SIKH GURDWARA - SAN JOSE

AUDITED FINANCIAL STATEMENTS
DECEMBER 31, 2025
(With summarized comparative totals as of and for the year ended December 31, 2024)

HARSHWAL & COMPANY LLP
CERTIFIED PUBLIC ACCOUNTANTS

SIKH GURDWARA - SAN JOSE

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Sikh Gurdwara - San Jose (the "Gurdwara"), (a nonprofit organization), which comprise the statement of financial position as of December 31, 2025, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Gurdwara as of December 31, 2025, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Gurdwara and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Gurdwara's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Gurdwara's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Gurdwara's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We had previously audited the Gurdwara's 2024 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 17, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The computation of Debt Service Coverage Ratio and Liquidity Maintenance Ratio on page 17 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.

Harshwal & Company LLP

San Diego, California
June 12, 2026

BASIC FINANCIAL STATEMENTS

SIKH GURDWARA - SAN JOSE

STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2025
(With summarized comparative totals as of December 31, 2024)

	2025	2024
ASSETS		
Cash and cash equivalents	$ 874,122	$ 1,144,526
Investments	2,463,862	2,226,004
Deferred rent receivable	98,892	76,563
Deposit and advances	-	1,500
Property and equipment, net	23,050,186	23,373,698
Total assets	26,487,062	26,822,291
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	19,460	83,547
Accrued liabilities	32,380	31,872
Notes payable	9,031,002	9,231,491
Less: Unamortized debt issuance costs	(124,978)	-
Total liabilities	8,957,864	9,346,910
NET ASSETS		
Without donor restrictions	17,529,198	17,475,381
Total net assets	17,529,198	17,475,381
Total liabilities and net assets	$ 26,487,062	$ 26,822,291

The accompanying notes are an integral part of these financial statements.

SIKH GURDWARA - SAN JOSE

STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2025
(With summarized comparative totals for the year ended December 31, 2024)

	2025	2024
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
OPERATING REVENUES		
Contributions of cash and other financial assets	$ 3,762,394	$ 3,571,565
Lease rent	71,126	71,126
Other interest income	6	6
Total operating revenues	3,833,526	3,642,697
OPERATING EXPENSES		
Program services	1,563,487	1,738,539
General and administrative	2,592,337	2,445,441
Total operating expenses	4,155,824	4,183,980
Operating income/(loss)	(322,298)	(541,283)
NONOPERATING REVENUES		
Investment income, net	376,115	342,337
Total nonoperating revenues	376,115	342,337
Change in net assets	53,817	(198,946)
Net assets, beginning of year	17,475,381	17,674,327
Net assets, end of year	$ 17,529,198	$ 17,475,381

The accompanying notes are an integral part of these financial statements.

SIKH GURDWARA - SAN JOSE

STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2025
(With summarized comparative totals for the year ended December 31, 2024)

	Program Services						Total Expenses	
	Path, Kirtan and Katha	Khalsa School	Community Kitchen (Langar)	Special Events	Total Program Services	General and Administrative	2025	2024
Salaries and wages	$ 931,708	$ 21,647	$ -	$ -	$ 953,355	$ -	$ 953,355	$ 891,333
Payroll taxes	71,368	1,658	-	-	73,026	-	73,026	68,187
Religious services	120,047	-	-	63,474	183,521	-	183,521	374,467
Contract services	-	-	-	-	-	18,205	18,205	25,500
Equipment costs	-	3,860	-	-	3,860	13,121	16,981	69,597
Cleaning	-	-	-	-	-	-	-	7,424
Cultural cost	-	-	-	6,975	6,975	-	6,975	35,233
School activities	-	126,369	-	64,985	191,354	-	191,354	287,096
Advertising	-	-	-	-	-	31,112	31,112	38,174
Repair and maintenance	-	-	4,118	-	4,118	118,667	122,785	47,359
Bank charges	-	-	-	-	-	21,036	21,036	12,527
Postage and delivery	-	-	-	-	-	14,176	14,176	2,000
Insurance	-	-	-	-	-	113,105	113,105	82,290
Election cost	-	-	-	-	-	51,506	51,506	-
Audio/Video System	-	-	-	-	-	177,555	177,555	-
Supplies	-	-	126,785	-	126,785	20,126	146,911	121,537
Telephone	-	-	-	-	-	19,280	19,280	24,692
Equipment rental	-	-	-	-	-	4,705	4,705	7,846
Travel	-	-	-	-	-	6,405	6,405	607
Utilities	-	-	-	-	-	302,449	302,449	308,822
Property taxes	-	-	-	-	-	57,649	57,649	52,510
Janitorial services	-	-	-	-	-	172,267	172,267	153,925
Landscaping	-	-	-	-	-	-	-	2,000
Legal	-	-	-	-	-	23,267	23,267	141,016
Security expenses	-	-	-	-	-	30,429	30,429	23,618
Depreciation	-	-	-	-	-	989,234	989,234	960,241
Interest expenses	-	-	-	-	-	406,123	406,123	416,025
Other finance charge	-	-	-	-	-	325	325	-
Software	-	-	-	-	-	667	667	-
Youth sports	-	-	-	20,493	20,493	-	20,493	20,220
Miscellaneous expenses	-	-	-	-	-	928	928	9,734
Total expenses 2025	$ 1,123,123	$ 153,534	$ 130,903	$ 155,927	$ 1,563,487	$ 2,592,337	$ 4,155,824	
Total expenses 2024	$ 1,221,004	$ 256,444	$ 137,957	$ 123,134	$ 1,738,539	$ 2,445,441		$ 4,183,980

The accompanying notes are an integral part of these financial statements.

SIKH GURDWARA - SAN JOSE
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2025
(With summarized comparative totals for the year ended December 31, 2024)

	2025	2024
Cash Flows from Operating Activities		
Operating income/(loss)	$ (322,298)	$ (541,283)
Adjustments to reconcile change in net assets to net cash provided by/(used in) operating activities:		
Depreciation	989,234	960,241
Change in operating assets and liabilities:		
Deposit and advances	1,500	-
Deferred rent receivable	(22,329)	(25,521)
Accounts payable	(64,087)	10,390
Accrued liabilities	508	(6,950)
Net cash provided by operating activities	582,528	396,877
Cash Flows from Investing Activities		
Sale/(purchase) of investment	138,257	(9,502)
Purchase of property and equipment	(665,722)	(133,483)
Net cash used in investing activities	(527,465)	(142,985)
Cash Flows from Financing Activities		
Repayments of notes payable	(325,467)	(321,659)
Net cash used in financing activities	(325,467)	(321,659)
Net change in cash and cash equivalents	(270,404)	(67,767)
Cash and cash equivalents, beginning of year	1,144,526	1,212,293
Cash and cash equivalents, end of year	$ 874,122	$ 1,144,526
Supplemental disclosures:		
Interest paid	$ 406,123	$ 416,825

The accompanying notes are an integral part of these financial statements.

NOTE 1 - GENERAL INFORMATION

Sikh Gurdwara - San Jose (the "Gurdwara") is a California nonprofit organization which was founded and started its operation in 1984. The Gurdwara provides religious, educational, and cultural services to the residents of San Jose and surrounding cities.

A. 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.

B. Khalsa School

The Gurdwara provides educational services. In addition to teaching Punjabi language, principles of Sikh religion, and devotional music, the school provides college prep classes, youth sports and scholarships.

C. Community Kitchen (Langar)

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The financial statements of the Gurdwara have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require the Gurdwara to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Gurdwara. These net assets may be used at the discretion of the Gurdwara's management and the board of directors. Also, contributions that are restricted by the donor are reported as increases in Without Donor Restrictions 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.

Net assets with donor restrictions - Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates those resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. The Gurdwara had no net assets with donor restrictions as of December 31, 2025 and 2024.

B. Cash and Cash Equivalents

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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D

C. 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 net assets with donor restrictions if the restrictions are met in the reporting period in which the income and gains are recognized.

D. 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.

E. Property and Equipment

Expenses for property and equipment greater than or equal to $2,500 are capitalized at cost and depreciated over their estimated useful lives using the straight-line method. Estimated useful lives of assets are as follows:

Asset class	Useful lives
Buildings	40 years
Building and improvements	10 years
Furniture and equipment	5 years
Vehicles	5 years

Donated Property and Equipment

Donations of property and equipment are recorded as contributions at their estimated fair value at the date of donation. Contributions restricted for the acquisition of land, buildings, and equipment are reported as net assets without donor restriction upon acquisition of the assets and the assets are placed in service.

F. 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 Gurdwara 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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D

G. Expense Allocation

The costs of providing various program and supporting services have been summarized on a functional basis in the statements of activities and statements of functional expenses. These statements report certain expense categories that are attributable to more than one program or supporting function. Therefore, these expenses require an allocation on a reasonable basis that is consistently applied.

The expenses that are allocated include salaries and wages, payroll taxes which are allocated on the basis of estimates of time and effort, as well as school activities, religious services, supplies, special event cost which are allocated on their respective function/ program. All remaining expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Gurdwara considered general and administrative expenses.

H. Advertising Expenses

The Gurdwara incurs advertising expenses as part of its efforts to promote its mission, programs, and fundraising activities. These expenses are essential for increasing public awareness, attracting donors, and recruiting volunteers. Advertising expenses for the years ended December 31, 2025 and 2024 were $31,112 and $38,174, respectively.

I. 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.

J. 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.

Revenue Recognition

The Gurdwara recognizes revenue in accordance with U.S. generally accepted accounting principles (U.S. GAAP), primarily under ASC 958-605, Not-for-Profit Entities - Revenue Recognition. Contribution revenue, including donations and grants, is recognized when received or when any donor-imposed conditions are substantially met. As the Gurdwara only receives non-restricted contributions, these amounts are recorded as unrestricted net assets upon receipt and recognized in the period the funds are received.

K. 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 23701(d) 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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D

K. Income Tax Status - Cont'd

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.

L. Leases

The Gurdwara has implemented ASC 842 for lease accounting. The primary objective of this implementation is to enhance the relevance and consistency of information regarding the Gurdwara's leasing activities. Under this guidance, lease income is recognized over the lease term on a straight-line basis. The Gurdwara's financial statements include adequate disclosures to provide insight into the nature and extent of leasing activities.

M. Comparative Summarized Financial Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Gurdwara’s financial statements for the year ended December 31, 2024, from which the summarized information was derived.

NOTE 3 - CASH AND CASH EQUIVALENTS

On December 31, 2025 and 2024, cash and cash equivalents were $874,122 and $1,144,526, whereas the carrying amount of the Gurdwara’s Checking and Savings account were $862,918, and $733,876 respectively, and the bank balance were $767,931, and $658,803. The difference between the bank balance and the carrying amount represents outstanding checks and deposit in transit.

Credit Risk: Cash balances held in banks are insured up to $250,000 by the Federal Deposit Insurance Corporation (FDIC). The Gurdwara maintains its cash in bank deposit accounts that at times may exceed insured limits. On December 31, 2025 and, 2024, the Gurdwara had $179,159 and $123,300 in excess of insured limits.

NOTE 4 - INVESTMENTS

Investments are stated at fair value as of December 31, 2025 and, 2024, and consist of the following:

	2025	2024
Mutual Funds	$ 20,034	$ 22,523
Equity Securities	2,123,460	1,847,789
Fixed Income Securities	320,368	355,692
Total	$ 2,463,862	$ 2,226,004

FAIR VALUE MEASUREMENTS

Information related to the investment measured at fair value on a recurring basis on December 31, 2025 is as follows:

		Fair Value Measurement Using		
Description	Fair Value	(Level 1)	(Level 2)	(Level 3)
Mutual Fund	$ 20,034	$ 20,034	$ -	$ -
Equity Securities	2,123,460	2,123,460	-	-
Fixed Income Securities	320,368	320,368	-	-
Total Investments	$ 2,463,862	$ 2,463,862	$ -	$ -

Information related to the investment measured at fair value on a recurring basis on December 31, 2024 is as follows:

		Fair Value Measurement Using		
Description	Fair Value	(Level 1)	(Level 2)	(Level 3)
Mutual Fund	$ 22,523	$ 22,523	$ -	$ -
Equity Securities	1,847,789	1,847,789	-	-
Fixed Income Securities	355,692	355,692	-	-
Total Investments	$ 2,226,004	$ 2,226,004	$ -	$ -

The following schedule summarizes investment returns on investments, reported in the statements of activities for the year ended December 31, 2025 and, 2024:

	2025	2024
Interest Income	$ 23,145	$ 18,756
Dividend Income	28,009	44,820
Net Realized Gain/(Loss) on Investments	127,822	25,123
Unrealized Gain/(Loss) on Investments	220,360	268,951
Investment Fees	(23,221)	(15,313)
Investment income, net	$ 376,115	$ 342,337

NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment on December 31, 2025 and, 2024, consist of the following:

	2025	2024
Land	$ 2,200,000	$ 2,200,000
Construction in progress	1,044,407	614,146
Buildings	34,424,815	34,424,815
Buildings and improvements	1,185,249	1,030,948
Furniture and equipment	2,102,421	2,021,261
Vehicles	32,000	32,000
Total property and equipment	40,988,892	40,323,170
Less: accumulated depreciation	(17,938,706)	(16,949,472)
Property and equipment, net	$ 23,050,186	$ 23,373,698

Depreciation expense for the years ended December 31, 2025 and, 2024 were $989,234 and $960,241.

NOTE 6 - LEASE

On May 28, 2010, the Gurdwara entered into lease agreement with T-Mobile West Tower LLC for the purpose of installing, operating, repairing and maintaining Antenna Facilities in the Gurdwara's premises for five years with monthly receipts of $1,985. Lessor and lessee entered into an amendment to the lease wherein the term of the lease had been modified to include an additional nine extensions of five years. According to the lease, the expiration date of final extension will be May 31, 2060. Rent will be increased for each such renewal term over the monthly or annual installment of rent payable of the preceding renewal term by 12%. In consideration of the additional ground space being lease pursuant to the first amendment effective from the year 2016, tenant shall pay to landlord the amount of $1,170 per month. The ground expansion fees shall increase in the same manner and at the same time as rent, as provided in the lease, and shall be payable, in advance, together with the rent.

The Gurdwara deferred rent receivable for the year ended December 31, 2025, was as follows:

	Beginning Balance	Additions	Ending Balance
Deferred rent receivable	$ 76,563	$ 22,329	$ 98,892
Total	$ 76,563	$ 22,329	$ 98,892

NOTE 6 - LEASE - CONT'D

As lessor, the undiscounted cash flows from future minimum lease payments to be received for the operating leases in effect as of December 31, 2025 are as follows:

Years Ending December 31:	Total amount
2026	$ 51,077
2027	51,077
2028	51,077
2029	51,077
2030	54,653
Thereafter	2,287,835
Total	$ 2,546,796

The Gurdwara recognized lease revenue of $71,126 and $71,126 during the years ended December 31, 2025 and 2024, respectively. The revenue is shown under the operating revenues in the statements of activities.

NOTE 7 - NOTE PAYABLE

As of February 20, 2017, the Gurdwara had $11,174,638 of variable-rate debt outstanding with payments due on a monthly basis. The note accrued interest at Daily LIBOR plus 1.75%. In order to hedge interest rate risk, on January 31, 2017, the Gurdwara entered into a Swap Agreement, governed by International Swaps and Derivatives Association, Inc. Master Agreement 2002 with Umpqua Bank with effective date of Swap Agreement as February 20, 2017 and termination date as April 20, 2026. The Gurdwara entered into an interest rate swap for a notional amount of $11,174,638 at fixed rate of 2.57%.

Under this agreement, the Gurdwara pays the fixed rate of 2.57% on the outstanding balance on monthly basis and receives Daily LIBOR on a monthly basis. Payments are settled on a net basis, and the Gurdwara has effectively converted its variable-rate debt into fixed-rate debt with an effective interest rate of 4.32% (2.57%+1.75%). This loan refinanced through new loan from First-Citizens Bank & Trust Company on December 23, 2025.

On December 23, 2025, The Gurdwara refinanced its existing loan with Umpqua Bank through a new borrowing arrangement with First-Citizens Bank & Trust Company. The total loan amount is $13,750,000 of this amount $8,906,024 disbursed to repay the existing loan, consisting of $8,889,993 in principal and $15,706 in accrued interest through the termination date and $325 for the termination fee of the prior loan. Additional financing was obtained from First Citizens Bank to cover financial charges of $124,978 related to the new loan. The finance charges associated with the loan will be amortized on a straight-line basis over the term of the loan. As a result, the total outstanding loan balance increased to $9,031,002 as of December 31, 2025. The remaining $4,718,998 represents amount designated for the closing cost and construction financing for the second floor on each of the event center building of the Gurdwara. These funds are subject to future disbursement upon satisfaction of construction milestones and lender approval.

The new loan bears interest at a variable rate based on the 30-day average Secured Overnight Financing Rate (SOFR) published or made available by the Federal Reserve Bank of New York on the last business day of each month, plus a margin of 2.00%. Based on the December 23, 2025 rate of 4.009%, the initial effective interest rate is 6.009% per annum, calculated on a 360-day year.

NOTE 7 - NOTE PAYABLE - CONT'D

The loan requires 59 consecutive monthly payments beginning January 25, 2028, with subsequent payments due on the same day of each month thereafter, and matures on December 25, 2032.

The following is a summary of the notes payable:

	2025	2024
Notes payable, current	$ -	$ 341,498
Notes payable, net of current	9,031,002	8,889,993
Total notes payable	$ 9,031,002	$ 9,231,491

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

Year Ending December 31	Interest	Principal	Total
2026	$ 542,673	$ -	$ 542,673
2027	542,673	-	542,673
2028	523,720	666,846	1,190,566
2029	482,590	707,975	1,190,565
2030	438,924	751,642	1,190,566
Thereafter	735,910	6,904,539	7,640,449
Total	$ 3,266,490	$ 9,031,002	$ 12,297,492

NOTE 8 - RISK MANAGEMENT

The Gurdwara is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Gurdwara carries commercial insurance covering such risks of loss, including worker's compensation.

NOTE 9 - LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES

The Gurdwara’s goal is generally to maintain financial assets to meet 90 days of operating expenses. As part of its liquidity plan, excess cash is invested into short-term investments, including money market accounts and certificates of deposit. The Gurdwara had the following financial assets that could readily be made available within one year to fund expenses without limitations:

	2025	2024
Cash and cash equivalents	$ 874,122	$ 1,144,526
Investments	2,463,862	2,226,004
Financial assets available to meet cash needs for general expenditures within one year	$ 3,337,984	$ 3,370,530

NOTE 10 - COMMITMENTS AND CONTINGENCIES

The Gurdwara receives contributions from devotees that may be subject to audit or review by the stakeholders. Management believes that the Gurdwara has complied with all the applicable provisions. From time to time, the Gurdwara is involved in certain legal matters, which arise in the normal course of operations. Management believes the outcome of outstanding investigations and pending litigation are not expected to have a material effect on the Gurdwara’s financial position.

NOTE 11 - SUBSEQUENT EVENTS

The management of the Gurdwara has reviewed the results of operations for the period of time from its year end December 31, 2025 through June 12, 2026, the date the financial statements were available to be issued and has determined that no adjustments are necessary to the amounts reported in the accompanying financial statements nor have any subsequent events occurred, the nature of which would require disclosure.

SUPPLEMENTARY INFORMATION

SIKH GURDWARA - SAN JOSE

SUPPORTING DATA REQUIRED BY THE LENDER-
DEBT SERVICE COVERAGE RATIO AND LIQUIDITY MAINTENANCE RATIO
FOR THE YEAR ENDED DECEMBER 31, 2025

Debt Service Coverage Ratio Calculation	
Net revenue available for debt service (cash flow) Divided by	$ 1,073,059
Maximum annual debt service as defined in the debt agreement	$ 542,673
Debt service coverage ratio	1.98
Debt service coverage ratio required by lender	1.00 to 1.25
Calculation of Net Revenues Available for Debt Service on the Debt	
Changes in net assets from operating activities	$ (322,298)
Add: Depreciation expense	989,234
Interest expenses	406,123
Net revenue available for debt service	$ 1,073,059
Debt Service for the year ended December 31, 2025	
Principal payment upon long- term debt during the year ending December 31, 2026	$ -
Interest expenses during the year ending December 31, 2026	542,673
Maximum annual debt service as defined in the debt agreement	$ 542,673
Liquidity maintenance	
Liquidity maintenance	$ 3,337,984
Liquidity maintenance required by lender	$ 600,000
Calculation of Liquidity maintenance	
Unrestricted cash	$ 874,122
Marketable securities	2,463,862
Liquidity maintenance	$ 3,337,984