

Akanksha Education Fund, Inc.

Financial Statements

March 31, 2022

Independent Auditors' Report

Board of Directors Akanksha Education Fund, Inc.

Opinion

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, 2022, 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 Fund, as of March 31, 2022, 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 Auditors' Responsibilities for the Audit of Financial Statements section of our report. We are required to be independent of the Fund 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.

Responsibility of Management 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; 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 Fund's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibility 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 auditors' 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 judgement made by a reasonable user based on the financial statements.

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

- Exercise professional judgement 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 the 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 Fund's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fund'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 have previously audited the Fund's March 31, 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 1, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended March 31, 2021 is consistent, in all material respects, with the audited financial statements from which it has been derived.

PKF O'Connor Davies, LLP

December 6, 2022

Akanksha Education Fund, Inc.

Statement of Financial Position
March 31, 2022
(with comparative amounts at March 31, 2021)

	<u>2022</u>	<u>2021</u>
ASSETS		
Cash and cash equivalents	\$ 1,571,067	\$ 802,822
Certificates of deposit	448,533	1,124,991
Contributions receivable, net	883,063	303,368
Prepaid expenses	<u>1,824</u>	<u>10,550</u>
	<u>\$ 2,904,487</u>	<u>\$ 2,241,731</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 16,512	\$ 7,025
Deferred revenue	-	25,000
Long term debt- PPP loan	<u>-</u>	<u>49,790</u>
Total Liabilities	<u>16,512</u>	<u>81,815</u>
Net Assets		
Without donor restrictions	1,872,469	1,947,068
With donor restrictions	<u>1,015,506</u>	<u>212,848</u>
Total Net Assets	<u>2,887,975</u>	<u>2,159,916</u>
	<u>\$ 2,904,487</u>	<u>\$ 2,241,731</u>

See notes to financial statements

Akanksha Education Fund, Inc.

Statement of Activities
For the Year Ended March 31, 2022
(with summarized totals for the year ended March 31, 2021)

	2022			2021 Total
	Without Donor Restrictions	With Donor Restrictions	Total	
SUPPORT AND REVENUE				
Contributions and grants	\$ 1,383,575	\$ 948,890	\$ 2,332,465	\$ 1,180,597
Special events revenue, net of direct benefit to donor costs of \$5,864 and \$19,686 in 2022 and 2021	479,775	-	479,775	415,437
Interest income	843	-	843	4,182
Net assets released from restrictions	146,232	(146,232)	-	-
Total Support and Revenue	2,010,425	802,658	2,813,083	1,600,216
 EXPENSES				
Program services	1,794,943	-	1,794,943	1,627,295
Supporting Services				
General and administrative	163,567	-	163,567	179,286
Fundraising	176,304	-	176,304	189,371
Total Expenses	2,134,814	-	2,134,814	1,995,952
Excess (Deficit) of Support and Revenue Over Expenses	(124,389)	802,658	678,269	(395,736)
 NON-OPERATING REVENUE				
CARES Act stimulus revenue	49,790	-	49,790	41,887
Change in Net Assets	(74,599)	802,658	728,059	(353,849)
 NET ASSETS				
Beginning of year	1,947,068	212,848	2,159,916	2,513,765
End of year	\$ 1,872,469	\$ 1,015,506	\$ 2,887,975	\$ 2,159,916

See notes to financial statements

Akanksha Education Fund, Inc.

Statement of Functional Expenses
For the Year Ended March 31, 2022
(with summarized totals for the year ended March 31, 2021)

	Supporting Services			2022 Total	2021 Total
	Program Services	General and Administrative	Fundraising		
Grants	\$ 1,700,082	\$ -	\$ -	\$ -	\$ 1,700,082
Personnel costs	92,164	76,501	150,448	-	297,430
Professional fees	-	54,341	-	-	50,233
Travel	1,595	1,861	1,861	-	908
Website and database	-	3,370	1,501	-	4,161
Bank fees	-	809	5,731	-	11,792
Insurance	771	4,422	5,395	-	17,294
Postage and printing	-	109	1,821	-	15,370
Supplies	-	3,720	-	-	243
Taxes and licenses	-	5,990	-	-	3,501
Dues and subscriptions	-	4,524	9,215	-	9,088
Telephone	-	915	-	-	485
Miscellaneous	-	-	-	5,864	60,365
Computer and software	-	3,697	-	-	4,179
Location rental	331	442	332	-	530
Entertainment	-	2,866	-	-	-
Total Expenses	1,794,943	163,567	176,304	5,864	2,140,678
Less: cost of direct benefits to donors	-	-	-	(5,864)	(19,686)
Total Expenses Reported by Function on the Statement of Activities	\$ 1,794,943	\$ 163,567	\$ 176,304	\$ -	\$ 1,995,952

See notes to financial statements

Akanksha Education Fund, Inc.

Statement of Cash Flows
For the Year Ended March 31, 2022
(with comparative amounts for the year ended March 31, 2021)

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 728,059	\$ (353,849)
Adjustments to reconcile change in net assets to net cash from operating activities		
Discount on contributions receivable	12,816	239
Forgiveness of long-term debt - PPP	(49,790)	(41,887)
Changes in operating assets and liabilities		
Contributions receivable	(592,511)	148,167
Prepaid expenses	8,726	14,791
Security deposit	-	39,600
Accounts payable and accrued expenses	9,487	(9,836)
Deferred revenue	<u>(25,000)</u>	<u>(5,000)</u>
Net Cash from Operating Activities	91,787	(207,775)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from (purchases of) certificates of deposit, net	676,458	674,898
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long term debt - PPP	<u>-</u>	<u>91,677</u>
Net Change in Cash and Cash Equivalents	768,245	558,800
CASH AND CASH EQUIVALENTS		
Beginning of year	<u>802,822</u>	<u>244,022</u>
End of year	<u>\$ 1,571,067</u>	<u>\$ 802,822</u>
NONCASH FINANCING ACTIVITY		
Forgiveness of long-term debt - PPP	\$ 49,790	\$ 41,887

See notes to financial statements

Akanksha Education Fund, Inc.

Notes to the Financial Statements
March 31, 2022 and 2021

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, 2022 and 2021

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 costs 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.

CARES Act Stimulus Revenue

During fiscal years 2022 and 2021, the Fund recognized revenue associated with the forgiveness of the Paycheck Protection Program Loans ("PPP Loans") through the Coronavirus Aid, Relief, and Economic Security Act in the amount of \$49,790 and \$41,887 and are included in CARES Act stimulus revenue in the statement of activities.

Prior Year Summarized Comparative Information

Information as of and for the year ended March 31, 2021 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, 2021, from which the summarized comparative information was derived.

Akanksha Education Fund, Inc.

Notes to the Financial Statements
March 31, 2022 and 2021

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

Reclassifications

Certain amounts in the March 31, 2021 financial statements have been reclassified to conform to the March 31, 2022 presentation.

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 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, (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. As of March 31, 2022 and 2021, one donor accounted for 39% and 36% of contributions receivable.

4. Contributions Receivable

Contributions receivable consisted of the following as of March 31:

	<u>2022</u>	<u>2021</u>
Amounts expected to be collected in		
Less than one year	\$ 361,925	\$ 214,361
Two - five years	<u>534,463</u>	<u>90,000</u>
	896,388	304,361
Less discount to present value	<u>(13,325)</u>	<u>(993)</u>
	<u>\$ 883,063</u>	<u>\$ 303,368</u>

Amounts due after one year were discounted using rates of 2.42% and 2.92% for the years ended March 31, 2022 and 2021.

5. PPP Forgivable Loans

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 the Coronavirus pandemic. In February 2021, the Fund applied for and secured the second draw of the PPP loan which amounted to \$49,790. On October 25, 2021, the entire loan amount was forgiven and is included on the 2022 statement of activities.

Akanksha Education Fund, Inc.

Notes to the Financial Statements
March 31, 2022 and 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, 2022 and 2021, costs incurred by the Fund totaled \$1,700,082 and \$1,540,059, for services provided by 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>2022</u>	<u>2021</u>
Purpose restrictions	\$ -	\$ 122,848
Time restrictions	<u>1,015,506</u>	<u>90,000</u>
	<u>\$ 1,015,506</u>	<u>\$ 212,848</u>

Net assets released from restrictions by incurring expenses satisfying the restricted purposes or by the occurrence of other events specific by donors totaled \$146,232 and \$356,960 during the years ended March 31, 2022 and 2021.

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>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 1,571,067	\$ 802,822
Certificates of deposit	448,533	1,124,991
Contributions receivable, net	<u>883,063</u>	<u>303,368</u>
Total Financial Assets	<u>2,902,663</u>	<u>2,231,181</u>
Less: donor imposed restriction amounts:		
Restricted by donors with time and purpose restrictions	<u>1,015,506</u>	<u>212,848</u>
Financial Assets Available to Meet General Expenditures Over the Next Twelve Months	<u>\$ 1,887,157</u>	<u>\$ 2,018,333</u>

Akanksha Education Fund, Inc.

Notes to the Financial Statements
March 31, 2022 and 2021

8. Liquidity and Availability of Financial Assets (*continued*)

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.

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 December 6, 2022, the date these financial statements were available for issuance and has determined that there are no subsequent events or transactions requiring recognition or disclosure in the financial statements.

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