject to various risks, such as interest rate, credit, and overall market volatility risks. Further, because of the significance of the investments to the Organization’s financial position and the level of risk inherent in most investments, it is reasonably possible that changes in the values of these investments could occur in the near term and such changes could materially affect the amounts reported in the financial statements.

NOTE 12– LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that are without donor or other restrictions limiting their use, within one year of the statement of financial position are comprised as follows:

Cash and cash equivalents	\$ 98,367
Investments	<u>2,615,458</u>
	<u>\$ 2,713,825</u>

The Organization manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged.