

**Akanksha Education Fund, Inc.**

Financial Statements

March 31, 2020

## Independent Auditors' Report

### **Board of Directors** **Akanksha Education Fund, Inc.**

We have audited the accompanying financial statements of Akanksha Education Fund, Inc. (the "Fund"), which comprise the statement of financial position as of March 31, 2020, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

In our opinion, the financial statements referred to above present fairly in all material respects, the financial position of Akanksha Education Fund, Inc. as of March 31, 2020, 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.

***Report on Summarized Comparative Information***

We have previously audited the Fund's March 31, 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 13, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended March 31, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

*PKF O'Connor Davies, LLP*

February 10, 2021

**Akanksha Education Fund, Inc.**

Statement of Financial Position  
March 31, 2020  
(with comparative amounts at March 31, 2019)

|                                       | <u>2020</u>         | <u>2019</u>         |
|---------------------------------------|---------------------|---------------------|
| <b>ASSETS</b>                         |                     |                     |
| Cash and cash equivalents             | \$ 244,022          | \$ 824,116          |
| Certificates of deposit               | 1,799,889           | 1,356,154           |
| Contributions receivable, net         | 451,774             | 612,231             |
| Prepaid expenses                      | 25,341              | 82,575              |
| Security deposit                      | <u>39,600</u>       | <u>-</u>            |
|                                       | <u>\$ 2,560,626</u> | <u>\$ 2,875,076</u> |
| <br>                                  |                     |                     |
| <b>LIABILITIES AND NET ASSETS</b>     |                     |                     |
| Liabilities                           |                     |                     |
| Accounts payable and accrued expenses | \$ 16,861           | \$ 20,637           |
| Deferred revenue                      | <u>30,000</u>       | <u>-</u>            |
| Total Liabilities                     | <u>46,861</u>       | <u>20,637</u>       |
| <br>                                  |                     |                     |
| Net Assets                            |                     |                     |
| Without donor restrictions            | 2,159,957           | 2,363,498           |
| With donor restrictions               | <u>353,808</u>      | <u>490,941</u>      |
| Total Net Assets                      | <u>2,513,765</u>    | <u>2,854,439</u>    |
|                                       | <u>\$ 2,560,626</u> | <u>\$ 2,875,076</u> |

See notes to financial statements

**Akanksha Education Fund, Inc.**

Statement of Activities  
For the Year Ended March 31, 2020  
(with summarized totals for the year ended March 31, 2019)

|  | 2020                          |                            |                     | 2019<br>Total       |
|--|-------------------------------|----------------------------|---------------------|---------------------|
|  | Without Donor<br>Restrictions | With Donor<br>Restrictions | Total               |                     |
| <b>SUPPORT AND REVENUE</b>   |                               |                            |                     |                     |
| Contributions and grants   | \$ 698,900                    | \$ 112,827                 | \$ 811,727          | \$ 1,833,925        |
| Special events revenue, net of direct benefit to donor costs<br>of \$175,742 and \$89,468 in 2020 and 2019 | 722,264                       | -                          | 722,264             | 600,431             |
| Interest income  | 31,934                        | -                          | 31,934              | 19,577              |
| Net assets released from restrictions  | 249,960                       | (249,960)                  | -                   | -                   |
| Total Support and Revenue  | <u>1,703,058</u>              | <u>(137,133)</u>           | <u>1,565,925</u>    | <u>2,453,933</u>    |
| <b>EXPENSES</b>  |                               |                            |                     |                     |
| Program services   | 1,579,508                     | -                          | 1,579,508           | 1,147,552           |
| Supporting Services  |                               |                            |                     |                     |
| General and administrative   | 110,935                       | -                          | 110,935             | 57,225              |
| Fundraising  | 216,156                       | -                          | 216,156             | 269,979             |
| Total Expenses   | <u>1,906,599</u>              | <u>-</u>                   | <u>1,906,599</u>    | <u>1,474,756</u>    |
| Change in Net Assets   | (203,541)                     | (137,133)                  | (340,674)           | 979,177             |
| <b>NET ASSETS</b>  |                               |                            |                     |                     |
| Beginning of year  | <u>2,363,498</u>              | <u>490,941</u>             | <u>2,854,439</u>    | <u>1,875,262</u>    |
| End of year  | <u>\$ 2,159,957</u>           | <u>\$ 353,808</u>          | <u>\$ 2,513,765</u> | <u>\$ 2,854,439</u> |

See notes to financial statements

**Akanksha Education Fund, Inc.**

Statement of Functional Expenses  
For the Year Ended March 31, 2020  
(with summarized totals for the year ended March 31, 2019)

|   | Supporting Services |                               |                   | 2020<br>Total  | 2019<br>Total       |
|---|---------------------|-------------------------------|-------------------|----------------|---------------------|
|   | Program<br>Services | General and<br>Administrative | Fundraising       |                |                     |
| Research grants   | \$ 1,469,208        | \$ -                          | \$ -              | \$ -           | \$ 1,469,208        |
| Personnel costs   | 72,569              | 54,227                        | 163,080           | 7,255          | 297,131             |
| Professional fees   | 4,900               | 48,512                        | 19,600            | -              | 73,012              |
| Travel  | 1,523               | 3,922                         | 4,203             | -              | 9,648               |
| Website and database  | 5,736               | -                             | 717               | -              | 6,453               |
| Bank fees   | -                   | -                             | 12,788            | -              | 12,788              |
| Insurance   | 4,079               | 1,360                         | 9,533             | -              | 14,972              |
| Postage and printing  | 3,922               | -                             | 1,787             | 6,967          | 12,676              |
| Supplies  | -                   | -                             | 606               | -              | 606                 |
| Taxes and licenses  | 2,465               | -                             | -                 | -              | 2,465               |
| Dues and subscriptions  | 6,716               | -                             | 527               | -              | 7,243               |
| Telephone   | 693                 | -                             | -                 | -              | 693                 |
| Miscellaneous   | -                   | 1,022                         | 22                | 81,445         | 82,489              |
| Computer and software   | 4,586               | -                             | 27                | -              | 4,613               |
| Location rental   | 2,522               | 1,892                         | 1,892             | 80,075         | 86,381              |
| Entertainment   | 589                 | -                             | 1,374             | -              | 1,963               |
| <b>Total Functional Expenses</b>  | <b>1,579,508</b>    | <b>110,935</b>                | <b>216,156</b>    | <b>175,742</b> | <b>2,082,341</b>    |
| Less: cost of direct benefits to donors                                       | -                   | -                             | -                 | (175,742)      | (175,742)           |
| <b>Total Expenses Reported by Function<br/>on the Statement of Activities</b> | <b>\$ 1,579,508</b> | <b>\$ 110,935</b>             | <b>\$ 216,156</b> | <b>\$ -</b>    | <b>\$ 1,906,599</b> |

See notes to financial statements

**Akanksha Education Fund, Inc.**

Statement of Cash Flows  
For the Year Ended March 31, 2020  
(with comparative amounts for the year ended March 31, 2019)

|  | <u>2020</u>       | <u>2019</u>        |
|--|-------------------|--------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |                   |                    |
| Change in net assets   | \$ (340,674)      | \$ 979,177         |
| Adjustments to reconcile change in net assets<br>to net cash from operating activities |                   |                    |
| Discount on contributions receivable   | 1,232             | 9,059              |
| Changes in operating assets and liabilities  |                   |                    |
| Contributions receivable   | 159,225           | (621,290)          |
| Prepaid expenses   | 57,234            | (82,575)           |
| Security deposit   | (39,600)          | -                  |
| Accounts payable and accrued expenses  | (3,776)           | 18,584             |
| Deferred revenue   | 30,000            | -                  |
| Net Cash from Operating Activities   | <u>(136,359)</u>  | <u>302,955</u>     |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>  |                   |                    |
| Purchases of certificates of deposit, net  | <u>(443,735)</u>  | <u>(1,356,154)</u> |
| Net Change in Cash and Cash Equivalents  | (580,094)         | (1,053,199)        |
| <b>CASH AND CASH EQUIVALENTS</b>   |                   |                    |
| Beginning of year  | <u>824,116</u>    | <u>1,877,315</u>   |
| End of year  | <u>\$ 244,022</u> | <u>\$ 824,116</u>  |

See notes to financial statements

## **Akanksha Education Fund, Inc.**

Notes to the Financial Statements  
March 31, 2020 and 2019

### **1. Organization and Tax Status**

Akanksha Education Fund, Inc. (the “Fund”) (formerly, The Akanksha Fund, Inc.) is a nonprofit organization founded in 1996, to provide educational opportunities to disadvantaged children in India. The Fund works closely with The Akanksha Foundation (the “Foundation”) (a registered Indian charity) to advise and fund the Foundation’s innovative programs, which currently serve school-aged children in India and related charitable activities.

The Fund operates as public charity under Section 501(c)(3) of the Internal Revenue Code and is exempt from federal income taxes.

### **2. Summary of Significant Accounting Policies**

#### ***Basis of Presentation and Use of Estimates***

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”), which requires management to make estimates and assumptions that affect the 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 revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

#### ***New Accounting Pronouncements***

##### ***Revenue from Contracts with Customers***

Effective April 1, 2019, the Fund adopted Accounting Standards Update (“ASU”) 2014-09, *Revenue from Contracts with Customers*, as amended. The guidance provides a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance. The new revenue recognition guidance does not apply to how contributions and pledges are recognized, as they are specifically scoped out of the new guidance.

The core principle of the new guidance is that an entity should recognize revenue from the transfer of promised goods or services to customers in an amount that reflects the consideration the entity expects to receive for those promised goods or services to customers. The guidance includes a five-step framework to determine the timing and amount of revenue to recognize related to contracts with customers. In addition, this guidance requires new or expanded disclosures related to judgments made by entities when following this framework.

Analysis of various provisions of this standard resulted in no changes in the way the Fund recognizes revenue, and therefore no changes to the previously issued audited financial statements were required on a retrospective basis.



## **Akanksha Education Fund, Inc.**

Notes to the Financial Statements  
March 31, 2020 and 2019

### **2. Summary of Significant Accounting Policies (continued)**

#### ***New Accounting Pronouncements (continued)***

##### *Revenue from Contracts with Customers (continued)*

The new guidance requires the Fund to not recognize revenue until it is probable of collection and, based on the Fund's collection experience, management has concluded that all revenue recognized is probable of collection.

##### *Recognition of Contributions*

Effective April 1, 2019, the Fund adopted ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. ASU 2018-08 provides a framework for evaluating whether grants and contributions should be accounted for as exchange transactions or as non-exchange transactions. Analysis of various provisions of this standard resulted in no significant changes in the way the Fund recognizes grants and contributions, and therefore no changes to the previously issued audited financial statements were required on a retrospective basis. Adoption of ASU 2018-08 had no impact on the Fund's financial statements.

#### ***Net Asset Presentation***

The Fund reports information regarding financial position and activities according to two classes of net assets: without and with donor restrictions.

*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 Fund. These net assets may be used at the discretion of the Fund's management and Board of Directors.

*With donor restrictions* – Net assets subject to stipulations imposed by donors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Fund or by the passage of time. Other donor restrictions are permanent in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

When a donor restriction expires, that is, when a time restriction ends or a purpose restriction is fulfilled, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

#### ***Cash and Cash Equivalents***

Cash and cash equivalents represent highly liquid debt instruments with maturities of three months or less at time of purchase.

## **Akanksha Education Fund, Inc.**

Notes to the Financial Statements  
March 31, 2020 and 2019

### **2. Summary of Significant Accounting Policies (continued)**

#### ***Certificates of Deposit***

Certificates of deposit are reported at cost plus accrued interest, which approximates fair value.

#### ***Contributions and Grants Receivable***

Unconditional contributions, including promises to give cash and other assets, are reported at net realizable value at the date the contribution is received. Gifts are reported as net assets with donor restrictions if they are received with donor stipulations that limit the use of donated assets.

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. The discounts on these amounts are computed using risk adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contributions and grant revenue. Conditional promises to give are not included as support until the conditions are substantially met.

#### ***Functional Allocation of Expenses***

The financial statements report categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Salaries are allocated on the basis of time and effort. All other costs that are not charged directly to a program are allocated by percentage of overall salary allocation.

#### ***Prior Year Summarized Comparative Information***

Information as of and for the year ended March 31, 2019 is presented for comparative purposes only. Activity by net asset classification is not included in these financial statements. Accordingly, such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the Fund's financial statements as of and for the year ended March 31, 2019, from which the summarized comparative information was derived.

#### ***Accounting for Uncertainty in Income Taxes***

The Fund recognizes the effect of income tax positions only if those positions are more likely not to be sustained. Management has determined that the Fund had no uncertain positions that would require financial statement recognition or disclosure. The Fund is no longer subject to examinations by the applicable taxing jurisdictions for period prior to 2017.

## Akanksha Education Fund, Inc.

Notes to the Financial Statements  
March 31, 2020 and 2019

### 3. Concentration of Credit Risk

Financial instruments which potentially subject the Fund to concentrations of credit risk consist primarily of cash and cash equivalents on deposit with financial institutions (including certificates of deposit), which from time to time may exceed the Federal Deposit Insurance Corporation's ("FDIC") limit. The Fund does not believe that a significant risk of loss, due to the failure of a financial institution, presently exists. Three donors comprised 92% of contributions receivable and three donors comprised 66% of contributions revenue as of and for the year ended June 30, 2020, whereas two donors comprised 100% of contributions receivable and three donors comprised 67% of contributions revenue as of for and the year ended June 30, 2019.

### 4. Grants Receivable

Grants receivable consisted of the following as of March 31:

|                                     | <u>2020</u>       | <u>2019</u>       |
|-------------------------------------|-------------------|-------------------|
| Amounts expected to be collected in |                   |                   |
| Less than one year                  | \$ 419,006        | \$ 371,290        |
| Two - five years                    | <u>34,000</u>     | <u>250,000</u>    |
|                                     | 453,006           | 621,290           |
| Less discount to present value      | <u>(1,232)</u>    | <u>(9,059)</u>    |
|                                     | <u>\$ 451,774</u> | <u>\$ 612,231</u> |

Amounts due after one year were discounted using a rate of 3.76% for the years ended March 31, 2020 and 2019.

### 5. Related Party Transactions

The Fund and the Foundation both share two common members on their Board of Directors and both the Fund and the Foundation conducted business with each other during the years ended March 31, 2020 and 2019, the costs of which totaled \$1,469,208 and \$960,245, and are included in program services on the statement of activities.

### 6. Net Assets with Donor Restrictions

Net assets with donor restrictions consist of time and purpose restricted contributions as follows:

|                      | <u>2020</u>       | <u>2019</u>       |
|----------------------|-------------------|-------------------|
| Purpose restrictions | \$ 319,808        | \$ 240,941        |
| Time restrictions    | <u>34,000</u>     | <u>250,000</u>    |
|                      | <u>\$ 353,808</u> | <u>\$ 490,941</u> |

## Akanksha Education Fund, Inc.

Notes to the Financial Statements  
March 31, 2020 and 2019

### 6. Net Assets with Donor Restrictions (*continued*)

Net assets released from restrictions by incurring expenses satisfying the restricted purposes or by the occurrence of other events specific by donors totaled \$249,960 and \$121,290 during the years ended March 31, 2020 and 2019.

### 7. Liquidity and Availability of Financial Assets

The following reflects the Fund's financial assets as of March 31, reduced by amounts not available for general use within one year of that date because of contractual or donor-imposed restrictions:

|  | <u>2020</u>         | <u>2019</u>         |
|--|---------------------|---------------------|
| Cash and cash equivalents  | \$ 244,022          | \$ 824,116          |
| Certificates of deposit  | 1,799,889           | 1,356,154           |
| Contributions receivable, net  | <u>451,774</u>      | <u>612,231</u>      |
| Total Financial Assets   | <u>2,495,685</u>    | <u>2,792,501</u>    |
| Less: donor imposed restriction amounts:   |                     |                     |
| Restricted by donors with time and purpose restrictions                                | 353,808             | 490,941             |
| Add: time restriction expected to be released in following year                        | <u>(316,040)</u>    | <u>(250,000)</u>    |
|  | <u>37,768</u>       | <u>240,941</u>      |
| Financial Assets Available to Meet General Expenditures<br>Over the Next Twelve Months | <u>\$ 2,457,917</u> | <u>\$ 2,551,560</u> |

As part of the Fund's liquidity management strategy, the Fund structures its financial assets to be available as its general expenditures and liabilities come due. The Fund's working capital and cash flows have cyclical variations during the year attributable to the cash receipts of contributions and grants.

### 8. Risks and Uncertainties

The Fund's operations and financial performance have been affected by the recent COVID-19 pandemic which has spread globally and is expected to adversely affect economic condition throughout the world. If the outbreak continues and conditions worsen, the Fund may experience a disruption in operations. The pandemic is likely to adversely affect the Fund's business, financial conditions and results of operations on an interim basis. As a result of the pandemic, the Fund applied for and received a \$41,887 loan through the Small Business Administration related to the Paycheck Protection Program at a fixed interest rate of 1%. The Fund may apply for forgiveness of this loan in accordance with the requirement of the Paycheck Protection Program, including the provisions of Section 1106 of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act).

**Akanksha Education Fund, Inc.**

Notes to the Financial Statements  
March 31, 2020 and 2019

**9. Subsequent Events**

The Fund has evaluated events through February 10, 2021, the date these financial statements were issued and has determined that, other than what is disclosed here-in, there are no subsequent events or transactions requiring recognition or disclosure in the financial statements.

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