



NEPALI AMERICAN COMMUNITY CENTER, INC.

AUDITED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 & 2019

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**INDEPENDENT AUDITORS' REPORT
ON FINANCIAL STATEMENTS**

To the Board of Directors
Nepali American Community Center, Inc.
Manassas, Virginia

Report on Financial Statements

We have audited the accompanying financial statements of the Nepali American Community Center, Inc., which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities and change in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility

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

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.

To the Board of Directors
Nepali American Community Center, Inc.

Auditor's Responsibility – Continued

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 the Nepali American Community Center, Inc. as of December 31, 2020 and 2019, 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.



Frye & Company, CPAs
Manassas, Virginia
December 20, 2021

NEPALI AMERICAN COMMUNITY CENTER, INC.
STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2020 & 2019

	2020	2019
Assets		
Cash and cash equivalents	\$ 211,862	\$ 1,149,236
Prepaid expenses and deposits	849	50,000
Property and equipment:		
Land	980,195	-
Building and improvements	740,585	-
Property and equipment, at cost	1,720,780	-
Accumulated Depreciation	(15,756)	-
Property and equipment, net	1,705,024	-
Total Assets	\$ 1,917,735	\$ 1,199,236
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ -	\$ -
Deferred and unearned revenue	-	-
Total liabilities	-	-
Net assets		
Without donor restrictions	1,727,872	16,688
With donor restrictions	189,863	1,182,548
Total net assets	1,917,735	1,199,236
Total Liabilities and Net Assets	\$ 1,917,735	\$ 1,199,236

See accompanying auditors' report and notes to financial statements.

NEPALI AMERICAN COMMUNITY CENTER, INC.

**STATEMENTS OF ACTIVITIES
& CHANGE IN NET ASSETS**

YEARS ENDED DECEMBER 31, 2020 & 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total 2020	Without Donor Restrictions	With Donor Restrictions	Total 2019
Revenue and Support						
Contributions and donations	\$ 3,765	\$ 738,271	\$ 742,036	\$ 5,635	\$ 1,182,548	\$ 1,188,183
Program events and other income	7,135	-	7,135	53,962	-	53,962
Net assets released from restriction:						
Building fund and program support	<u>1,730,956</u>	<u>(1,730,956)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenue and support	1,741,856	(992,685)	749,171	59,597	1,182,548	1,242,145
Expense						
Program services:						
Center operations	29,487	-	29,487	42,276	-	42,276
Educational programs	<u>474</u>	<u>-</u>	<u>474</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total program services	29,961	-	29,961	42,276	-	42,276
Supporting services:						
Management and general	474	-	474	380	-	380
Fundraising (special events)	<u>237</u>	<u>-</u>	<u>237</u>	<u>253</u>	<u>-</u>	<u>253</u>
Total supporting services	<u>711</u>	<u>-</u>	<u>711</u>	<u>633</u>	<u>-</u>	<u>633</u>
Total expense	<u>30,672</u>	<u>-</u>	<u>30,672</u>	<u>42,909</u>	<u>-</u>	<u>42,909</u>
Change in Net Assets	1,711,184	(992,685)	718,499	16,688	1,182,548	1,199,236
Net assets, beginning of year	<u>16,688</u>	<u>1,182,548</u>	<u>1,199,236</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Assets, End of Year	<u>\$ 1,727,872</u>	<u>\$ 189,863</u>	<u>\$ 1,917,735</u>	<u>\$ 16,688</u>	<u>\$ 1,182,548</u>	<u>\$ 1,199,236</u>

See accompanying auditors' report and notes to financial statements.

NEPALI AMERICAN COMMUNITY CENTER, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

YEARS ENDED DECEMBER 31, 2020 & 2019

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	Program Services		Total Program Services	2020 Supporting Services		Total Supporting Services	Total Expenses 2020
	Center Operations	Educational Programs		Management & General	Fundraising (Special Events)		
Expenses							
Depreciation expense	\$ 15,756	\$ -	\$ 15,756	\$ -	\$ -	\$ -	\$ 15,756
Insurance expense	4,247	-	4,247	-	-	-	4,247
Repairs and maintenance	4,229	-	4,229	-	-	-	4,229
Supplies and materials	1,535	204	1,739	205	102	307	2,046
Rent expense	1,344	179	1,523	179	90	269	1,792
Utilities expense	1,699	-	1,699	-	-	-	1,699
Dues and subscriptions	347	47	394	46	23	69	463
Bank and credit card fees	304	40	344	41	20	61	405
Registration fees	26	4	30	3	2	5	35
Program expenses	-	-	-	-	-	-	-
2020 Total Expenses	\$ 29,487	\$ 474	\$ 29,961	\$ 474	\$ 237	\$ 711	\$ 30,672

See accompanying auditors' report and notes to financial statements.

NEPALI AMERICAN COMMUNITY CENTER, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED DECEMBER 31, 2020 & 2019

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	Program Services		Total Program Services	2019 Supporting Services		Total Supporting Services	Total Expenses 2019
	Center Operations	Educational Programs		Management & General	Fundraising (Special Events)		
Expenses							
Program expenses	\$ 40,375	\$ -	\$ 40,375	\$ -	\$ -	\$ -	\$ 40,375
Bank and credit card fees	677	-	677	136	90	226	903
Rent expense	649	-	649	130	86	216	865
Supplies and materials	312	-	312	62	42	104	416
Registration fees	263	-	263	52	35	87	350
Insurance expense	-	-	-	-	-	-	-
Repairs and maintenance	-	-	-	-	-	-	-
Utilities expense	-	-	-	-	-	-	-
Dues and subscriptions	-	-	-	-	-	-	-
Administrative and other	-	-	-	-	-	-	-
2019 Total Expenses	\$ 42,276	\$ -	\$ 42,276	\$ 380	\$ 253	\$ 633	\$ 42,909

See accompanying auditors' report and notes to financial statements.

NEPALI AMERICAN COMMUNITY CENTER, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2020 & 2019

	<u>2020</u>	<u>2019</u>
Cash Provided (Used) by Operating Activities		
Change in net assets	\$ 718,499	\$ 1,199,236
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation expense	15,756	-
Changes in assets and liabilities:		
Prepaid expenses and deposits	49,151	(50,000)
Accounts payable and accrued expenses	-	-
Deferred and unearned revenue	-	-
Total adjustments	<u>64,907</u>	<u>(50,000)</u>
Net cash provided (used) by operating activities	<u>783,406</u>	<u>1,149,236</u>
Cash Provided (Used) by Investing Activities		
Purchases of property and equipment	<u>(1,720,780)</u>	-
Net cash provided (used) by investing activities	<u>(1,720,780)</u>	-
Cash Provided (Used) by Financing Activities		
Principal borrowings (repayments on debt obligations)	<u>-</u>	<u>-</u>
Net cash provided (used) by financing activities	<u>-</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>(937,374)</u>	<u>1,149,236</u>
Cash and cash equivalents, beginning of year	<u>1,149,236</u>	<u>-</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 211,862</u></u>	<u><u>\$ 1,149,236</u></u>
Supplemental Cash Flows Information:		
Cash paid for interest	<u>\$ -</u>	<u>\$ -</u>
Cash paid for income taxes	<u>\$ -</u>	<u>\$ -</u>
Supplemental Non-Cash Activities:		
In-kind donations, facilities, and contributed services	<u>\$ -</u>	<u>\$ -</u>
Donated assets at estimated fair value at time of donation	<u>\$ -</u>	<u>\$ -</u>

See accompanying auditors' report and notes to financial statements.

NEPALI AMERICAN COMMUNITY CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 & 2019

Note A – Center and Activities

Center: The Nepali American Community Center, Inc. (the Center) was founded established by local community members, organizations, and friends from around the world. The Center was incorporated in the Commonwealth of Virginia in April 2019. The Center was established as a charitable and educational organization under Internal Revenue Code (IRC) Section 501(c)(3). The Center’s purpose is to preserve and promote Nepali identity, culture, languages, social, and value norms and mannerisms as well as operate a facility for social, educational, cultural, spiritual, and sporting programs and activities. The Center carries out its mission through the acquisition and maintenance of a facility for community members to carryout activities consistent with the Center’s exempt purpose. The Center acquired a facility for its program activities which are managed by the Center’s board of directors.

Note B – Summary of Significant Accounting Policies

Basis of Accounting and Presentation: The Center prepares its financial statements on the accrual basis of accounting. Consequently, revenue is recognized when earned and expenses when obligations are incurred.

Revenue Recognition: The Center recognizes revenue when earned in accordance with the accrual basis of accounting. Contributory support, including in-kind donations and certain grants, are recognized in the period in which an unconditional promise-to-give is known or when a contribution is received, at the earliest point the contribution is both determinable and measurable. In-kind donations and contributed services are recognized at fair value at the time of donation. Grants are reviewed by management to determine if the income is either contributory support or earned income based upon the nature of the award. Contributions and donations that are restricted by donors and the donor’s stipulations are not met by the end of the reporting period are reflected as net assets with donor restrictions based upon the nature of the donors’ restrictions.

Income Tax Status: The Center obtained a favorable tax determination letter from the Internal Revenue Service (IRS) in April 2019 setting forth Center’s income tax exemption under IRC Section 501(c)(3) effective March 2019. The Center also received an advance ruling as a publicly supported charity under IRC Section 509(a)(2). However, any activities unrelated to Center’s tax exemption are subject to income taxes. The Center reported no significant unrelated business income for the years ended December 31, 2020 and 2019. Although the Center has not received any notice of intent to examine its tax returns, the Center’s tax returns remain subject to examination or review by tax authorities pursuant to various statutes of limitation. Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Center and to recognize a tax liability (or asset) if the Center has taken uncertain tax positions that would more likely than not be sustained upon examination.

NEPALI AMERICAN COMMUNITY CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 & 2019

Note B – Summary of Significant Accounting Policies – Continued

Income Tax Status – Continued: Management is unaware of any significant uncertain tax positions arising during the years ended December 31, 2020 and 2019 that are more likely than not to be sustained should the Center's tax returns be subject to examination. Accordingly, the Center also did not incur or accrue any significant penalties or interest associated with uncertain tax positions during the years ended December 31, 2020 and 2019.

Cash and Cash Equivalents: For financial statement purposes, Center considers highly liquid debt instruments with maturities of three months or less, including money market funds, to be cash equivalents. The Center may at times have cash balance in excess of federal depository insurance.

Accounts Receivables: The Center's accounts receivable consist primarily of amounts due from pledges and sponsorships. The Center reports its accounts receivable at their net realizable value by periodically reviewing an aging of its accounts receivable for collection purposes. Pledge receivables may also be discounted to net present value. The Center reported no significant accounts receivable as of December 31, 2020 and 2019 and thus, an allowance for doubtful accounts was unnecessary. Additionally, no significant bad debts expense was recognized during the years ended December 31, 2020 and 2019.

Prepaid Expenses and Deposits: Prepaid expenses consist of rent, insurance, maintenance and other service agreements paid in advance. Deposits consists of refundable security and other deposits that are generally recoverable or refundable.

Property and Equipment: Property and equipment acquisitions are capitalized at cost or estimated fair value at the time of donation and reported net of accumulated depreciation. The Center's policy is to determine depreciation based upon the straight-line method over each asset's estimated useful life, which range from 5 years for equipment, 15 years for improvements, and 39 years for buildings. Depreciation expense was approximately \$15,800 and \$-0-, respectively during the years ended December 31, 2020 and 2019. Expenditures for repairs and maintenance that do not extend the useful life of an asset, small items, and supplies are expensed as incurred. The Center reported no significant gains or losses on the dispositions of property and equipment.

Net Assets: The Center classifies its net assets based upon the existence or lack of donor-imposed restrictions. When the Center receives contributory support that are restricted by the donor or limited as to their use and the Center has not met the donor's restriction by the end of the reporting period, the Center reports these amounts as net assets with donor restrictions. Restricted net assets in which the Center has met the donor's stipulations during the fiscal years are reflected as net assets released from restriction in the accompanying financial statements. Any restricted amounts received and released from restriction in the same reporting period are reported as net assets without donor restrictions. The components of the Center's net assets are as follows:

NEPALI AMERICAN COMMUNITY CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 & 2019

Note B – Summary of Significant Accounting Policies – Continued

Net Assets – Continued:

- *Without donor restrictions* – Represents unrestricted resources that are available to support the Center’s operations at the discretion of the Center’s board of directors. The Center’s board of directors may from time-to-time internally designate a portion of the Center’s net assets without donor restrictions for specific programs or purposes. As of December 31, 2020 and 2019, the Center reported no significant internally designated funds.
- *With donor restrictions* – Represents contributions and interest earned on investments with donor restriction that are restricted by the donor or grantor for specific purposes or to be used over a specified period of time. Net assets with donor restrictions are released from restriction by either the passage of time on time restricted support or by the Center using the funds in accordance with the donor or grantor’s requirements on purpose restricted support. Net assets with restrictions that are received and released from restriction during the same years are reported as unrestricted revenue and support. As of December 31, 2020 and 2019, the Center reported approximately \$189,900 and \$1,182,500, respectively, of net assets with donor restrictions for building and educational funds.

Contributions and Donations: Contributions and donations are recognized in the period in which an unconditional promise-to-give is known or when a contribution is received, at the earliest point the donation is both determinable and measurable by the Center. Contributions, including any in-kind donations, donated facilities, and contributed services, are measured at fair value and recognized as net assets without donor restrictions or net assets with donor restrictions based upon the existence or lack of donor-imposed restrictions. Net assets with restrictions both received and released during the same reporting years are reflected as net assets without donor restrictions. Net assets with donor restrictions carried over from prior years that are released during the current report period are reflected as net assets released from restriction. Grants are treated as either contributory support or earned income depending upon the nature and terms of the grant agreement and other related awarding documentation, such as grant proposals and requests for proposal.

In-Kind Donations, Donated Facilities, and Contributed Services: In-kind donations, donated facilities, and contributed services are reflected at their estimated fair value at the time of donation, including any donated assets, which are capitalized at estimated fair value and depreciated over their remaining estimated useful lives. Contributed services that create or enhance nonfinancial assets and require specialized skills and are provided by those possessing such skills are recognized at their estimated fair values when determinable and measurable. Contributed services from volunteers and board members are not recognized in the accompanying financial statements when they do not meet the above criteria for recognition. During the years ended December 31, 2020 and 2019, the Center reported no significant in-kind donations, donated facilities, and contributed services.

NEPALI AMERICAN COMMUNITY CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 & 2019

Note B – Summary of Significant Accounting Policies – Continued

Intentions-to-Give: The Center received informal commitments from board members and community volunteers for contributions for the acquisition and maintenance of facilities to carrying out its exempt purpose. Management believes that the Center's solicitation for these informal commitments did not rise to the level of formal promises-to-give and funds had to be realized prior to the Center acquiring its facility. The board members and community volunteers did not commitment to a specific number of payments but notified the Center of its intention to give once a property was identified and the Center could acquire the property. The intentions-to-give were not legally enforceable by the Center and were conditioned upon the Center identifying and acquiring the property. As such, the Center treated these recurring contributions as intentions-to-give or conditional promises-to-give in which revenue was not recognized until the conditions were met and the contributions were both determinable and measurable, which generally occurred upon actual receipt of the intention-to-give by the Center.

Fair Value Measurements: The Center adopted a reporting framework for measuring and disclosing fair value measurements. Fair value measurement disclosures are required for assets and liabilities measured and reported at fair value in the financial statements. Management uses a fair value measurement hierarchy based upon the lowest level of any input that is significant to the measurement with Level 3 being the lowest level of recognition and also attempts to maximize the use of observable inputs and minimize unobservable, Level 3, inputs. Accordingly, the Center would classify any financial instruments measured at fair value in the following categories: Level 1, which refers to instruments traded in an active market, Level 2, which refers to instruments not traded on an active market but for which observable market inputs are readily available or Level 1 instruments where there is a contractual restriction, and Level 3, which refers to instruments not traded in an active market and for which no significant observable market inputs are available. As of December 31, 2020 and 2019, the Center reported no significant assets or liabilities were measured and reported at fair value on a recurring basis. Disclosures about estimated fair values and fair value measurements were determined by the Center and based upon pertinent market data and other information available as of December 31, 2020 and 2019. Considerable judgment is necessary to interpret market and financial data and to develop fair value measurements in certain circumstances. Although the Center is unaware of any factors that would significantly affect their estimates, the Center's estimates of fair values and underlying fair value measurements may not be indicative of amounts realized at disposition.

Advertising and Promotion: Advertising and promotion costs are expense as incurred, including any joint activity costs. Joint activity costs are allocated to the program and supporting services benefited based upon management's estimates employed in the functional allocation of expenses.

Functional Allocation of Expenses: The Center summarizes the cost of providing its various programs and activities on a functional basis in the accompanying financial statements.

NEPALI AMERICAN COMMUNITY CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 & 2019

Note B – Summary of Significant Accounting Policies – Continued

Functional Allocation of Expenses – Continued: Accordingly, certain expenses were allocated to the program and supporting services benefited as reflected in the statement of functional expenses. Expenses are allocated on a reasonable basis that is consistently applied by management. Expenses that are allocated include operating costs, depreciation, and other expenses which were allocated based upon estimates of time and efforts devoted to the functional categories. Significant estimates are required and employed by management to functionally allocate expenses as reflected in the statements of functional expenses.

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 disclosures. Accordingly, actual results could differ from those estimates and the difference could be material.

Note C – Concentration of Risk

Cash Balances: Financial instruments that subject the Center to potential concentration of risk consist of deposits with banking institutions that exceed the federal insurance available for such accounts. The Center reported approximately \$-0- and \$899,200, respectively, of cash balances in excess of federal insurance as of December 31, 2020 and 2019.

Revenue and Support: During the years ended December 31, 2020 and 2019, the Center received contributions from its largest donor totaling approximately \$51,000 (or 7%) and \$85,000 (or 7%), respectively, of the Center's total revenue and support. The Center relies heavily upon the contributions and volunteer services received from its board or directors and community members.

Note D – Related Party Transactions

The Center receives substantial support and volunteer services from its board of directors and members. During the years ended December 31, 2020 and 2019, a significant portion of the Center's revenue and support was from board of directors and community members.

Note E – Liquidity and Availability of Financial Assets

The following schedule reflects the Center's financial assets as of December 31, 2020 and 2019 reduced by amounts not available for general use due to contractual or donor-imposed restrictions within one years of the years ended December 31:

NEPALI AMERICAN COMMUNITY CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 & 2019

Note E – Liquidity and Availability of Financial Assets

	<u>2020</u>	<u>2019</u>
Financial assets at end of fiscal year	\$ 211,862	\$ 1,149,236
Amounts unavailable for general expenditure within one fiscal year of reporting period:		
Donor-restricted for program purpose	<u>189,863</u>	<u>1,182,548</u>
Financial assets available to meet cash needs for general expenditure within one fiscal year	<u>\$ 21,999</u>	<u>\$ (33,312)</u>

As part of the Center’s liquidity management, management may invest any excess funds in short-term investments, such as bank savings or money market funds or other securities.

Note F – Special Events

As part of its mission to preserve and promote Nepali identity, culture, languages, social, and value norms and mannerisms, the Center periodically holds special events and activities. During the years ended December 31, 2020 and 2019, the Center held certain special events and celebrations to further the preservation of the Nepali culture resulting in program and sponsorship income totaling approximately \$-0- and \$54,000, respectively. Additionally, direct program expenses of totaling approximately \$-0- and \$40,400, respectively, associated with the special program events during the years ended December 31, 2020 and 2019.

Note G – Intentions to Give

The Center received informal commitments from board members and community volunteers for contributions for the acquisition and maintenance of facilities to carrying out its exempt purpose. Management believes that the Center’s solicitation for these informal commitments did not rise to the level of formal promises-to-give and funds had to be realized prior to the Center acquiring its facility. The board members and community volunteers did not commitment to a specific number of payments but notified the Center of its intention to give once a property was identified and the Center could acquire the property. The intentions-to-give were not legally enforceable by the Center and were conditioned upon the Center identifying and acquiring the property. As such, the Center treated these recurring contributions as intentions-to-give or conditional promises-to-give in which revenue was not recognized until the conditions were met and the contributions were both determinable and measurable. The Center reported approximately \$736,800 and \$1,182,500, respectively, of contributions with donor restrictions earmarked for the building fund during the years ended December 31, 2020 and 2019.

NEPALI AMERICAN COMMUNITY CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 & 2019

Note H – Net Assets with Donor Restrictions

As of December 31, 2020 and 2019, the Center reported net assets with donor restrictions totaling approximately \$189,900 and \$1,182,500, respectively, consisting of the following as of December 31:

	2020	2019
Net assets with donor restrictions		
Building fund	\$ 188,378	\$1,182,548
Educational fund	1,485	-
	\$ 189,863	\$1,182,548

Net assets with donor restrictions are released from restriction either by the passage of time, if time restricted, or by the Center meeting the donors’ stipulations, is purpose restricted. Net assets with restrictions both received and released during the same reporting years are reflected as net assets without donor restrictions. Net assets with donor restrictions carried over from prior years that are released during the current report period are reflected as net assets released from restriction. The significant restricted contributions and net assets released from restrictions consist of the following as of December 31st:

	Building Fund	Educational Fund
Net assets with donor restrictions as of December 31, 2018	\$ -	\$ -
Contributions with donor restrictions during 2019	1,182,548	-
Release of net assets with donor restrictions during 2019	-	-
Net assets with donor restriction as of December 31, 2019	1,182,548	-
Contributions with donor restrictions during 2020	736,786	1,485
Release of net assets with donor restrictions during 2020	(1,730,956)	-
Net assets with donor restriction as of December 31, 2020	\$ 188,378	\$ 1,485

Note I – Commitments and Contingencies

Disputes and Disagreements: The Center is, from time to time, involved in various disputes or disagreements arising from the normal course of business that, in the opinion of management, will not have a significant impact upon the Center’s financial condition or activities.

NEPALI AMERICAN COMMUNITY CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 & 2019

Note J – Income Tax Considerations

Income Tax Status: The Center obtained a favorable tax determination letter from the Internal Revenue Service (IRS) in April 2019 setting forth Center's income tax exemption under IRC Section 501(c)(3) effective March 2019. The Center also received an advance ruling as a publicly supported charity under IRC Section 509(a)(2). However, any activities unrelated to Center's tax exemption are subject to income taxes. The Center reported no significant unrelated business income for the years ended December 31, 2020 and 2019.

Tax Contingencies: Although the Center has not received any notice of intent to examine its tax returns, the Center's tax returns remain subject to examination or review by tax authorities pursuant to various statutes of limitation. Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Center and to recognize a tax liability (or asset) if the Center has taken uncertain tax positions that would more likely than not be sustained upon examination. Management is unaware of any significant uncertain tax positions arising during the years ended December 31, 2020 and 2019 that are more likely than not to be sustained should the Center's tax returns be subject to examination. Accordingly, the Center also did not incur or accrue any significant penalties or interest associated with uncertain tax positions during the years ended December 31, 2020 and 2019.

Note K – Subsequent Events Evaluation

Management has evaluated subsequent events for the period January 1, 2021 through December 20, 2021, the date on which these financial statements were available to be issued and during this period, the Center continues to operate under the novel coronavirus public health emergency as declared by the World Health Center (WHO) and others. As such, there continues to be mandates from international, federal, state and local authorities requiring social distancing, travel and other public health requirements and restrictions. These requirements and restrictions continue to impact the manner in which business is conducted and could negatively impact the Center's operations. While the closures and limitations on movement, domestically and internationally, are expected to be temporary, the duration of these disruptions, and related financial impact, cannot be estimated at this time. Management continues to evaluate the impact of the COVID-19 pandemic on its operations and while it is possible that the novel coronavirus could have a negative effect on the Center, management is currently unable to determine the specific impact as of the date of these financial statements. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.