

BHARATIYA TEMPLE OF LANSING, INC.

FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

AND

INDEPENDENT AUDITORS' REPORT

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Layton & Richardson, P.C.

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
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We have audited the accompanying balance sheets of BHARATIYA TEMPLE OF LANSING, INC. (a nonprofit corporation) as of December 31, 2009 and 2008, 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 the Temple's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with U. S. generally accepted auditing standards. 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 the 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. As discussed in Note 9, the financial statements for the year ended December 31, 2008 have been restated to correct reporting of capitalized building addition costs.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Bharatiya Temple of Lansing, Inc. as of December 31, 2009 and 2008, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Layton & Richardson, P.C.

Certified Public Accountants

East Lansing, Michigan
November 29, 2010

BHARATIYA TEMPLE OF LANSING, INC.

BALANCE SHEETS

ASSETS

	DECEMBER 31,	
	2009	2008 RESTATE
CURRENT ASSETS		
Cash and cash equivalents	\$ 48,778	\$ 24,935
Priest advances		3,500
Prepaid expenses	1,049	
Investments	1,054	862
	<u>50,881</u>	<u>29,297</u>
TOTAL CURRENT ASSETS		
PROPERTY, AND EQUIPMENT		
Land	115,715	115,715
Buildings and improvements	2,078,913	2,078,913
Temple furnishings, equipment and other	80,805	74,771
	<u>2,275,433</u>	<u>2,269,399</u>
Less: accumulated depreciation	(447,036)	(388,279)
	<u>1,828,397</u>	<u>1,881,120</u>
NET PROPERTY AND EQUIPMENT		
TOTAL ASSETS	<u>\$ 1,879,278</u>	<u>\$ 1,910,417</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable	\$ 21,500	\$ 50,500
Line of credit		15,000
Current portion of long-term debt	11,986	16,584
Accrued liabilities	3,890	3,518
	<u>37,376</u>	<u>85,602</u>
TOTAL CURRENT LIABILITIES		
NON-CURRENT LIABILITIES		
Notes payable	664,395	673,650
Less: current portion of long-term debt	(11,986)	(16,584)
Accrued non-current liabilities	12,263	12,263
	<u>664,672</u>	<u>669,329</u>
TOTAL NON-CURRENT LIABILITIES		
NET ASSETS		
Unrestricted	<u>1,177,230</u>	<u>1,155,486</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,879,278</u>	<u>\$ 1,910,417</u>

See accompanying notes to financial statements.

BHARATIYA TEMPLE OF LANSING, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

	2009		TOTAL
	UNRESTRICTED	TEMPORARILY RESTRICTED	
REVENUE AND SUPPORT			
Contributions and bequests	\$ 165,994	\$ 7,200	\$ 173,194
In-kind contributions			
Priest services	48,220		48,220
Special event - Navgraha Pran Pratishta		7,500	7,500
Membership dues	8,177		8,177
Other income	25,803		25,803
Net assets released from restrictions	14,700	(14,700)	
TOTAL REVENUE AND SUPPORT	<u>262,894</u>	<u></u>	<u>262,894</u>
EXPENSES			
Program services			
Priest salaries and benefits	66,937		66,937
Supplies	3,023		3,023
Flowers and fruits	1,694		1,694
Equipment rental	60		60
Printing	482		482
General and administrative			
Advertising	678		678
Depreciation	58,757		58,757
Interest	47,053		47,053
Insurance	4,027		4,027
Utilities	15,380		15,380
Repairs and maintenance	20,596		20,596
Professional fees	6,370		6,370
Professional fees, in-kind			
Telephone	927		927
Postage and delivery	571		571
Rent			
Other	14,802		14,802
TOTAL EXPENSES	<u>241,357</u>	<u></u>	<u>241,357</u>
INCREASE (DECREASE) IN NET ASSETS BEFORE OTHER CHANGES IN NET ASSETS	<u>21,537</u>	<u></u>	<u>21,537</u>
OTHER CHANGES IN NET ASSETS			
Gain (loss) on investments	207		207
INCREASE (DECREASE) IN NET ASSETS	21,744		21,744
NET ASSETS, JANUARY 1	<u>1,155,486</u>	<u></u>	<u>1,155,486</u>
NET ASSETS, DECEMBER 31	<u>\$ 1,177,230</u>	<u>\$</u>	<u>\$ 1,177,230</u>

See accompanying notes to financial statements.

2008 (RESTATED)

UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL
\$ 97,512	\$ 49,163	\$ 146,675
33,685	36,000	36,000
8,102	2,751	33,685
14,954		2,751
466,434	(466,434)	8,102
<u>620,687</u>	<u>(378,520)</u>	<u>14,954</u>
72,982		72,982
3,250		3,250
1,952		1,952
306		306
384		384
30		30
39,426		39,426
17,928		17,928
12,132		12,132
9,803		9,803
20,052		20,052
5,400		5,400
36,000		36,000
717		717
765		765
46		46
<u>17,361</u>		<u>17,361</u>
<u>238,534</u>		<u>238,534</u>
<u>382,153</u>	<u>(378,520)</u>	<u>3,633</u>
<u>(635)</u>		<u>(635)</u>
381,518	(378,520)	2,998
<u>773,968</u>	<u>378,520</u>	<u>1,152,488</u>
<u>\$ 1,155,486</u>	<u>\$</u>	<u>\$ 1,155,486</u>

BHARATIYA TEMPLE OF LANSING, INC.

STATEMENTS OF CASH FLOWS

	FOR THE YEARS ENDED DECEMBER 31,	
	2009	2008 RESTATED
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	\$ 21,744	\$ 2,998
Adjustments to reconcile increase in net assets to in net assets to net cash provided by (used in) operating activities		
Depreciation	58,757	39,426
Net unrealized and realized (gain) loss on investments	(207)	635
Investment fees net of dividend income	15	
Contributions received for capital improvements	(7,200)	(49,163)
(Increase) decrease in current assets		
Priest advances	3,500	(2,000)
Prepaid expenses	(1,049)	
Increase (decrease) in current liabilities		
Accounts payable	(29,000)	(87,751)
Other accrued liabilities	372	3,293
	<u>46,932</u>	<u>(92,562)</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
	<u>46,932</u>	<u>(92,562)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	<u>(6,034)</u>	<u>(723,238)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on long-term debt	(44,255)	(4,920)
Proceeds from borrowings	20,000	615,000
Contributions received for capital improvements	<u>7,200</u>	<u>49,163</u>
	<u>(17,055)</u>	<u>659,243</u>
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES		
	<u>(17,055)</u>	<u>659,243</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	23,843	(156,557)
CASH AND CASH EQUIVALENTS, JANUARY 1	<u>24,935</u>	<u>181,492</u>
CASH AND CASH EQUIVALENTS, DECEMBER 31	<u>\$ 48,778</u>	<u>\$ 24,935</u>
Supplemental disclosures of cash flow information		
Cash paid during the year for:		
Interest	\$ 46,682	\$ 20,520

See accompanying notes to financial statements.

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BHARATIYA TEMPLE OF LANSING, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2009 AND 2008

NOTE 1: BACKGROUND AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Background

Bharatiya Temple of Lansing, Inc., (the Temple) is located in Haslett, Michigan. The purposes of the Temple are to provide a place of worship for the Hindu faith; uphold and nurture Hinduism, Indian culture and values; provide humanitarian services to local and worldwide communities; and study other religious faiths and promote harmonious relations. The corporate organization of the Temple manages and controls property and secular affairs of the Temple under the laws of the State of Michigan. The Temple's primary source of support is voluntary contributions from its members.

Basis of Accounting

Except as described in the following paragraph, the accompanying financial statements have been prepared on the accrual basis of accounting in conformity with U.S. generally accepted accounting principles (GAAP).

Promises to give are not recorded at the time a pledge is received, but rather at the time payment is received. Accordingly, no amounts are included in the financial statements for pledges received for which payment has not been received as of December 31.

Basis of Presentation

Financial statement presentation follows GAAP relative to *Financial Statements of Not-For-Profit Organizations*. Under GAAP, the Temple 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.

- Unrestricted net assets represent the resources available for use in carrying on the operations of the Temple. The unrestricted portion is under the discretionary control of the Board of Trustees, and it is against this fund that all expenditures for current operations are charged.
- Temporarily restricted net assets represent contributions and other income that has been received, but is temporarily restricted for future activities.
- Permanently restricted net assets represent donor and board stipulated instruments that are to be maintained, with only the income from the instruments expended.

Contributions

Contributions of cash and other assets are reported as revenue when received and measured at fair value. Contributions without donor-imposed restrictions are reported as unrestricted revenue. Contributions related to the construction and capital improvements campaign are temporarily restricted.

BHARATIYA TEMPLE OF LANSING, INC.
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2009 AND 2008

NOTE 1: **BACKGROUND AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES –**
Continued

Donated Assets and Services

Donations of equipment and specialized services are recorded as support at their estimated fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose.

Numerous volunteers have donated significant amounts of time to the Temple in various Temple programs. No amounts have been recognized in the accompanying statements of activities because the criteria for recognition of such volunteer effort under GAAP have not been satisfied.

Restricted and Unrestricted Revenue

Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, the related support is reported in the statement of activities as net assets released from restrictions. Contributions with donor-imposed restrictions that are met in the same year as the gifts are received are reported as revenue in the unrestricted net asset class. Contributions of assets other than cash are recorded at their estimated fair value.

Financial Instruments

The Temple has received donations of investments in corporate equities, some of which are still held at December 31, 2009 and 2008.

The carrying amounts of cash and cash equivalents, accounts payable and amounts included in investments, prepaid expenses and accruals meet the definition of financial instruments approximate fair value.

Investments

The Temple follows GAAP relative to *Accounting for Certain Investments Held by Not-for-Profit Organizations*. Under GAAP, investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. The Temple uses the specific identification method to determine cost.

BHARATIYA TEMPLE OF LANSING, INC.
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2009 AND 2008

NOTE 1: **BACKGROUND AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -**
Continued

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Temple considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Advertising

Advertising costs are expensed as incurred.

Property and Equipment

Property and equipment are recorded at cost. The Temple records depreciation using the straight-line method based on estimated useful lives ranging from 10 to 40 years. Expenditures for repairs and maintenance are charged to operations when incurred.

Priest Advances

The priest advances are related to loans originally extended to the Temple's priests during 2008. The loans are stated at the net amount due. The priests repay the loans in monthly installments. The Temple reports priest advances at their estimated net realizable value.

Allowance for Uncollectible Accounts

The Temple considers priest advances to be fully collectible; accordingly, no allowance for doubtful accounts is required.

Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue, expenses, and other changes in net assets during the reporting period. Accordingly, actual results could differ from those estimates.

Functional Allocation of Expenses

The costs of providing program and support services have been reported on a functional basis in the statement of activities and changes in net assets. Costs are allocated between the various programs and support services on an actual basis, or based upon reasonable methods. Although the methods of allocation used are considered appropriate, other methods could be used that would produce different amounts.

BHARATIYA TEMPLE OF LANSING, INC.
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2009 AND 2008

NOTE 1: BACKGROUND AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -
Concluded

Date of Management's Review

Subsequent events have been evaluated through November 29, 2010, which is the date the financial statements were available to be issued.

Recent Accounting Pronouncements

In June, 2009, the Financial Accounting Standards Board (FASB) issued the Accounting Standards Codification (Codification). Effective July 1, 2009, the Codification is the single source of authoritative accounting principles recognized by the FASB to be applied by nongovernmental entities in the preparation of financial statements in conformity with U.S generally accepted accounting principles (GAAP). The Codification is intended to reorganize, rather than change, existing GAAP. Accordingly, all references to currently existing GAAP have been removed and have been replaced with plain English explanations of the Temple's accounting policies. The adoption of the Codification did not have a material impact on the Temple's financial position or results of operations.

NOTE 2: CASH, CASH EQUIVALENTS AND INVESTMENTS

Deposits with financial institutions are detailed as follows:

ACCOUNT TYPE	BOOK BALANCE	BANK BALANCE	FDIC INSURED
DECEMBER 31, 2009			
Checking	\$ 47,833	\$ 45,071	\$ 45,071
Savings	1,013	1,013	1,013
Equity investments	<u>986</u>	<u>986</u>	<u> </u>
	<u>\$ 49,832</u>	<u>\$ 47,070</u>	<u>\$ 46,084</u>
DECEMBER 31, 2008			
Checking	\$ 23,755	\$ 17,055	\$ 17,055
Savings	1,263	1,263	1,263
Equity investments	<u>780</u>	<u>780</u>	<u> </u>
	<u>\$ 25,798</u>	<u>\$ 19,098</u>	<u>\$ 18,318</u>

BHARATIYA TEMPLE OF LANSING, INC.
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2009 AND 2008

NOTE 2: CASH, CASH EQUIVALENTS AND INVESTMENTS - Concluded

Deposits and investments are reported in the financial statements are as follows:

	2009	2008
Cash and cash equivalents	\$ 48,778	\$ 24,935
Investments	<u>1,054</u>	<u>862</u>
	<u>\$ 49,832</u>	<u>\$ 25,797</u>

NOTE 3: PROPERTY AND EQUIPMENT

Major classes of property and equipment are as follows:

	USEFUL LIFE	2009	2008
Assets not being depreciated			
Land		\$ <u>115,715</u>	\$ <u>115,715</u>
Assets being depreciated			
Building and improvements	40 years	2,078,913	2,078,913
Temple furnishings, equipment and other	10 years	<u>80,805</u>	<u>74,771</u>
		2,159,718	2,153,684
Accumulated depreciation		(<u>447,036</u>)	(<u>388,279</u>)
		<u>1,712,682</u>	<u>1,765,405</u>
NET ASSETS		<u>\$ 1,828,397</u>	<u>\$ 1,881,120</u>

Depreciation expense for the years ended December 31, 2009 and 2008 was \$58,757 and \$39,426, respectively.

BHARATIYA TEMPLE OF LANSING, INC.
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2009 AND 2008

NOTE 4: CONTRIBUTED SERVICES

The Temple received contributions of professional services totaling \$0 and \$36,000 for the years ended December 31, 2009 and 2008, respectively.

Non-cash contributions included as support and expenses in the accompanying financial statements are as follows:

	SUPPORT	EXPENSES
DECEMBER 31, 2009		
Construction management services	\$ <u> </u>	\$ <u> </u>
DECEMBER 31, 2008		
Construction management services	\$ <u> 36,000</u>	\$ <u> 36,000</u>

The value of the donated professional services is based on an average compensation of \$75 per hour for construction management services.

Additionally, many volunteers have donated significant amounts of time in various Temple programs, however no amounts have been recognized in the financial statements for these services as the criteria under GAAP have not been met.

NOTE 5: LONG-TERM DEBT

The details of long-term debt are as follows:

	2009	2008
Mortgage payable to Fifth Third Bank, secured by Priest's home. Payable in monthly installments of \$875, including interest at 6.71%. Remaining unpaid balance is due September 3, 2015.	\$ 67,986	\$ 73,650
Commercial loan payable to Fifth Third Bank, secured by real estate. Payable in monthly installments of \$3,858, including interest at 6.81%. Remaining unpaid balance is due March 3, 2016.	<u>596,409</u>	<u>600,000</u>
	664,395	673,650
Less: current maturities	(<u>11,986</u>)	(<u>16,584</u>)
LONG-TERM DEBT	\$ <u>652,409</u>	\$ <u>657,066</u>

BHARATIYA TEMPLE OF LANSING, INC.
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2009 AND 2008

NOTE 5: LONG-TERM DEBT - Concluded

Future minimum principle payments as of December 31, 2009 are as follows:

YEAR ENDED	AMOUNT
December 31, 2010	\$ 11,986
December 31, 2011	12,822
December 31, 2012	13,716
December 31, 2013	14,672
December 31, 2014	15,695
Thereafter	<u>595,504</u>
	<u>\$ 664,395</u>

NOTE 6: TEMPORARILY RESTRICTED NET ASSETS

During 2006, the Temple started a capital campaign to obtain pledges from members for upcoming construction and capital improvements. The contributions that have been collected by the Temple are reported as temporarily restricted.

The construction and renovation project has been completed. The Temple received a permit to occupy the new facilities effective September 1, 2008.

Contributions received during 2009 that were designated by the donor for the capital campaign were used toward payment of construction contractors in compliance with the donor designations. As construction costs exceeded contributions designated for the capital campaign, there are no remaining temporarily restricted net assets as of December 31, 2009 and 2008.

NOTE 7: LINE OF CREDIT

The Temple has a line of credit with a bank with maximum borrowings of \$50,000. The balance on this line of credit at December 31, 2009 and 2008 was \$0 and \$15,000, respectively.

NOTE 8: INCOME TAXES

The Temple is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. It is not classified as a private foundation by the Internal Revenue Service. The Code requires that tax-exempt organizations must comply with federal tax law to maintain tax-exempt status and avoid penalties. The Temple is subject to a tax on income from any unrelated business (the Temple has no unrelated business income) as defined by Section 509(a) (1) of the Code. Accordingly, no income taxes were paid during the years ended December 31, 2009 and 2008.

BHARATIYA TEMPLE OF LANSING, INC.
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2009 AND 2008

NOTE 8: INCOME TAXES - Concluded

Professional standards prescribe a more-likely-than-not recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken. The Temple has analyzed tax positions taken for filing with the Internal Revenue Service. The Temple believes that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse affect on the Temple's financial condition, results of operations or cash flows. Accordingly, the Temple has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions at December 31, 2009 or 2008.

The Temple is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Temple believes it is no longer subject to income tax examinations for years prior to 2005.

The Temple's policy is to classify income tax related interest and penalties as interest expense and other expenses, respectively.

NOTE 9: RESTATEMENT OF 2008 FINANCIAL STATEMENTS

The Temple has restated its previously issued December 31, 2008 financial statements for matters related to the following previously reported items: building improvements and accounts payable - to correct the reporting of certain construction expenditures. The accompanying financial statements for 2008 have been restated to reflect the corrections.

The following is a summary of the restatements for 2008:

Decrease in previously reported building improvements	\$ 17,500
Decrease in previously reported accounts payable	17,500

The effects on the previously issued 2008 financial statements are summarized as follows:

BALANCE SHEET AS OF DECEMBER 31, 2008:

	PREVIOUSLY REPORTED	INCREASE (DECREASE)	RESTATED
Buildings and improvements	\$ 2,096,413	\$(17,500)	\$ 2,078,913
Accumulated depreciation	388,425	(146)	388,279
Net property and equipment	1,898,474	(17,354)	1,881,120
Total assets	1,927,771	(17,354)	1,910,417
Accounts payable	68,000	(17,500)	50,500
Total net assets	1,155,340	146	1,155,486
Total liabilities and net assets	1,927,771	(17,354)	1,910,417

BHARATIYA TEMPLE OF LANSING, INC.
NOTES TO FINANCIAL STATEMENTS - Concluded
DECEMBER 31, 2009 AND 2008

NOTE 9: RESTATEMENT OF 2008 FINANCIAL STATEMENTS - Concluded

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS FOR THE
YEAR ENDED DECEMBER 31, 2008:

	PREVIOUSLY REPORTED	INCREASE (DECREASE)	RESTATED
Depreciation	\$ 39,572	\$(146)	\$ 39,426
Total expenses	238,680	(146)	238,534
Change in net assets	2,852	146	2,998

NOTE 10: COMMITMENTS AND CONTINGENCIES

Bharatiya Temple of Lansing, Inc. receives substantially all of its support from corporate and individual donors. A significant reduction in the level of this support, if this were to occur, may have an effect on the Temple's ability to continue its programs and activities.