

**INTERNATIONAL ASSOCIATION
FOR HUMAN VALUES**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

INTERNATIONAL ASSOCIATION FOR HUMAN VALUES

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Balagan, Inc.
DBA Balagan Business & Tax Service
Certified Public Accountants

Independent Auditors' Report

To:
Board of Directors
International Association for Human Values

We have audited the accompanying financial statements of International Association for Human Values (a nonprofit organization) which comprise the statement of financial position as of December 31, 2017 and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Managements' Responsibility for the Financial Statements

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.

Auditors' 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 International Association for Human Values as of December 31, 2017 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Balagan, Inc.
DBA Balagan Business & Tax Service
Certified Public Accountants

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses on page 12 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Report on Summarized Comparative Information

We have previously audited IAHV's 2016 financial statements, and we expressed an unmodified opinion on those financial statements in our report dated September 19, 2017. In our opinion, the summarized comparative information presented herein as and for the year ended December 31, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Balagan Inc

Beltsville, MD
November 8, 2018

FINANCIAL STATEMENTS

INTERNATIONAL ASSOCIATION FOR HUMAN VALUES
Statement of Financial Position
December 31, 2017
(With Summarized Financial Information for December 31, 2016)

	2017	2016
<u>ASSETS</u>		
<u>Current Assets:</u>		
Cash and equivalents	\$ 2,407,992	\$ 2,094,142
Accounts Receivable	142,684	129,624
Other Investments	251,095	100,467
Prepaid Expense	5,987	10,338
Other Current Assets	77,305	
<u>Total Current Assets</u>	2,885,064	2,334,571
<u>Fixed Assets:</u>		
Furniture and equipment	17,794	17,794
Less: Accumulated Depreciation	(17,794)	(17,794)
<u>Net Fixed Assets</u>	-	-
<u>TOTAL ASSETS</u>	2,885,064	2,334,571
 <u>LIABILITIES AND NET ASSETS</u>		
<u>Current Liabilities:</u>		
Accounts Payable and Accrued Expenses	\$ 109,106	\$ 23,125
Payroll Liabilities	17,167	14,832
Credit Card Payable	8,826	9,666
<u>Total Current Liabilities</u>	135,099	47,623
<u>Net Assets</u>		
Unrestricted	1,674,962	1,475,055
Temporarily restricted	1,075,003	811,893
<u>Total Net Assets</u>	2,749,965	2,286,948
<u>TOTAL LIABILITIES AND NET ASSETS</u>	2,885,064	2,334,571

See accompanying notes to financial statements

INTERNATIONAL ASSOCIATION FOR HUMAN VALUES
Statement of Activities
For the Year Ended December 31, 2017
(with Summarized Financial Information for the Year Ended December 31, 2016)

			<u>2017</u>	<u>2016</u>
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>Total</u>
<u>Support and Revenue:</u>				
Donations and Contributions	\$ 591,813	\$ 624,740	\$ 1,216,553	\$ 764,340
Course Fee Income	872,284		872,284	776,614
Investment Income	26,100		26,100	15,859
Net Assets Released from Restrictions	361,630	(361,630)	-	-
<u>Total Support and Revenue</u>	<u>1,851,827</u>	<u>263,110</u>	<u>2,114,937</u>	<u>1,556,813</u>
<u>Expenses</u>				
Program expenses	1,586,694	-	1,586,694	1,297,493
Management and general	34,350	-	34,350	26,875
Fundraising	30,876	-	30,876	33,515
<u>Total Expenses</u>	<u>1,651,920</u>	<u>-</u>	<u>1,651,920</u>	<u>1,357,882</u>
<u>Change in Net Assets</u>	199,907	263,110	463,017	198,930
<u>Net Assets, Beginning of Year</u>	1,475,055	811,893	2,286,948	2,088,018
<u>Net Assets, End of Year</u>	<u>1,674,962</u>	<u>1,075,003</u>	<u>2,749,965</u>	<u>2,286,948</u>

See accompanying notes to financial statements

INTERNATIONAL ASSOCIATION FOR HUMAN VALUES
Statement of Cash Flows
For the Year Ended December 31, 2017
(with Summarized Financial Information for the Year Ended December 31, 2016)

	2017	2016
Cash flows from operating activities		
Change in Net Assets	\$ 463,017	\$ 198,930
Adjustments to reconcile change in Net Assets to Net Cash provided by operating activities:		
Unrealized (Gain)/ Loss	(14,923)	(9,788)
(Increase)/Decrease in Accounts Receivable	(13,061)	53,627
(Increase)/Decrease in Prepaid Expenses	4,351	4,973
(Increase)/Decrease in Other current assets	(77,305)	
Increase/(Decrease) in Accounts Payable	85,982	725
Increase/(Decrease) in Payroll Liabilities	2,335	(3,184)
	(12,622)	46,353
Net Cash provided by Financing Activities:		
Increase/(decrease) in Credit Card Payables	(840)	(4,094)
	(840)	(4,094)
Net Cash provided by Investing Activities:		
Purchase of Securities	(135,706)	(90,679)
	(135,706)	(90,679)
Net Increase in Cash and Cash Equivalents	313,850	150,511
Cash and equivalents, beginning of the year	2,094,142	1,943,632
Cash and equivalents, end of the year	2,407,992	2,094,142

See accompanying notes to financial statements

INTERNATIONAL ASSOCIATION FOR HUMAN VALUES (IAHV)
Notes to the Financial Statements
December 31, 2017

(1) Description of the Organization

International Association for Human Values (IAHV) is a Colorado State non-profit Organization chartered on October 07, 1998. The organization is exempted from Federal and State income taxes under the Internal Revenue Service Code section 501(c)(3). IAHV offers programs to reduce stress and to develop leadership among people and communities so that human values can flourish. IAHV fosters daily practice of human values – a sense of connectedness and respect for all people and for the natural environment, an attitude of non-violence, and an ethics of social service. Their programs enhance clarity of mind, shift attitudes and behavior, and develop leaders and communities that are resilient, responsible, and inspired.

IAHV Programs

IAHV offers the following programs in the United States – SKY Schools (Formerly YES! for Schools), SKY Campus Happiness Program for the Universities (formerly YESPlus) ‘PWHT’ (Project Welcome Home Troops), Prison program and Disaster and Trauma Relief.

The SKY Schools (Formerly YES! for Schools) program for Schools, develops in students and educators, healthy body, and mind, healthy lifestyle, and creates positive school communities. The ‘PWHT’ is a mind-body 'resilience building' program for returning veterans, offering practical 'breath-based' tools that decrease the stress, anxiety and sleep problems that many returning veterans are experiencing. The Prison program teaches prisoners how to manage their stress, aggression, and trauma, and how to build a foundation for a new life. The IAHV's Disaster and Trauma Relief program responds to natural and manmade disasters; IAHV collects funds and goods for immediate material aid and care; provides and supports trauma relief and stress management programs; and supports long-term rehabilitation.

IAHV also offers stress management programs (SKY Meditation) to the general public (separate programs for children, ART Excel and for teenagers, Youth Empowerment Seminar). IAHV supports emerging new initiatives, including documentaries, conferences and US-based community service initiatives that help in fostering human values.

IAHV supports education and rural development projects in other countries through ‘5H Program’ (Health, Homes, Hygiene, Human Values, Harmony in Diversity) and ‘YLTP program’ (Youth Leadership Training Program). The aim of the 5H program is to uplift individuals and communities so that they are becoming socially and economically self-reliant. YLTP is an innovative training program to channel youth energy to assume responsibility for their own lives and communities. IAHV also supports environment initiatives providing solar lights in the remotest areas (Light a Home), river rejuvenation, and training farmers in chemical free farming (Organic Cultivation)

The General Body of the organization elects minimum five and maximum nine board members who in turn elect the following principal officers, namely, the President, the Secretary and the Treasurer. At present, the following principal officers are holding their offices as follows:

President	: Mr. Jeff Houk,
Secretary	: Ms. William Hayden,
Treasurer	: Mr. Madhu Kadari ,
Executive Director	: Ms. Filiz Odabas-Geldiay,
Board Members	: Mr. Sneha Khanna, Kapil Bhatnagar and Mr. Kushal Choksi

The members of the board and the principal officers are holding their tenure of office for two years and are eligible for re-election. The General Body meets twice in a year.

INTERNATIONAL ASSOCIATION FOR HUMAN VALUES (IAHV)
Notes to the Financial Statements
December 31, 2017

(2) Summary of Significant Accounting Policies

Following is a summary of significant accounting policies of IAHV in the preparation of their financial statements.

Basis of Accounting and Presentation

IAHV records revenues and expenses on accrual basis. All accruals are reported in the balance sheet, accordingly.

Revenue Recognition

Revenue earned from Self-Development Seminars is recognized when earned. Program service fees and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed or expenditures incurred, respectively. Contributions are recognized when, cash, securities or other assets including unconditional promise to donate, or notification of beneficial interest, are received. Conditional promise to give is not recognized until such condition has been substantially met.

Use of Estimates

Financial statements are prepared in conformity with the accounting principles generally accepted in the United States of America which require the management to make estimates and assumptions that may affect certain reported amounts and disclosures. Accordingly, the actual results could differ from those estimates in the financial statements.

Fair Value Measurements

Financial Accounting Standards Board Statement No. 157, Fair Value Measurements (FASB Statement No. 157), establishes framework for measuring fair value. That frame work provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure the fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three level measurements of the fair value hierarchy under FASB Statement No. 157 are described below:

- Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the organization has the ability to access.
- Level 2 Inputs to the valuation methodology include:
 - Quoted prices for similar assets or liabilities in active markets;
 - Quoted prices for identical or similar assets or liabilities in inactive markets;
 - Inputs other than quoted prices that are observable for the asset or liability;
 - Inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable substantially.
- Level 3 Inputs to the valuation methodology are unobservable and not significant to the fair value measurement.

The fair value measurement level of the Assets and Liabilities within the fair value hierarchy is based on the lowest level of any input being significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

INTERNATIONAL ASSOCIATION FOR HUMAN VALUES (IAHV)
Notes to the Financial Statements
December 31, 2017

(2) Summary of Significant Accounting Policies (contd)

Income Taxes

IAHV is exempt from income taxes as an exempt organization under section 501(c) (3) of the Internal Revenue Code. Accordingly, no provision is being made for income taxes. Donations made to IAHV are tax deductible for the donors under IRC Sections 170(b)(1)(A)(vi) and (viii).

IAHV is subject to income tax return filing requirements (Form 990) in the U.S. and various relevant State jurisdictions. The Organization believes that it has no unrelated activity subjected to income tax assessment. Therefore, the management has not identified any uncertain income tax positions.

As of December 31, 2017, the organization's tax returns for 2014, 2015 and 2016 are open to examination by the tax authorities. With few exceptions, as of December 31, 2017, the Organization is no longer subject to U.S. Federal or State examinations by tax authorities for years prior to 2014.

Cash and Cash Equivalents

The Organization considers all high-liquid investments with an original or remaining maturity of three months or less from the date of purchases to be cash equivalents. Cash and cash equivalent consists of the following:

	<u>December 31, 2017</u>
Cash	\$ 2,364,974
Un-deposited Checks	5,000
Money Market Funds	38,018
Total	<u>\$ 2,407,992</u>

Account Receivable

Account receivable consists of course fees receivable. Management periodically reviews the status of all accounts receivable for collectability. Each balance is assessed based on management's knowledge of and relationship with the client and the age of the receivable balance. The management does not deem any of the receivable as uncollectible as at December 31, 2017 and accordingly has not made any provision for doubtful accounts.

Of the total Accounts Receivable, \$ 104,551 were over 60 days old as of 31st December, 2017.

INTERNATIONAL ASSOCIATION FOR HUMAN VALUES (IAHV)
Notes to the Financial Statements
December 31, 2017

(2) Summary of Significant Accounting Policies (contd)

Other Investments

Other investments comprised of mutual funds and fixed income securities. All these investments have been recorded at Fair Market Value in the financial statements. Following is the description of the valuation methodologies used for the measurement of fair value. There is no change in the methodologies, used at December 31, 2017.

Investments at Fair Market Value as of December 31, 2017

	Level 1	Level 2	Level 3	Total
Equity	\$ 0	\$ 0	\$ 0	\$ 0
Mutual Funds	\$ 221,737	\$ 0	\$ 0	\$ 221,737
Fixed Income Securities	\$ 29,358	\$ 0	\$ 0	\$ 29,358
Total	<u>\$ 251,095</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 251,095</u>

Net investment return/(loss) is reported in the statements of activities and consists of interest and dividend, realized and unrealized capital gains and losses, less external and direct internal investment expenses. The Investment earnings for the organization were as follows:

	<u>Dec 31, 2017</u>
Interest and Dividends	\$ 11,177
Unrealized Gains/ (Loss)	14,923
Total	<u>\$ 26,100</u>

Total Advisory fees paid for the investment account for 2017 was \$ 1,108.

Other current assets

Other current assets consist of funds receivable from Network for Good.

Property and Equipment

Property and equipment are recorded at cost. Furniture and Equipment are being depreciated using the straight-line method with no salvage value over the estimated useful lives as follows:

Furniture, fixtures and equipment	3 years
Automobile	7 years

Depreciation expense for the year ending December 31, 2017 was zero.

Accounts Payables and Accrued Expenses

At the end of 2017, account payable over ninety days old remained zero.

Advertising Costs

INTERNATIONAL ASSOCIATION FOR HUMAN VALUES (IAHV)
Notes to the Financial Statements
December 31, 2017

Advertising and marketing costs are expensed as incurred approximating \$ 39,789 for the year ended December 31, 2017.

(2) Summary of Significant Accounting Policies (contd)

Net Assets

Net assets consist of the following:

Permanently restricted: Net assets subject to donor imposed stipulations requiring that they be maintained permanently by the Organization. The income from these assets is available for either general operations or specific programs as specified by the donor. On December 31, 2017, IAHV had no permanently restricted net asset.

Temporarily restricted: Fund balances that are associated with donor imposed restrictions, would be used only for such stipulated purposes. Temporary restrictions may expire with the passage of time, as a result of actions taken by IAHV satisfying donors' restrictions, or as a result of expenditures incurred charging to temporarily restricted assets.

On December 31, 2017, IAHV had temporarily restricted net assets as follows:

Disaster & Trauma Relief	\$ 505,101
Project Welcome Home Troops	\$ 162,165
Community Development	\$ 109,283
Sky School & Campus Program	\$ 298,454
TOTAL	\$1,075,003

Unrestricted: Net assets are neither permanently nor temporarily restricted by donor stipulations. On December 31, 2017, IAHV had as \$1,674,962 unrestricted net assets.

Functional Allocation of Expenses

The costs of program and supporting services have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification of expenses by function. Accordingly, certain costs have been allocated among the benefited programs.

Prior-year comparative totals

The financial statements include certain 2016 summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a complete presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the 2016 financial statements, from which the summarized information was derived.

Reclassifications

Certain 2016 amounts had been reclassified for comparative purposes.

Subsequent Events

The organization has evaluated events and transactions occurring subsequent to December 31, 2017 through November 8, 2018 by which date, the financial statements are being issued. Subsequent events occurring after November 8, 2018 have not been evaluated by the management.

INTERNATIONAL ASSOCIATION FOR HUMAN VALUES (IAHV)
Notes to the Financial Statements
December 31, 2017

(3) Donated Services and In-Kind Contributions

The Organization receives in-kind contributions primarily related to donated services which are recognized as contributions and expensed in accordance with generally accepted accounting principles (GAAP). In order to meet the criteria for recognition in the financial statements, contributions of in-kind services must (a) create or enhance non-financial assets or (b) require specialized skills, being performed by persons with those skills, and would otherwise be purchased by the Organization. IAHV did not receive donated goods, or services, or facilities in 2017 requiring such recognition in the financial statements.

(4) Concentrations/Risks

Credit Risk

The Organization maintains cash balances in the banks that, at times, may exceed FDIC (Federal Deposit Insurance Corporation) limits. Historically the Organization has not experienced any such risk in the past and does not believe that it is exposed to any significant financial risk. At December 31, 2017 the organization had \$ 1,961,982 in excess of FDIC insured limit of \$ 250,000. Management believes that the risk associate is very minimal.

Market value Risk

The organization also invests funds in professionally managed mutual funds consisting of various types of marketable securities. Such investments are exposed to various risk, such as fluctuation in market value and the credit risk. Thus, it is reasonably possible that the effects of these risks could materially affect the investment balances, and accordingly, the amounts reported in the financial statements.

(5) Operating Lease

The organization leases its office located at 2401, 15th Street NW, STE 108, Washington DC 20009 from Art of Living Foundation Inc. an affiliated organization for a monthly rent of \$ 1,000. Current lease expires in December 2018.

(6) Functionalized Expenses

The financial statements report certain categories of expenses attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis, consistently. The expenses such as occupancy, depreciation, and amortization, are allocated on square footage basis. Expenses such as salaries and wages, benefits, payroll taxes, professional services, office and IT services, interest, insurance, and other similar expenses are allocated on the basis of estimates of time and effort.

(7) Employee Benefits

IAHV pays 100% cost of health insurance for its employees. IAHV further provides fifteen days of paid vacation for its employees and one week of sick pay. Un-availed leave hours do not carry over to the following calendar year. Accordingly, no accrual is being made on the financial statements. Further, IAHV pays for up to three advanced meditation retreats for its employees per year.

SUPPLEMENTARY INFORMATION

International Association For Human Values
Schedule of Functional Expenses
For Year Ended December 31, 2017
(with Summarized Financial Information for the Year Ended December 31, 2016)

EXPENSE CATEGORY	PROGRAM SERVICES									SUPPORTING SERVICES			TOTAL PROGRAM & SUPPORTING SERVICES 2017	TOTAL PROGRAM & SUPPORTING SERVICES 2016
	Community Development	Disaster & Trauma Relief	Human Values Campaigns	Prison Program	Project Welcome Home Troop	SKY School & Campus Programs*	SKY Community programs	Transformational Leadership for Excellence	TOTAL	MANAGEMENT & GENERAL EXPENSE	FUNDRAISING EXPENSES	TOTAL		
Salary and Wages	2,000			19,000	71,729	424,573	14,800	38,900	571,002	12,400	17,000	29,400	600,402	563,886
Stipend - Foreign									-			-	-	4,080
Payroll Taxes and Fees	153			1,616	6,424	31,621	256	3,128	43,197	6,269	1,026	7,295	50,492	50,666
Employee Benefits	13			2,386	6,852	33,861	2,010	5,683	50,804	1,327		1,327	52,131	34,758
Training and Conferences			695	1,748	2,648	20,548	400	1,390	27,429	2,735	300	3,035	30,464	31,981
Consultants & Other Professional Fees		1,243	3,575	2,950	21,841	83,535	18,000	41,916	173,060	1,241	3,500	4,741	177,801	129,969
Office Expenses		98	4,334	2,352	8,263	16,132	1,927	4,460	37,566	5,631	838	6,469	44,035	55,561
Insurance					1,156	3,785	1,500	1,733	8,173	548		548	8,721	5,646
Grants	41,700	54,500	97,374			15,500			209,074			-	209,074	161,000
Travel & Meetings		1,250	20,878	18,881	58,825	71,375	16,456	20,303	207,968	1,582	2,864	4,447	212,415	165,235
Bank and Credit Card Charges	1,331	157	1,513	40	250	1,924	16,195	743	22,153	354	1,340	1,694	23,847	15,228
Webhosting and Development			252		1,957	1,763		254	4,225	603	68	671	4,896	2,358
Occupancy Costs				1,200	1,200	6,500	2,400	700	12,000			-	12,000	7,060
Registration Fees			25	501	861	195			1,582	724	1,430	2,154	3,736	4,577
Event Related Expense		1,200	7,266		28,708	34,433	556		72,163	209	139	349	72,512	6,713
Advertisement		124	627	25	2,266	492	73	33,233	36,840	638	2,311	2,949	39,789	12,436
Course Expenses			9,450	1,540	962	35,221	56,334	5,949	109,455	89	59	148	109,603	106,730
2017 TOTAL	45,197	58,572	145,990	52,238	213,942	781,459	130,906	158,391	1,586,694	34,350	30,876	65,226	1,651,920	
2016 TOTAL	96,569	99,484	25,462	45,409	177,807	554,150	151,173	140,339	1,297,493	26,875	33,515	60,390		1,357,882

* SKY School & Campus Programs (Formerly YES for Schools & YESPlus)

See accompanying notes to financial statements