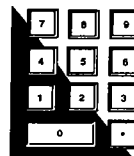


***Guru Nanak Foundation of America, Inc.***  
**( GNFA )**  
**Comparative Audited Financial Statements**

**December 31, 2006 & 2007**



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**MANJIT SINGH, CPA, P.C.**  
Certified Public Accountants

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***Tax planners not just tax preparers***  
7309 Arlington Blvd., Suite 201, Falls Church, VA 22042

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**MANJIT SINGH CPA P.C.**  
**CERTIFIED PUBLIC ACCOUNTANTS**

*Member American Institute of Certified Public Accountants  
Member Virginia Society of Certified Public Accountants  
Firm Participant in AICPA Peer-Review Program*

**7309 Arlington Blvd., Suite # 301 • Falls Church • Virginia 22042 • Phone (703) 280-5656 • Fax (703) 280-5666**

## INDEPENDENT AUDITORS' REPORT

To the Board of Trustees  
Guru Nanak Foundation of America, Inc.  
12917 Old Columbia Pike  
Silver Spring, Maryland 20904

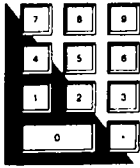
We have audited the accompanying statement of assets, liabilities and fund balance of Guru Nanak Foundation of America, Inc. (a nonprofit organization) as of December 31, 2006 and 2007 the related statements of support, revenues and expenses on a modified cash basis for the year then ended. These financial statements are the responsibility of the organizations's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement of assets, liabilities and fund balance is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement of assets, liabilities and fund balance. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well evaluating the overall financial statement presentation. We believe that our audit provides 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 Guru Nanak Foundation as of December 31, 2006 and 2007 on a modified cash basis of accounting in conformity with accounting principles generally accepted in the United States of America.

Manjit Singh CPA PC  
Certified Public Accountants  
Falls Church, Virginia  
February 23, 2008

GNFA Audit 2007  
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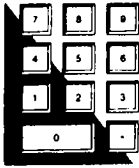
**MANJIT SINGH CPA P.C.**  
CERTIFIED PUBLIC ACCOUNTANTS

**Guru Nanak Foundation of America, Inc.**  
**Statement of Assets, Liabilities and**  
**Fund Balance Modified- Cash Basis**  
December 31,

	<u>2006</u>	<u>2007</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Bank of America	\$146,071	\$142,375
Sun Trust Bank	23,156	13,687
Chevy Chase Bank	35,388	27,824
Total Cash at Bank	<u>\$204,615</u>	<u>\$183,885</u>
<b>TOTAL CURRENT ASSETS</b>		
<b>FIXED ASSETS</b>		
Land	1,584,817	1,584,817
Total Fixed Assets	<u>1,584,817</u>	<u>1,584,817</u>
<b>TOTAL ASSETS</b>	<u>\$1,789,432</u>	<u>\$1,768,702</u>
<b>LIABILITIES AND FUND BALANCE</b>		
<b>CURRENT LIABILITIES</b>		
Payroll Taxes Payable		
Current Portion of Long Term Liabilities	20,636	\$18,636
<b>TOTAL CURRENT LIABILITIES</b>	<u>\$20,636</u>	<u>\$18,636</u>
<b>LONG TERM LIABILITIES</b>		
Mortgage Note Payable	1,357,167	\$1,333,149
<b>TOTAL LONG TERM LIABILITIES</b>	1,377,803	1,351,785
<b>FUND BALANCE</b>	411,629	416,917
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$1,789,432</u>	<u>1,768,702</u>

difference

See Independent Auditors' Report  
The accompanying notes are an integral part of these financial statements

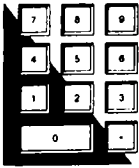


**MANJIT SINGH CPA P.C.**  
CERTIFIED PUBLIC ACCOUNTANTS

**GURU NANAK FOUNDATION OF AMERICA, INC.**  
**STATEMENT OF REVENUES AND EXPENSES**  
**MODIFIED-CASH BASIS**  
**FOR THE YEAR ENDED DECEMBER 31,**

	<u>2006</u>	<u>2007</u>
<b>REVENUES:</b>		
Offerings - Golak	\$135,399	\$125,363
Offerings - General	56,629	57,140
Offerings - Residences	6,910	8,598
Membership, Trustees Dues Net of Refunds	42,518	42,448
Targeted Receipts/Collections	7,322	12,808
Langar (Community Kitchen) Receipts/ Collections	34,193	51,179
Community Affairs	17,888	11,725
Educational Activities	24,983	27,014
Dharmik/Religious Committee	12,926	896
Other Receipts/Collections	4,791	5,495
Special Religious Programs	3,106	
Building & Land Offerings	51,033	6,147
Fundraising	130,569	
Capital Projects & Building Maintenance	4,605	9,346
Interest Income	3,610	5,879
Gurudwara Committee	16,185	17,195
Youth Committee		490
Mortgage Contributions		25,827
Refund Taxes	10,471	
<b>TOTAL SUPPORT &amp; REVENUES</b>	<u>\$563,138</u>	<u>\$407,550</u>
<b>OPERATING EXPENSES</b>		
Gurdawara Committee	\$278,645	\$324,415
Membership Committee	897	62
Targeted Collections Disbursements	563	2,366
Langar Committee	22,785	28,134
Community Affairs	20,666	10,387
Educational Affairs	24,166	9,608
Dharmik/ Religious	16,021	1,610
Capital Projects	64,660	15,658
Building Maintenance	10,450	10,022
<b>TOTAL DISBURSMENTS</b>	<u>438,853</u>	<u>402,262</u>
<b>RECEIPTS IN EXCESS OF DISBURSEMENTS</b>	\$124,285	\$5,288
<b>BEGINNING FUND BALANCE</b>	\$287,344	\$411,629
<b>ENDING FUND BALANCE</b>	<u>\$411,629</u>	<u>\$416,917</u>

See Independent Auditors' Report  
The accompanying notes form an integral part of these financial statements



**MANJIT SINGH CPA P.C.**  
CERTIFIED PUBLIC ACCOUNTANTS

**GURU NANAK FOUNDATION OF AMERICA, INC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2007**

**A. Summary of significant accounting policies.**

**1. Organization.**

Guru Nanak Foundation of America, Inc. is a non profit organization incorporated under the laws of the State of Maryland, on July 1970. The objective is to promote religious, educational, social and cultural aspects of Sikhism in the Washington DC metropolitan area.

**2. Financial Statement Presentation**

The Foundation maintains its records on the cash basis of accounting. Under this method of accounting, revenues are recognized when received and expenses are recognized when paid, except that property and equipment are capitalized and depreciated over the estimated useful lives of such assets.

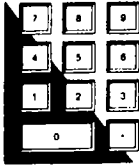
**3. Income Taxes & Real Estate Taxes**

The Foundation is exempt from Federal and State income taxes under the Internal Revenue Service Code Section 501(c)(3) and therefore has made no provision for these income taxes. Furthermore, the Foundation has gained the exemption from Montgomery County for exemption from local real estate taxes effective January 1, 2005.

**B. Property & Equipment**

In October of 2001, the Foundation purchased approximately ten acres of land in Silver Spring, Maryland for \$1.8 million with the objective to construct a new building for its religious and cultural activities. As of December 31, 2005 no construction has been started and the entire amount of the purchase price has been classified as non-depreciable land. Furthermore, in 2005 GNFA received \$40,000 from Maryland State Highway for a piece of the land which Guru Nanak Foundation owned.

See Independent Auditors' Report  
These notes form an integral part of the accompanying financial statements.



**MANJIT SINGH CPA P.C.**  
**CERTIFIED PUBLIC ACCOUNTANTS**

**GURU NANAK FOUNDATION OF AMERICA, INC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2007**

**C. Long Term Liabilities**

The Foundation is obligated to International Association of Machinists and Aerospace Workers for the purchase of the land. Obligation is incurred as of December 1, 2001 in an original amount of \$1,450,000 with an interest rate of 7% interest and is secured by the real estate. The monthly mortgage payment is \$ 9,640 including principal and interest, with a balloon payment after 12 years, (year 2013 ).

<u>Year Ending December 31,</u>	<u>Amount</u>
2008	\$20,332
2009	\$22,390
2010	\$24,009
2011	\$25,744
2012	\$27,605

**D. Prior Years Issues**

The Foundation has had legal issues in the year 2002 through till 2005, which involved litigation and mediation, consequently, substantial legal bills had been incurred with Hogan & Hartson LLP (\$35,000) and Bromberg, Rosenthal, Siegle, Goodman & Company (\$15,000) have been paid off at a discount, in full settlement.

**E Loans**

In the year 2007, couple of members of the congregation has loaned Guru Nanak Foundation of America, Inc \$10,000 to be able to avail of the opportunity to settle the outstanding balance as described in note D. This liability has been paid off as well in January 2008.

See Independent Auditors' Report  
These notes form an integral part of the accompanying financial statements.