

**Akanksha Education Fund, Inc.**

Financial Statements

March 31, 2023

## 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, 2023, 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, 2023, 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 ("GAAS"). 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.

#### ***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 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' 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 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 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 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 judgment, 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, 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 6, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended March 31, 2022 is consistent, in all material respects, with the audited financial statements from which it has been derived.

*PKF O'Connor Davies, LLP*

January 10, 2024

**Akanksha Education Fund, Inc.**

Statement of Financial Position  
March 31, 2023  
(with comparative amounts at March 31, 2022)

	<u>2023</u>	<u>2022</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 593,345	\$ 1,571,067
Certificates of deposit and accrued income	1,823,684	448,533
Investments	10,017	-
Contributions receivable, net	1,161,716	883,063
Prepaid expenses	<u>1,389</u>	<u>1,824</u>
	<u>\$ 3,590,151</u>	<u>\$ 2,904,487</u>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities		
Accounts payable and accrued expenses	<u>\$ 20,039</u>	<u>\$ 16,512</u>
Net Assets		
Without donor restrictions	2,385,255	1,872,469
With donor restrictions	<u>1,184,857</u>	<u>1,015,506</u>
Total Net Assets	<u>3,570,112</u>	<u>2,887,975</u>
	<u>\$ 3,590,151</u>	<u>\$ 2,904,487</u>

See notes to financial statements

**Akanksha Education Fund, Inc.**

Statement of Activities  
For the Year Ended March 31, 2023  
(with summarized totals for the year ended March 31, 2022)

	2023			2022 Total
	Without Donor Restrictions	With Donor Restrictions	Total	
<b>SUPPORT AND REVENUE</b>				
Contributions and grants	\$ 979,820	\$ 1,129,500	\$ 2,109,320	\$ 2,332,465
Special events revenue, net of direct benefit to donor costs of \$8,372 and \$5,864 in 2023 and 2022	457,049	-	457,049	479,775
Investment return	327	-	327	-
Interest income	23,683	-	23,683	843
Net assets released from restrictions	960,149	(960,149)	-	-
Total Support and Revenue	<u>2,421,028</u>	<u>169,351</u>	<u>2,590,379</u>	<u>2,813,083</u>
<b>EXPENSES</b>				
Program Services	1,572,210	-	1,572,210	1,794,943
Supporting Services				
General and administrative	192,968	-	192,968	163,567
Fundraising	143,064	-	143,064	176,304
Total Expenses	<u>1,908,242</u>	<u>-</u>	<u>1,908,242</u>	<u>2,134,814</u>
Excess of Support and Revenue Over Expenses	512,786	169,351	682,137	678,269
<b>NON-OPERATING REVENUE</b>				
CARES Act stimulus revenue	-	-	-	49,790
Change in Net Assets	512,786	169,351	682,137	728,059
<b>NET ASSETS</b>				
Beginning of year	<u>1,872,469</u>	<u>1,015,506</u>	<u>2,887,975</u>	<u>2,159,916</u>
End of year	<u>\$ 2,385,255</u>	<u>\$ 1,184,857</u>	<u>\$ 3,570,112</u>	<u>\$ 2,887,975</u>
See notes to financial statements				

**Akanksha Education Fund, Inc.**

Statement of Functional Expenses  
For the Year Ended March 31, 2023  
(with summarized totals for the year ended March 31, 2022)

	Supporting Services			2023 Total	2022 Total
	Program Services	General and Administrative	Fundraising		
Grants	\$ 1,480,171	\$ -	\$ -	\$ -	\$ 1,480,171
Personnel costs	88,302	61,546	123,527	-	273,375
Professional fees	-	94,775	-	-	94,775
Travel	3,725	4,346	4,346	-	12,417
Website and database	-	3,554	889	-	4,443
Bank fees	-	-	7,100	-	7,100
Insurance	-	2,204	-	-	2,204
Postage and printing	-	-	1,850	-	1,850
Supplies	-	520	-	-	520
Registration and filling fees	-	5,147	-	-	5,147
Dues and subscriptions	-	5,415	1,640	-	7,055
Telephone	-	970	-	-	970
Bad debt expense	-	10,270	-	-	10,270
Miscellaneous	-	453	-	8,372	8,825
Computer and software	-	2,166	-	-	2,166
Location rental	12	16	12	-	40
Entertainment	-	1,586	3,700	-	5,286
Total Expenses	1,572,210	192,968	143,064	8,372	1,916,614
Less: cost of direct benefits to donors	-	-	-	(8,372)	(8,372)
Total Expenses Reported by Function on the Statement of Activities	\$ 1,572,210	\$ 192,968	\$ 143,064	\$ -	\$ 2,134,814

See notes to financial statements

**Akanksha Education Fund, Inc.**

Statement of Cash Flows  
For the Year Ended March 31, 2023  
(with comparative amounts for the year ended March 31, 2022)

	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 682,137	\$ 728,059
Adjustments to reconcile change in net assets to net cash from operating activities		
Discount on contributions receivable	23,298	12,816
Forgiveness of long-term debt - PPP	-	(49,790)
Bad debt expense	10,270	-
Investment return	(327)	-
Accrued income	(23,683)	-
Changes in operating assets and liabilities		
Contributions receivable	(312,221)	(592,511)
Prepaid expenses	435	8,726
Accounts payable and accrued expenses	3,527	9,487
Deferred revenue	-	(25,000)
Net Cash from Operating Activities	383,436	91,787
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of investments	(120,414)	-
Proceeds from sale of investments	110,724	-
(Purchases of) proceeds from certificates of deposit, net	(1,351,468)	676,458
Net Cash from Investing Activities	(1,361,158)	676,458
 Net Change in Cash and Cash Equivalents	 (977,722)	 768,245
<b>CASH AND CASH EQUIVALENTS</b>		
Beginning of year	1,571,067	802,822
End of year	\$ 593,345	\$ 1,571,067
<b>NONCASH FINANCING ACTIVITY</b>		
Forgiveness of long-term debt - PPP	\$ -	\$ 49,790

See notes to financial statements

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

Notes to the Financial Statements  
March 31, 2023 and 2022

### **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.

#### ***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, 2023 and 2022

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

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

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

#### ***Fair Value Measurements***

The Fund follows U.S. GAAP guidance on Fair Value Measurements which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted market prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist. As of and for the year ended March 31, 2023, all of the Fund's investments, which consist of money market funds, bought, sold and held were valued using Level 1 inputs.

#### ***Investments and Investment Income***

Investments are stated at fair value. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis and dividends are recorded on the ex-dividend date. Realized and unrealized gains and losses are included in the determination of investment return.

#### ***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.

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

Notes to the Financial Statements  
March 31, 2023 and 2022

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

#### ***CARES Act Stimulus Revenue***

During fiscal year 2022, 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 is included in CARES Act stimulus revenue on the 2022 statement of activities.

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

Information as of and for the year ended March 31, 2022 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, 2022, from which the summarized comparative information was derived.

#### ***Reclassifications***

Certain amounts in the March 31, 2022 financial statements have been reclassified to conform to the March 31, 2023 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 2020.

### **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, 2023, five donors accounted for 82% and at March 31, 2022, one donor accounted for 39% of contributions receivable.

## Akanksha Education Fund, Inc.

Notes to the Financial Statements  
March 31, 2023 and 2022

### 4. Contributions Receivable

Contributions receivable consisted of the following as of March 31:

	<u>2023</u>	<u>2022</u>
Amounts expected to be collected in		
Within one year	\$ 627,382	\$ 361,925
One to five years	<u>557,632</u>	<u>534,463</u>
	1,185,014	896,388
Less discount to present value	<u>(23,298)</u>	<u>(13,325)</u>
	<u>\$ 1,161,716</u>	<u>\$ 883,063</u>

Amounts due after one year were discounted using rates of 3.60% and 2.42% for the years ended March 31, 2023 and 2022.

### 5. 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 conduct business with each other. During the years ended March 31, 2023 and 2022, costs incurred by the Fund totaled \$1,480,171 and \$1,700,082, for services provided by the Foundation 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>2023</u>	<u>2022</u>
Purpose restrictions	\$ 600,000	\$ -
Time restrictions	<u>584,857</u>	<u>1,015,506</u>
	<u>\$ 1,184,857</u>	<u>\$ 1,015,506</u>

Net assets released from restrictions by incurring expenses satisfying the restricted purposes or by the occurrence of other events specific by donors totaled \$960,149 and \$146,232 during the years ended March 31, 2023 and 2022.

## Akanksha Education Fund, Inc.

### Notes to the Financial Statements March 31, 2023 and 2022

#### 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>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 593,345	\$ 1,571,067
Certificates of deposit	1,823,684	448,533
Investments	10,017	-
Contributions receivable, net	<u>1,161,716</u>	<u>883,063</u>
Total Financial Assets	3,588,762	2,902,663
Less: donor imposed restriction amounts:		
Restricted by donors with time and purpose restrictions	<u>1,184,857</u>	<u>1,015,506</u>
Financial Assets Available to Meet General Expenditures Over the Next Twelve Months	<u>\$ 2,403,905</u>	<u>\$ 1,887,157</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. Subsequent Events

The Fund has evaluated events through January 10, 2024, 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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