

SIKH GURDWARA - SAN JOSE (CALIFORNIA)

FINANCIAL STATEMENTS

Years Ended December 31, 2011 and 2010

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Noe and Company

Independent Auditor's Report

To the Board of Directors of
Sikh Gurdwara - San Jose (California)
San Jose, California

I have audited the accompanying statements of financial position of Sikh Gurdwara - San Jose (California), a California nonprofit corporation, as of December 31, 2011 and 2010, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of management of Sikh Gurdwara - San Jose (California). My responsibility is to express an opinion on these financial statements based on my audits.

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

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial positions of Sikh Gurdwara - San Jose (California) as of December 31, 2011 and 2010, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Oakland, California
May 15, 2012

A handwritten signature in blue ink that reads "Noe and Company".

SIKH GURDWARA - SAN JOSE (CALIFORNIA)
STATEMENTS OF FINANCIAL POSITION
December 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Assets		
Current Assets:		
Cash and Cash Equivalents	\$ 73,274	\$ 844,071
Certificates of Deposit	95,000	-
Investments	1,176,113	939,100
Employee Advances	<u>1,200</u>	<u>-</u>
Total Current Assets	1,345,587	1,783,171
Property and Equipment:		
Land	2,200,000	2,200,000
Buildings	34,424,815	12,354,735
Construction in Progress	-	20,132,978
Furniture and Equipment	<u>199,019</u>	<u>86,691</u>
	36,823,834	34,774,404
Less: Accumulated Depreciation	<u>(3,164,858)</u>	<u>(2,277,416)</u>
Net Property and Equipment	33,658,976	32,496,988
Loan Costs, net	<u>95,169</u>	<u>-</u>
Total Assets	\$ <u>35,099,732</u>	\$ <u>34,280,159</u>
Liabilities and Net Assets		
Current Liabilities:		
Accounts Payable	\$ 369,739	\$ 27,522
Construction in Progress Payable	-	620,730
Payroll Taxes Payable	2,343	4,262
Loans from Members	160,000	-
Note Payable, current portion	<u>434,660</u>	<u>-</u>
Total Current Liabilities	966,742	652,514
Long-Term Liabilities:		
Construction Line of Credit	-	11,845,127
Note Payable	<u>12,747,559</u>	<u>-</u>
Total Long-Term Liabilities	<u>12,747,559</u>	<u>11,845,127</u>
Total Liabilities	13,714,301	12,497,641
Net Assets:		
Unrestricted	<u>21,385,431</u>	<u>21,782,518</u>
Total Net Assets	<u>21,385,431</u>	<u>21,782,518</u>
Total Liabilities and Net Assets	\$ <u>35,099,732</u>	\$ <u>34,280,159</u>

See accompanying notes to financial statements

SIKH GURDWARA - SAN JOSE (CALIFORNIA)
STATEMENTS OF ACTIVITIES
Years Ended December 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Unrestricted Support and Revenues:		
Contributions	\$ 2,293,978	\$ 3,001,727
Investment Income (Loss), net	(398,540)	21,520
Special Events Revenue	21,300	-
Special Events Direct Benefit Costs	(37,749)	-
Loss on Sale of Building	-	(52,323)
Legal Settlement Receipts	104,066	
Other Income	<u>-</u>	<u>45,823</u>
Total Unrestricted Support and Revenues	1,983,055	3,016,747
Expenses:		
Program Services		
Path, Kirtan, and Katha	828,356	549,489
Khalsa School	405,740	218,568
Community Kitchen (Langar)	<u>377,258</u>	<u>201,892</u>
Total Program Services	1,611,354	969,949
General and Administrative	<u>768,788</u>	<u>225,178</u>
Total Expenses	<u>2,380,142</u>	<u>1,195,127</u>
Changes in Net Assets	(397,087)	1,821,620
Unrestricted Net Assets, Beginning of the Year	<u>21,782,518</u>	<u>19,960,898</u>
Unrestricted Net Assets, End of the Year	\$ <u>21,385,431</u>	\$ <u>21,782,518</u>

See accompanying notes to financial statements

SIKH GURDWARA - SAN JOSE (CALIFORNIA)
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2011

	<u>Path, Kirtan, and Katha</u>	<u>Khalsa School</u>	<u>Community Kitchen (Langar)</u>	<u>Total Program Services</u>	<u>General and Administrative</u>	<u>Total Expenses</u>
Salaries and Wages	\$ 130,459	\$ -	\$ 12,500	\$ 142,959	\$ 59,365	\$ 202,324
Payroll Taxes	9,956		954	10,910	4,530	15,440
Religious Services	131,440			131,440		131,440
Contract Services		30,159	2,000	32,159	152,817	184,976
School Activities		19,842		19,842		19,842
Advertising					23,425	23,425
Auto Expenses					749	749
Board Expenses					10,073	10,073
Repair and Maintenance	25,364	14,123	16,855	56,342	1,728	58,070
Bank Charges		890		890	5,300	6,190
Insurance	30,664	17,075	19,862	67,601	2,091	69,692
Printing and Reproduction		2,769		2,769	9,818	12,587
Supplies		36,676	415	37,091	41,979	79,070
Postages and Delivery		2,472		2,472	3,273	5,745
Telephone	4,306	2,398	2,789	9,493	294	9,787
Rent		1,500		1,500	21,821	23,321
Utilities	76,339	42,507	49,447	168,293	5,205	173,498
Property Taxes	12,619	7,027	8,174	27,820	860	28,680
Janitorial Services	11,558	6,436	7,486	25,480	787	26,267
Security Expenses	5,177	2,883	3,354	11,414	353	11,767
Depreciation	390,474	217,423	252,922	860,819	26,623	887,442
Legal Settlement Expenses					135,000	135,000
Interest Expenses					261,852	261,852
Miscellaneous Expenses		1,560	500	2,060	845	2,905
Total Expense	\$ 828,356	\$ 405,740	\$ 377,258	\$ 1,611,354	\$ 768,788	\$ 2,380,142

See accompanying notes to financial statements.

SIKH GURDWARA - SAN JOSE (CALIFORNIA)
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2010

	<u>Path, Kirtan, and Katha</u>	<u>Khalsa School</u>	<u>Community Kitchen (Langar)</u>	<u>Total Program Services</u>	<u>General and Administrative</u>	<u>Total Expenses</u>
Salaries and Wages	\$ 19,085	\$ -	\$ 24,000	\$ 43,085	\$ 58,378	\$ 101,463
Payroll Taxes	1,640		2,062	3,702	5,017	8,719
Religious Services	264,135			264,135		264,135
Contract Services		31,550	1,450	33,000	125,977	158,977
School Activities		17,574		17,574		17,574
Auto Expenses					3,235	3,235
Licenses and Permits					1,200	1,200
Repair and Maintenance	31,917	17,772	20,673	70,362	2,176	72,538
Bank Charges		1,171		1,171	4,267	5,438
Insurance	11,427	6,363	7,401	25,191	779	25,970
Equipment Rental					3,602	3,602
Supplies		17,626	2,975	20,601	3,148	23,749
Telephone	4,913	2,736	3,182	10,831	335	11,166
Utilities	44,791	24,940	29,012	98,743	3,054	101,797
Property Taxes	14,936	8,317	9,674	32,927	1,018	33,945
Janitorial Services	14,229	7,923	9,217	31,369	970	32,339
Security Expenses	2,557	1,424	1,656	5,637	174	5,811
Depreciation	139,859	77,876	90,590	308,325	9,536	317,861
Miscellaneous Expenses		3,296		3,296	2,312	5,608
Total Expense	\$ 549,489	\$ 218,568	\$ 201,892	\$ 969,949	\$ 225,178	\$ 1,195,127

See accompanying notes to financial statements.

SIKH GURDWARA - SAN JOSE (CALIFORNIA)
STATEMENT OF CASH FLOWS
Years Ended December 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Cash Flows From Operating Activities:		
Changes in Net Assets	\$ (397,087)	\$ 1,821,620
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	887,442	317,861
Amortization of Loan Costs	14,641	-
Noncash Contribution	-	(932,737)
Unrealized Losses (Gains) on Investments	410,886	(6,363)
Realized Gains on Sale of Investments	-	(4,665)
Loss on Sale of Building	-	52,323
Changes in Operating Assets and Liabilities:		
Increase in Employee Advances	(1,200)	-
Increase in Loan Costs	(109,810)	-
Increase in Accounts Payable	342,217	27,522
Decrease in Construction in Progress Payable	(620,730)	(885,212)
Decrease in Payroll Taxes Payable	<u>(1,919)</u>	<u>(2,172)</u>
Net Cash Provided by Operating Activities	524,440	388,177
Cash Flows From Investing Activities:		
Proceeds from Sale of Investments	13,680	77,248
Purchase of Investments	(661,579)	-
Purchase of Certificates of Deposit	(95,000)	-
Proceeds from Sale of Building	-	622,398
Building additions	(22,070,080)	-
Purchase of Equipment	(112,328)	(4,216)
Decrease (Increase) in Construction in Progress	<u>20,132,978</u>	<u>(5,400,306)</u>
Net Cash Used in Investing Activities	(2,792,329)	(4,704,876)
Cash Flows From Financing Activities:		
Proceeds from Note Payable	13,500,000	-
Principal payments on Note Payable	(317,781)	-
Proceeds from Loans from Members	160,000	-
Draws (Payments) on Construction Line of Credit	<u>(11,845,127)</u>	<u>3,592,648</u>
Net Cash Provided by Financing Activities	<u>1,497,092</u>	<u>3,592,648</u>
Net Decrease in Cash	(770,797)	(724,051)
Cash and Cash Equivalents, Beginning of Year	<u>844,071</u>	<u>1,568,122</u>
Cash and Cash Equivalents, End of Year	\$ <u><u>73,274</u></u>	\$ <u><u>844,071</u></u>
Supplemental Disclosures:		
Capitalized Interests on Construction Line of Credit	\$ <u><u>320,933</u></u>	\$ <u><u>536,582</u></u>
Interests paid	\$ <u><u>261,852</u></u>	\$ <u><u>-</u></u>

See accompanying notes to financial statements

SIKH GURDWARA - SAN JOSE (CALIFORNIA)
NOTES TO FINANCIAL STATEMENTS
Years Ended December 31, 2011 and 2010

1. ORGANIZATION

Sikh Gurdwara - San Jose (California) (the "Gurdwara") is a California nonprofit organization which was founded and started its operation in October 1985. The Gurdwara provides religious, educational, and cultural services to the residents of San Jose and surrounding cities.

Path, Kirtan, and Katha:

The Gurdwara provides religious services such as reading sermons and singing devotional music (Path, Kirtan, and Katha) on a regular basis. Spiritual leaders and priests from around the world provide these services.

Khalsa School:

The Gurdwara provides educational services to young children. Children are taught Punjabi language, principal of Sikh religion, and devotional music.

Community Kitchen (Langar):

The Gurdwara provides hot meals to devotees and visitors everyday. Community Kitchen (Langar) is generally funded by followers who bring food supplies and prepare food at the Gurdwara.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Gurdwara have been prepared on the accrual basis of accounting whereby revenues are recognized when earned and expenses as incurred.

Basis of Presentation

Net assets of the Gurdwara and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations. Also, contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized.

SIKH GURDWARA - SAN JOSE (CALIFORNIA)
NOTES TO FINANCIAL STATEMENTS (Continued)
Years Ended December 31, 2011 and 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Gurdwara and/or passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. The Gurdwara had no temporarily restricted net assets at December 31, 2011 and 2010.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Gurdwara. Generally, the donors of these assets permit the Gurdwara to use all or part of the income earned on any related investments for general or specific purposes. The Gurdwara had no permanently restricted net assets at December 31, 2011 and 2010.

Cash Equivalents

For purposes of the statement of cash flows, the Gurdwara considers all unrestricted highly liquid investments with a maturity of three months or less at the date of acquisition to be cash equivalents.

Certificates of Deposit

Certificates of deposit are carried at market value.

Investments

Investments in marketable securities with readily determinable fair values are reported in the accompanying statements of financial position at their fair values based on quoted market prices. Unrealized gains and losses are included in the changes in net assets in the accompanying statements of activities. Investment income and gains restricted by donors are reported as increases in unrestricted net assets if the restrictions are met in the reporting period in which the income and gains are recognized.

SIKH GURDWARA - SAN JOSE (CALIFORNIA)
NOTES TO FINANCIAL STATEMENTS (Continued)
Years Ended December 31, 2011 and 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donated Services

Donated services are recognized as contributions in accordance with generally accepted accounting principles, if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would typically need to be purchased if not provided by donation. No amounts have been recognized in the accompanying financial statements for donated services because the criteria for recognition of such volunteer effort under generally accepted accounting principles have not been satisfied.

Credit Risk

Financial instruments that potentially subject the Gurdwara to concentrations of credit risk are primarily cash and investments. The Gurdwara places its cash in banks that are insured in a limited amount by the Federal Deposit Insurance Corporation. The uninsured balance at December 31, 2010, was \$744,055.

Fair Value Measurements

The Gurdwara reports its fair value measurements using a three level hierarchy that prioritizes the inputs used to measure fair value. This hierarchy, established by generally accepted accounting standards, requires that entities maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The three levels of inputs used to measure fair value are as follows:

Level 1 - Quoted prices for identical assets or liabilities in active markets to which the organization has access at the measurement date.

Level 2 - Inputs other than quoted prices included in level 1 that are observable for assets or liabilities, either directly or indirectly. Level 2 inputs include quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full terms of the assets or liabilities.

Level 3 - Unobservable inputs for assets or liabilities. Unobservable inputs should be used to measure the fair value to the extent that observable inputs are not available.

SIKH GURDWARA - SAN JOSE (CALIFORNIA)
NOTES TO FINANCIAL STATEMENTS (Continued)
Years Ended December 31, 2011 and 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefitted.

Grants and Contributions

Grants and contributions, including unconditional promises to give, are recorded as made. All grants and contributions are available for unrestricted use unless specifically restricted by the donor. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. Conditional promises to give are not included as support until the conditions are substantially met.

Income Tax Status

The Gurdwara is exempt from federal income tax under Section 501 (c) (3) of the Internal Revenue Code and is exempt from California franchise taxes under Section 23701d of the Revenue and Taxation Code. It is the opinion of management that all income earned has been related to the Gurdwara's tax-exempt status and there has been no unrelated business income.

The accounting standard requires that a tax position be recognized or derecognized based on a "more-likely-than-not" threshold. Based on the management's analysis of the Gurdwara's tax positions, the accounting for any uncertainty in the Gurdwara's tax positions is not expected to have a material impact on the financial statements.

SIKH GURDWARA - SAN JOSE (CALIFORNIA)
NOTES TO FINANCIAL STATEMENTS (Continued)
Years Ended December 31, 2011 and 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment

Expenditures for property and equipment greater than or equal to \$5,000 are capitalized at cost and depreciated over their estimated useful lives using the straight-line method. The fair value of donated capital items is similarly capitalized.

Subsequent Events

The Gurdwara has evaluated subsequent events through May 15, 2012, which is the date the financial statements were available to be issued.

3. INVESTMENTS

Investments are stated at fair value and consist of the following at December 31, 2011:

	<u>Cost</u>	<u>Fair Value</u>	<u>Level of Inputs</u>
Mutual Funds	\$ 462,119	\$ 433,798	Level 1
Equity Securities	<u>1,119,771</u>	<u>742,315</u>	Level 1
	<u>\$ 1,581,890</u>	<u>\$ 1,176,113</u>	

Investments are stated at fair value and consist of the following at December 31, 2010:

	<u>Cost</u>	<u>Fair Value</u>	<u>Level of Inputs</u>
Equity Securities	\$ <u>932,737</u>	\$ <u>939,100</u>	Level 1

As discussed in Note 2 to the financial statements, the Gurdwara is required to report its fair value measurements of investments in one of three level.

SIKH GURDWARA - SAN JOSE (CALIFORNIA)
NOTES TO FINANCIAL STATEMENTS (Continued)
Years Ended December 31, 2011 and 2010

3. INVESTMENTS (Continued)

The following schedule summarizes investment returns on investments and cash and cash equivalents, which were all unrestricted and reported in the statements of activities for the year ended December 31, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
Interest Income	\$ 16,586	\$ 10,492
Net Realized Gains on Investments	-	4,665
Unrealized Gains (Losses) on Investments	(410,886)	6,363
Investment Fees	<u>(4,240)</u>	<u>-</u>
 Total	 \$ <u>(398,540)</u>	 \$ <u>21,520</u>

4. CONSTRUCTION LINE OF CREDIT

In December 2007, American Continental Bank (the “Bank”) agreed to lend the Gurdwara a line of credit loan not to exceed \$13,500,000 for the construction of the Gurdwara’s main building, with interest rate of 0.25 percentage points over the index, secured by the Gurdwara’s real property.

Also the Gurdwara capitalized incurred loan interests in the amounts of \$320,933 and \$536,582 in 2011 and 2010, respectively.

As of December 31, 2011 and 2010, the construction loan balances were \$0 and \$11,845,127, respectively, at the interest rate of 6.75%. The Bank maintained \$0 and \$1,547,747 of unspent construction reserve, and \$0 and \$107,126 of interest reserve for the future interests on this loan as of December 31, 2011 and 2010, respectively.

On April 8, 2011, the Gurdwara fully paid off the balance of construction line of credit with a five year term loan amounted \$13,500,000, for the period from April 8, 2011 to April 7, 2016, at a rate per year equal to the BBA LIBOR Daily Floating Rate plus 2.5% from the Bank of America. The term loan was secured by the Gurdwara’s property.

5. LOAN COSTS

In April 2011, the Gurdwara paid \$109,810 in closing costs on the note payable. These costs are amortized using the straight-line method over the 5 year term of the loan. Amortized loan costs in 2011, were \$14,641.

SIKH GURDWARA - SAN JOSE (CALIFORNIA)
NOTES TO FINANCIAL STATEMENTS (Continued)
Years Ended December 31, 2011 and 2010

6. NOTE PAYABLE

The following is a summary of the note payable:

2011 2010

Note payable to Bank of America, due monthly in installments of principal pursuant to a twenty year amortization schedule with interest rate per year equal to the BBA LIBOR Daily Floating Rate plus 2.5% (currently 2.75%) through April 2016, secured by real property.

\$ 13,182,219 \$ -

The future scheduled maturities of long-term debt are as follows:

Year Ending December 31:

2012	\$ 434,660
2013	446,765
2014	459,207
2015	471,996
2016	<u>11,369,591</u>
Total	<u>\$ 13,182,219</u>

7. CONSTRUCTION IN PROGRESS

The detail costs for construction in progress as of December 31, 2011 and 2010 are as follows:

Pre-construction Costs Incurred in and before 2006	\$ 280,536
Construction Costs Incurred in 2007	584,094
Construction Costs Incurred in 2008	7,646,043
Construction Costs Incurred in 2009	6,221,999
Construction Costs Incurred in 2010	5,400,306
Construction Costs Incurred in 2011	<u>1,937,102</u>
Total	<u>\$ 22,070,080</u>

Building construction was completed in 2011. The \$22,070,080 of construction in progress balance was reclassified as building additions and the Gurdwara started to record depreciations in 2011.

SIKH GURDWARA - SAN JOSE (CALIFORNIA)
NOTES TO FINANCIAL STATEMENTS (Continued)
Years Ended December 31, 2011 and 2010

7 CONSTRUCTION IN PROGRESS (Continued)

The construction costs incurred in 2011 and 2010 included the followings:

	<u>2011</u>	<u>2010</u>
Capitalized Incurred Interests	\$ 320,933	\$ 536,582
Construction Line of Credit Loan Withdrawal	-	3,056,066
Interest Income from Construction Checking Account	-	(9,517)
Payments Through General Funds	2,236,899	2,702,387
Construction in Progress Payable, Beginning of Year	(620,730)	(1,505,942)
Construction in Progress Payable, End of Year	<u>-</u>	<u>620,730</u>
Total	<u>\$ 1,937,102</u>	<u>\$ 5,400,306</u>

8. COMMITMENTS AND CONTINGENCIES

Sikh Gurdwara - San Jose vs. Amritsar Publication & Media Group, LLC

In September 2009, the Gurdwara filed a libel lawsuit against Amritsar Times committed libel when it published a series of newspaper articles about the Gurdwara beginning in September 2008. The lawsuit alleged that the defendants published articles with malice, hatred, and ill will toward the Gurdwara and sought to injure the Gurdwara.

Amritsar Publication & Media Group, LLC had filed a petition for bankruptcy in 2011. No trial date has been set yet. Management intends to pursue the case vigorously.

Quality Sheet Metal, Inc. vs. Sikh Gurdwara - San Jose

In September 2009, Quality Sheet Metal, Inc. ("Quality") filed a complaint in the Superior Court of Santa Clara County alleging Breach of Contract and seeking to foreclose on a mechanic lien for approximately \$31,000 owing under a construction contract. The Gurdwara answered the complaint and cross-complained for damages of approximately \$100,000. This matter is currently being meditated. The Gurdwara will continue to vigorously defend and oppose Quality's complaint and vigorously prosecute its cross complaint.

SIKH GURDWARA - SAN JOSE (CALIFORNIA)
NOTES TO FINANCIAL STATEMENTS (Continued)
Years Ended December 31, 2011 and 2010

8. COMMITMENTS AND CONTINGENCIES (Continued)

Polo Perez Construction vs. Sikh Gurdwara - San Jose

In October 2010, Polo Perez Construction, Inc. ("Polo") filed a complaint in the Superior Court of Santa Clara County alleging Breach of Contract and seeking to foreclose on a mechanic lien. Polo is seeking approximately \$397,000 in damages for monies owing under a construction contract. The Gurdwara answered Polo's complaint, generally denying that any monies were owed and filed an affirmative cross-complaint seeking damages in the approximately amount of \$26,000. The Gurdwara agreed to pay \$100,000 for the full and complete settlement of this dispute on April 3, 2012.

Tarlochan Singh Nahal et al. vs. Sikh Gurdwara - San Jose et al.

On June 17, 2011, Tarlochan Singh Nahal, Jagjit Singh Mand, Gurmail Singh Khalsa, and Daljit Singh filed a complaint in Santa Clara Superior Court against the Gurdwara and its Parbandhak Committee members entitled "Action for Judicial Determination of Validity of Appointment and Election of Directors [Corp. Code Section 9418] and Declaratory Relief Action to Determine Invalidity of Bylaw Amendment and Extension of Directors' Terms of Office."

On June 28, 2011, the same plaintiffs filed a separate complaint in Santa Clara Superior Court against the Gurdwara, Bhudiper S. Dhillon, and Hardev Takhar entitled "Petition for Writ of Mandate to Produce Records [Corp. Code Section 9514]." Collectively, the two complaints make wide-ranging allegations regarding, among other things, the validity of the Gurdwara's directors and bylaws, and request, among other things, that the Court order and supervise elections and order the production of various documents. No trial date has been set yet. Management intends to defend against the case vigorously.