



**THE AMERICAN  
HIMALAYAN FOUNDATION**  
**FINANCIAL STATEMENTS**  
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

# THE AMERICAN HIMALAYAN FOUNDATION

(A California Not-For-Profit Corporation)  
December 31, 2010 and 2009

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**INDEPENDENT AUDITORS' REPORT**

**The Board of Directors**  
**The American Himalayan Foundation**

We have audited the statements of financial position of the American Himalayan Foundation as of December 31, 2010 and 2009 and the related statements of activities and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of American Himalayan Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the American Himalayan Foundation as of December 31, 2010 and 2009 and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

*June 7, 2011*  
Danville, California

*Regalia & Associates*

# THE AMERICAN HIMALAYAN FOUNDATION

## Statements of Financial Position December 31, 2010 and 2009

	December 31,	
	2010	2009
<b>Assets</b>		
Cash and cash equivalents	\$ 6,845,302	\$ 4,087,634
Pledges receivable	180,912	2,100,000
Contributed airline mileage	7,331	15,674
Contributed Tibetan chests	27,215	27,215
Himalaya Books	18,255	18,930
Furniture, equipment and leasehold improvements, net	125,610	153,821
Life insurance, cash surrender value	945,023	769,593
	<u>\$ 8,149,648</u>	<u>\$ 7,172,867</u>
Total assets		
<b>Liabilities and Net Assets</b>		
Liabilities:		
Accounts payable	\$ 80,047	\$ 13,346
Accrued employee vacation payable	95,723	83,020
Grants payable	419,199	647,335
Deferred rent credit	49,185	59,916
	<u>644,154</u>	<u>803,617</u>
Total liabilities		
Net assets:		
Unrestricted	6,953,405	5,942,769
Temporarily restricted	327,089	201,481
Permanently restricted	225,000	225,000
	<u>7,505,494</u>	<u>6,369,250</u>
Total net assets		
Total liabilities and net assets	<u>\$ 8,149,648</u>	<u>\$ 7,172,867</u>

# THE AMERICAN HIMALAYAN FOUNDATION

## Statements of Activities and Changes in Net Assets Years ended December 31, 2010 and 2009

	2010				2009			
	Unrestricted	Temporarily restricted	Permanently restricted	Total	Unrestricted	Temporarily restricted	Permanently restricted	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Revenues, gains and other support:								
Contributions	3,110,079	1,102,845	-	4,212,924	3,084,769	557,592	-	3,642,361
In-kind contributions	205,642	-	-	205,642	205,642	-	-	205,642
Contributions from affiliates	200,000	-	-	200,000	200,000	-	-	200,000
Total contributed income	3,515,721	1,102,845	-	4,618,566	3,490,411	557,592	-	4,048,003
Special events	642,804	-	-	642,804	857,399	-	-	857,399
Investment income	3,616	-	-	3,616	2,679	-	-	2,679
Gain (loss) from sale of donated securities	(318)	-	-	(318)	1,321	-	-	1,321
Gain (loss) from life insurance performance	124,752	-	-	124,752	219,749	-	-	219,749
Net assets released from restrictions	977,237	(977,237)	-	-	775,651	(775,651)	-	-
Total revenues, gains and other support	5,263,812	125,608	-	5,389,420	5,347,210	(218,059)	-	5,129,151
Expenses:								
Program Expenses:								
I. Schools and Scholarships								
1. RHEST / Stop Girl Trafficking	714,384	-	-	714,384	619,699	-	-	619,699
2. In Honor of Amar College Scholarships	168,428	-	-	168,428	122,888	-	-	122,888
3. Medical Scholarships and Training	47,177	-	-	47,177	35,819	-	-	35,819
4. Tibetan College Scholarships	25,401	-	-	25,401	19,683	-	-	19,683
5. Other Scholarships	29,093	-	-	29,093	16,840	-	-	16,840
6. Schools, Nepal	13,000	-	-	13,000	13,000	-	-	13,000
7. Schools / Training for Disabled Children	55,431	-	-	55,431	39,245	-	-	39,245
8. Homes / Schools for Orphans and Street Children	172,428	-	-	172,428	168,201	-	-	168,201
II. Hospitals and Clinics, Nepal								
1. Hospital and Rehabilitation Center for Disabled Children	275,000	-	-	275,000	250,000	-	-	250,000
2. Friends of Shanta Bhawan Clinic	82,344	-	-	82,344	78,645	-	-	78,645
3. Medical and Eye Care	29,204	-	-	29,204	79,727	-	-	79,727
III. Mustang								
1. Day Care Centers	54,756	-	-	54,756	52,154	-	-	52,154
2. Schools	52,317	-	-	52,317	43,593	-	-	43,593
3. Monastic Schools	79,743	-	-	79,743	83,130	-	-	83,130
4. Cultural Heritage Conservation								
a. Gompa Restoration	43,603	-	-	43,603	208,693	-	-	208,693

See accompanying auditors' report and notes to financial statements

# THE AMERICAN HIMALAYAN FOUNDATION

## Statements of Activities and Changes in Net Assets Years ended December 31, 2010 and 2009

	2010			2009				
	Unrestricted	Temporarily restricted	Permanently restricted	Total	Unrestricted	Temporarily restricted	Permanently restricted	Total
b. Lo Manthang Wall and Drainage	\$ 12,688	\$ -	\$ -	\$ 12,688	\$ 62,985	\$ -	\$ -	\$ 62,985
c. Mustang Documentary	-	-	-	-	16,078	-	-	16,078
5. Health Care	68,726	-	-	68,726	64,744	-	-	64,744
6. Youth Groups	53,686	-	-	53,686	53,216	-	-	53,216
7. Lo Gylapo Foundation Oversight	2,202	-	-	2,202	2,316	-	-	2,316
IV. Everest Area: Schools/Health Care/Cultural Conservation	142,878	-	-	142,878	228,559	-	-	228,559
V. Tibetan Refugee Settlements:								
1. Tibetan Enterprise Fund	28,666	-	-	28,666	-	-	-	-
2. Schools / Care for Elders	136,340	-	-	136,340	116,431	-	-	116,431
3. Emergency Fund	5,000	-	-	5,000	3,333	-	-	3,333
4. Tibetan Community Center	25,000	-	-	25,000	-	-	-	-
VI. In Tibet: Schools, Health Care, Bridges, Elders								
1. Dilgo Kyentse Fellowship	34,090	-	-	34,090	53,745	-	-	53,745
2. Yushu	22,762	-	-	22,762	133,025	-	-	133,025
VII. Monasteries and Nunneries, Nepal, India & Mongolia								
VIII. Saving Wildlife	47,320	-	-	47,320	67,359	-	-	67,359
IX. Green Technologies	17,834	-	-	17,834	6,021	-	-	6,021
X. Microcredit for Women	10,813	-	-	10,813	9,301	-	-	9,301
XI. Kathmandu Based Technical Support	-	-	-	-	22,973	-	-	22,973
XII. Mongolia Project Development	231,368	-	-	231,368	191,577	-	-	191,577
XIII. Program Technical Assistance	-	-	-	-	1,500	-	-	1,500
XIV. Program Oversight	184,221	-	-	184,221	165,791	-	-	165,791
XV. Currency Fluctuation	399,985	-	-	399,985	342,131	-	-	342,131
	15,118	-	-	15,118	6,010	-	-	6,010
Total program expenses	3,281,006	-	-	3,281,006	3,378,412	-	-	3,378,412
Special event expenses direct	173,579	-	-	173,579	251,612	-	-	251,612
Other fundraising expenses	583,901	-	-	583,901	555,028	-	-	555,028
Total fundraising expenses	757,480	-	-	757,480	806,640	-	-	806,640
Management and general administrative expenses	214,690	-	-	214,690	193,774	-	-	193,774
Total expenses	4,253,176	-	-	4,253,176	4,378,826	-	-	4,378,826
Increase (decrease) in net assets	1,010,636	125,608	-	1,136,244	968,384	(218,059)	-	750,325
Net assets at beginning of year	5,942,769	201,481	225,000	6,369,250	4,974,385	419,540	225,000	5,618,925
Net assets at end of year	\$ 6,953,405	\$ 327,089	\$ 225,000	\$ 7,505,494	\$ 5,942,769	\$ 201,481	\$ 225,000	\$ 6,369,250

See accompanying auditors' report and notes to financial statements

# THE AMERICAN HIMALAYAN FOUNDATION

## Statements of Cash Flows Years ended December 31, 2010 and 2009

	2010	2009
<b>Cash flows from operating activities:</b>		
Increase in net assets	\$ 1,136,244	\$ 750,325
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities:		
Loss (gain) on sale of donated securities	318	(1,321)
Depreciation and amortization	32,280	31,595
Contributed securities	(107,053)	(139,340)
Changes in operating assets and liabilities:		
Decrease (increase) in pledges receivable	1,919,088	(2,100,000)
Decrease in accounts receivable	-	3,830
Decrease in contributed airline mileage	8,343	19,171
Decrease in book inventory	675	1,470
(Increase) in life insurance cash surrender value	(175,430)	(277,484)
Increase (decrease) in accounts payable	66,701	(99)
Increase in accrued employee vacation payable	12,703	12,965
(Decrease) increase in grants payable	(228,136)	594
(Decrease) in deferred rent credit	(10,731)	(10,731)
Net cash provided by (used in) operating activities	2,655,002	(1,709,025)
<b>Cash flows from investing activities:</b>		
Sale of donated securities	106,735	140,661
Purchase of furniture, equipment and leasehold improvements	(4,069)	(2,949)
Net cash provided by investing activities	102,666	137,712
Net increase (decrease) in cash and cash equivalents	2,757,668	(1,571,313)
Cash and cash equivalents at beginning of year	4,087,634	5,658,947
Cash and cash equivalents at end of year	\$ 6,845,302	\$ 4,087,634
Supplemental disclosure for noncash operating activities		
Donated securities	\$ 107,053	\$ 139,340

# THE AMERICAN HIMALAYAN FOUNDATION

## Notes to Financial Statements December 31, 2010 and 2009

### 1. Organization

The American Himalayan Foundation (AHF) is a private not-for-profit corporation dedicated to helping the people and ecology of the Himalayas. AHF was founded in 1981 to respond to some of the basic problems affecting the people living in the Himalayan region, and this support includes building schools, planting trees, training doctors, funding hospitals, taking care of children and elderly, and restoring sacred sites throughout the Himalayas. AHF also assists and encourages Tibetans to rebuild and maintain their culture both in exile, and within Tibet. Funds are raised primarily through contributions and special events. AHF has received rulings from the Internal Revenue Service under Section 501(c)(3) and the State of California Franchise Tax Board under RTC Section 23701d granting exemption from federal income and state franchise taxation.

### 2. Summary of Significant Accounting Policies

#### Basis of Accounting

The financial statements of AHF have been prepared on the accrual basis of accounting and, accordingly, reflect all receivables, payables and other liabilities. Many of AHF's disbursements are converted to local Himalayan currency. However, all financial results reflected in the financial statements are reported in United States dollars.

#### Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Accounting Standards Codification (ASC) 958.205, *Presentation of Financial Statements of Not-for-Profit Entities*. Under ASC 958.205, AHF is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

#### Revenue Recognition

AHF records contributions in accordance with the recommendations of ASC 958.605, *Revenue Recognition of Not-for-Profit Entities*. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported on the statements of activities and changes in net assets as net assets released from restrictions.

#### 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 certain reported amounts and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Accordingly, actual results could differ from those estimates.

# THE AMERICAN HIMALAYAN FOUNDATION

## Notes to Financial Statements

### 2. Summary of Significant Accounting Policies (continued)

#### Cash and Cash Equivalents

Cash and cash equivalents include savings, cash deposits and money market accounts with maturity dates of three months or less. Occasionally, AHF is the recipient of donated securities. Investments and other securities received by gift are recorded at market value at the date of contribution in accordance with ASC 958.320, *Investments – Debt and Equity Securities of Not For Profit Organizations*. AHF converts such securities to liquid assets, and any realized gains or losses are separately stated on the statements of activities and changes in net assets.

#### Furniture, Equipment and Leasehold Improvements

Property and equipment purchased by AHF are recorded at cost or, if donated, at the approximate fair value at the date of donation. Repairs and maintenance are charged to expense as incurred. Furniture and equipment is depreciated using the straight-line method over the estimated useful lives of the assets (primarily three to seven years). Leasehold improvements are amortized using the straight-line method over the shorter of the lease term or the estimated useful life of the asset.

#### Income Taxes

Financial statement presentation follows the recommendations of ASC 740, *Income Taxes*. Under ASC 740, AHF is required to report information regarding its exposure to various tax positions taken by the organization and requires a two-step process that separates recognition from measurement. The first step is determining whether a tax position has met the recognition threshold; the second step is measuring a tax position that meets the recognition threshold. Management believes that the organization has adequately addressed all tax positions and that there are no unrecorded tax liabilities.

AHF has received notification from the Internal Revenue Service and the State of California that it qualifies for tax-exempt status under Section 501(c)(3) of the Internal Revenue Code and Section 27301d of the California Revenue and Taxation Code. This exemption is subject to periodic review by the federal and state taxing authorities and management is confident that the organization continues to satisfy all federal and state statutes in order to qualify for continued tax exemption status. AHF may periodically receive unrelated business income requiring the organization to file separate tax returns under federal and state statutes. Under such conditions, AHF calculates and accrues the applicable taxes payable.

#### Contributed Services

Volunteers donate a substantial amount of time to AHF. While significant in value, these services are not recorded in the financial statements since such time is not susceptible to objective measurement or valuation in accordance with ASC 958.30 *Gifts in Kind*.

#### Functional Allocation of Expenses

The costs of providing AHF's various programs and other activities have been summarized on a functional basis in the statements of activities and changes in net assets. Accordingly, administrative and overhead costs have been allocated among the programs and supporting services benefited.

# THE AMERICAN HIMALAYAN FOUNDATION

## Notes to Financial Statements

### 3. Cash and Cash Equivalents

Included in cash and cash equivalents of \$6,845,302 and \$4,087,634 at December 31, 2010 and 2009, respectively, were funds on deposit with financial institutions that were in excess of the amounts covered by insurance provided by the federal government. It is the opinion of management that the solvency of the referenced financial institutions is satisfactorily strong and that AHF's financial position will not be compromised.

### 4. Furniture, Equipment and Leasehold Improvements

Property and equipment consist of the following at December 31, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Office furniture	\$ 54,234	\$ 54,234
Computer equipment	55,913	51,844
Leasehold improvements	<u>272,778</u>	<u>272,778</u>
Subtotal	382,925	378,856
Accumulated depreciation and amortization	<u>(257,315)</u>	<u>(225,035)</u>
Furniture, equipment and leasehold improvements	<u>\$ 125,610</u>	<u>\$ 153,821</u>

Depreciation and amortization expense amounted to \$32,280 and \$31,595 for the years ended December 31, 2010 and 2009, respectively, and such amounts are reflected in management and general administrative expenses on the statements of activities and changes in net assets.

# THE AMERICAN HIMALAYAN FOUNDATION

## Notes to Financial Statements

### 5. Related Party Transactions

Richard C. Blum is Chairman of AHF, Blum Capital Partners, LP (Blum Capital) and Richard C. Blum and Associates, Inc. (affiliates).

Richard C. Blum, through the Blum Family Foundation, contributed \$4,295,000 in cash to AHF during the year ended December 31, 2010. Of this amount, \$2,020,000 was part of Richard C. Blum's 2009 pledge. Richard C. Blum contributed \$10,000 in cash and pledged an additional \$2,100,000 to AHF during the year ended December 31, 2009. Additionally, in each of 2010 and 2009, Richard C. Blum & Associates, Inc. contributed \$200,000 in cash to AHF. In the aggregate, contribution revenue for the ten-year period ended December 31, 2010 from such related parties covers in excess of 100% of management and general and other fundraising expenses of AHF.

Blum Capital advances payments to AHF's vendors and personnel for services necessary to accomplish the charitable goals of AHF. These services include processing payroll and employee benefits; providing office space, permitting the use of equipment and supplies; and providing administrative support. AHF reimburses Blum Capital for these expenses on a quarterly basis. Such expense reimbursements represented 75% and 80% of AHF's general program service, fundraising, and management and general expenses in 2010 and 2009, respectively.

In connection with the Blum Capital lease renewal, Blum Capital was provided with six months of free rent. AHF's portion of the lease incentive amounted to \$102,841, which has been recognized as a liability in a previous year and is being amortized on a straight-line basis over the life of the lease. The lease incentive is reflected as "deferred rent credit" on the statements of financial position and the unamortized balance amounted to \$49,185 and \$59,916 at December 31, 2010 and 2009, respectively. Amortization of deferred rent credit of \$10,731 for the years ended December 31, 2010 and 2009 is included in management and general administrative expenses on the statements of activities and changes in net assets.

### 6. Life Insurance, Cash Surrender Value

In February 2003, Richard C. Blum arranged for a \$10 million whole-life insurance policy to be taken out on his life with AHF as the beneficiary and owner of the policy. Mr. Blum, through the Blum Family Foundation, has paid all eight of the annual premiums of \$205,642 for the policy.

The \$205,642 premiums paid for the years ended December 31, 2010 and 2009 were treated as unrestricted donations and classified as in-kind contributions on AHF's financial statements. A cash surrender value of \$945,023 and \$769,593 remains as of December 31, 2010 and 2009, respectively. The balance is stated net of fees, premiums and unrealized appreciation (diminution) on the value of the underlying investments. Fees and premiums were included in management and general administrative expenses on the statements of activities and changes in net assets.

# THE AMERICAN HIMALAYAN FOUNDATION

## Notes to Financial Statements

### 7. Net Assets

AHF recognizes support from temporarily restricted net assets when the restrictions imposed by the donors have been satisfied or expired. Temporarily restricted net assets consist of the following as of December 31, 2010 and 2009:

	2010	2009
Restricted for projects	\$ 319,588	\$ 193,418
Restricted for scholarships	7,501	8,063
Total temporarily restricted net assets	<u>\$ 327,089</u>	<u>\$ 201,481</u>

Net assets released from restrictions amounted to \$977,237 and \$775,651 for the years ended December 31, 2010 and 2009, respectively.

Permanently restricted net assets consist of the following as of December 31, 2010 and 2009:

	2010	2009
Restricted for endowment purposes	\$ 225,000	\$ 225,000
Total permanently restricted net assets	<u>\$ 225,000</u>	<u>\$ 225,000</u>

These endowment funds, classified as permanently restricted net assets, represent funds that are subject to restrictions of gift instruments requiring that the principal be invested in perpetuity. By law, AHF is permitted to transfer all interest and realized/unrealized gains to unrestricted net assets.

### 8. Retirement Plan

All AHF employees participate in a retirement plan qualified under Internal Revenue Code Section 401(k). The plan has certain eligibility requirements and accepts rollover contributions, allows hardship distributions, and is otherwise regulated by Federal statutes which are periodically modified by Congress. AHF contributed \$29,158 and \$26,487 on behalf of participating employees to the plan for the years ended December 31, 2010 and 2009, respectively.

### 9. Compensated Absences (Accrued Payroll and Related Benefits)

Financial statement presentation follows the recommendations of ASC 710.25, *Compensated Absences*. Under ASC 710.25, AHF is required to record a liability for the estimated amounts of compensation for future absences. Employees are permitted to accrue a specific number of hours of vacation which is payable upon termination of the employee. Sick leave is not paid upon termination. Annual leave accruals are recorded in the financial statements as an accrued liability on the statements of financial position based on hourly rates in effect at the end of the fiscal year.

### 10. Subsequent Events

In compliance with ASC 855, *Subsequent Events*, AHF has evaluated subsequent events through June 7, 2011, the date the financial statements were available to be issued, and, in the opinion of management, there are no subsequent events which need to be disclosed.