

**Akanksha Education Fund, Inc.**

Financial Statements

March 31, 2021

## 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, 2021, 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, 2021, 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, 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 10, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended March 31, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.

*PKF O'Connor Davies, LLP*

November 1, 2021

**Akanksha Education Fund, Inc.**

Statement of Financial Position  
March 31, 2021  
(with comparative amounts at March 31, 2020)

	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 802,822	\$ 244,022
Certificates of deposit	1,124,991	1,799,889
Contributions receivable, net	303,368	451,774
Prepaid expenses	10,550	25,341
Security deposit	<u>-</u>	<u>39,600</u>
	<u>\$ 2,241,731</u>	<u>\$ 2,560,626</u>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities		
Accounts payable and accrued expenses	\$ 7,025	\$ 16,861
Deferred revenue	25,000	30,000
Long term debt- PPP loan	<u>49,790</u>	<u>-</u>
Total Liabilities	<u>81,815</u>	<u>46,861</u>
Net Assets		
Without donor restrictions	1,947,068	2,159,957
With donor restrictions	<u>212,848</u>	<u>353,808</u>
Total Net Assets	<u>2,159,916</u>	<u>2,513,765</u>
	<u>\$ 2,241,731</u>	<u>\$ 2,560,626</u>

See notes to financial statements

**Akanksha Education Fund, Inc.**

Statement of Activities  
For the Year Ended March 31, 2021  
(with summarized totals for the year ended March 31, 2020)

	2021			2020
	Without Donor Restrictions	With Donor Restrictions	Total	Total
<b>SUPPORT AND REVENUE</b>				
Contributions and grants	\$ 1,006,484	\$ 216,000	\$ 1,222,484	\$ 811,727
Special events revenue, net of direct benefit to donor costs of \$19,686 and \$175,742 in 2021 and 2020	415,437	-	415,437	722,264
Interest income	4,182	-	4,182	31,934
Net assets released from restrictions	<u>356,960</u>	<u>(356,960)</u>	<u>-</u>	<u>-</u>
Total Support and Revenue	<u>1,783,063</u>	<u>(140,960)</u>	<u>1,642,103</u>	<u>1,565,925</u>
 <b>EXPENSES</b>				
Program services	1,627,295	-	1,627,295	1,579,508
Supporting Services				
General and administrative	179,286	-	179,286	110,935
Fundraising	<u>189,371</u>	<u>-</u>	<u>189,371</u>	<u>216,156</u>
Total Expenses	<u>1,995,952</u>	<u>-</u>	<u>1,995,952</u>	<u>1,906,599</u>
Change in Net Assets	(212,889)	(140,960)	(353,849)	(340,674)
 <b>NET ASSETS</b>				
Beginning of year	<u>2,159,957</u>	<u>353,808</u>	<u>2,513,765</u>	<u>2,854,439</u>
End of year	<u>\$ 1,947,068</u>	<u>\$ 212,848</u>	<u>\$ 2,159,916</u>	<u>\$ 2,513,765</u>

See notes to financial statements

**Akanksha Education Fund, Inc.**

Statement of Functional Expenses  
For the Year Ended March 31, 2021  
(with summarized totals for the year ended March 31, 2020)

	Supporting Services				2021 Total	2020 Total
	Program Services	General and Administrative	Fundraising	Direct Benefit to Donors		
Grants	\$ 1,540,059	\$ -	\$ -	\$ -	\$ 1,540,059	\$ 1,469,208
Personnel costs	85,266	77,934	134,230	-	297,430	297,131
Professional fees	-	47,233	3,000	-	50,233	73,012
Travel	-	908	-	-	908	9,648
Website and database	-	3,329	832	-	4,161	6,453
Bank fees	-	76	11,716	-	11,792	12,788
Insurance	1,485	5,409	10,400	-	17,294	14,972
Postage and printing	326	8,350	-	6,694	15,370	12,676
Supplies	-	43	200	-	243	606
Taxes and licenses	-	3,501	-	-	3,501	2,465
Dues and subscriptions	-	754	8,334	-	9,088	7,243
Telephone	-	485	-	-	485	693
Miscellaneous	-	26,873	20,500	12,992	60,365	82,489
Computer and software	-	4,179	-	-	4,179	4,613
Location rental	159	212	159	-	530	86,381
Entertainment	-	-	-	-	-	1,963
<b>Total Expenses</b>	<b>1,627,295</b>	<b>179,286</b>	<b>189,371</b>	<b>19,686</b>	<b>2,015,638</b>	<b>2,082,341</b>
Less: cost of direct benefits to donors	-	-	-	(19,686)	(19,686)	(175,742)
<b>Total Expenses Reported by Function on the Statement of Activities</b>	<b>\$ 1,627,295</b>	<b>\$ 179,286</b>	<b>\$ 189,371</b>	<b>\$ -</b>	<b>\$ 1,995,952</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, 2021  
(with comparative amounts for the year ended March 31, 2020)

	<u>2021</u>	<u>2020</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (353,849)	\$ (340,674)
Adjustments to reconcile change in net assets to net cash from operating activities		
Discount on contributions receivable	239	1,232
Forgiveness of Paycheck Protection Program loan	(41,887)	-
Changes in operating assets and liabilities		
Contributions receivable	148,167	159,225
Prepaid expenses	14,791	57,234
Security deposit	39,600	(39,600)
Accounts payable and accrued expenses	(9,836)	(3,776)
Deferred revenue	<u>(5,000)</u>	<u>30,000</u>
Net Cash from Operating Activities	(207,775)	(136,359)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from (purchases of) certificates of deposit, net	674,898	(443,735)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from long term debt - PPP	<u>91,677</u>	<u>-</u>
Net Change in Cash and Cash Equivalents	558,800	(580,094)
<b>CASH AND CASH EQUIVALENTS</b>		
Beginning of year	<u>244,022</u>	<u>824,116</u>
End of year	<u>\$ 802,822</u>	<u>\$ 244,022</u>

See notes to financial statements

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

Notes to the Financial Statements  
March 31, 2021 and 2020

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

Akanksha Education Fund, Inc. (the “Fund”) 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.

#### ***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.



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

Notes to the Financial Statements  
March 31, 2021 and 2020

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

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

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

#### ***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 attributable to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Personnel cost 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, 2020 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, 2020, from which the summarized comparative information was derived.

## Akanksha Education Fund, Inc.

Notes to the Financial Statements  
March 31, 2021 and 2020

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

#### ***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 2018.

### 3. Concentration of Credit Risk

Financial instruments which potentially subject the Fund to concentrations of credit risk consist primarily of cash and cash equivalents, (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.

### 4. Contributions Receivable

Contributions receivable consisted of the following as of March 31:

	<u>2021</u>	<u>2020</u>
Amounts expected to be collected in		
Less than one year	\$ 214,361	\$ 419,006
Two - five years	<u>90,000</u>	<u>34,000</u>
	304,361	453,006
Less discount to present value	<u>(993)</u>	<u>(1,232)</u>
	<u>\$ 303,368</u>	<u>\$ 451,774</u>

Amounts due after one year were discounted using a rate of 2.92% and 3.76% for the years ended March 31, 2021 and 2020.

### 5. PPP Forgivable Loans

The Coronavirus Aid, Relief, and Economic Security Act (the CARES Act) appropriated funds for the Small Business Administration (SBA) Paycheck Protection Program (PPP) loans that are forgivable in certain situations to promote continued employment to small businesses harmed by COVID-19. In May 2020, the Fund applied for and secured the first draw of the PPP loan, which amounted to \$41,887. On March 30, 2021, the first draw of the PPP loan was forgiven in full by the SBA. The loan forgiveness of \$41,887 is included on the 2021 statement of activities.

## Akanksha Education Fund, Inc.

Notes to the Financial Statements  
March 31, 2021 and 2020

### 5. PPP Forgivable Loans *(continued)*

In February 2021, the Fund applied for and secured the second draw of the PPP loan which amounted to \$49,790. The entire amount received under the second draw of the PPP loan is reported as a forgivable loan in the statement of financial position as of March 31, 2021.

### 6. Related Party Transactions

The Fund and the Foundation both share two common members on their Boards of Directors and both the Fund and the Foundation conducted business with each other. During the years ended March 31, 2021 and 2020, costs incurred by the Fund totaled \$1,540,059 and \$1,469,208, from the Foundation and are included in program services on the statement of activities.

### 7. Net Assets with Donor Restrictions

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

	<u>2021</u>	<u>2020</u>
Purpose restrictions	\$ 122,848	\$ 319,808
Time restrictions	<u>90,000</u>	<u>34,000</u>
	<u>\$ 212,848</u>	<u>\$ 353,808</u>

Net assets released from restrictions by incurring expenses satisfying the restricted purposes or by the occurrence of other events specific by donors totaled \$356,960 and \$249,960 during the years ended March 31, 2021 and 2020.

## Akanksha Education Fund, Inc.

Notes to the Financial Statements  
March 31, 2021 and 2020

### 8. 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>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 802,822	\$ 244,022
Certificates of deposit	1,124,991	1,799,889
Contributions receivable, net	<u>303,368</u>	<u>451,774</u>
Total Financial Assets	<u>2,231,181</u>	<u>2,495,685</u>
Less: donor imposed restriction amounts:		
Restricted by donors with time and purpose restrictions	212,848	353,808
Add: time restriction expected to be released in following year	<u>(356,960)</u>	<u>(316,040)</u>
	<u>(144,112)</u>	<u>37,768</u>
Financial Assets Available to Meet General Expenditures Over the Next Twelve Months	<u>\$ 2,375,293</u>	<u>\$ 2,457,917</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. The Fund received two PPP loans from the SBA totaling \$91,667. The first PPP loan of \$41,887 was forgiven on March 30, 2021. The Fund will apply for forgiveness for the second PPP loan of \$49,790 during fiscal 2022. Expected releases or grants, to be made during fiscal 2022 should be approximately \$1 million.

### 9. Risks and Uncertainties

The ongoing Coronavirus pandemic has resulted in substantial volatility in the global economy. While management has implemented measures to mitigate the impact of the pandemic, the extent to which the Fund's operations are impacted will depend on future developments.

As a result, management cannot reasonably estimate the overall impact of the Coronavirus pandemic to the Fund's future results of operations, cash flows, or financial condition.

### 10. Subsequent Events

The Fund has evaluated events through November 1, 2021, the date these financial statements were available for issuance 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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