

ASHA FOR EDUCATION

Independent Auditor's Report
and Financial Statements

Year Ended December 31, 2018

**ASHA FOR EDUCATION
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2018**

TABLE OF CONTENTS

| | <u>PAGE(S)</u> |
|--|-----------------------|
| Independent Auditor's Report | 1-2 |
| FINANCIAL STATEMENTS: | |
| Statement of Financial Position..... | 3 |
| Statement of Activities | 4 |
| Statement of Functional Expenses | 5 |
| Statement of Cash Flows | 6 |
| Notes to Financial Statements | 7-13 |



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Asha for Education
Walnut, CA

Report on the Financial Statements

We have audited the accompanying financial statements of Asha for Education (a non-profit organization) which comprise the statement of financial position as of December 31, 2018, 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.

Auditor's 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 from 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 auditor's 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Asha for Education as of December 31, 2018, and the changes in its net assets and its cash flows for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

Fritzsche Associates, Inc.

Certified Public Accountants
Sacramento, CA
April 29, 2019

**ASHA FOR EDUCATION
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2018**

Assets

| | |
|--------------------------|--------------------------------|
| Cash and equivalents | \$ 1,807,380 |
| Investments | 3,664,163 |
| Contributions receivable | 449,043 |
| Other receivables | 11,641 |
| Gift card inventory | 625 |
| Prepaid expenses | <u>893</u> |
| Total assets | <u><u>\$ 5,933,745</u></u> |

Liabilities and Net Assets

| | |
|-----------------------|-------------------|
| Accounts payable | <u>\$ 19,196</u> |
| Total liabilities | <u>19,196</u> |

Net assets:

Without donor restrictions:

| | |
|---|----------------|
| Board Designated for India Activity Centers | 100,000 |
| Board Designated for Innovation and Scalable Projects | 100,000 |
| Board Designated for Relief and Rehabilitation | 50,000 |
| Undesignated | 5,006,596 |
| With donor restrictions | <u>657,953</u> |

| | |
|------------------|------------------|
| Total net assets | <u>5,914,549</u> |
|------------------|------------------|

| | |
|----------------------------------|----------------------------|
| Total liabilities and net assets | <u><u>\$ 5,933,745</u></u> |
|----------------------------------|----------------------------|

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

**ASHA FOR EDUCATION
STATEMENT OF ACTIVITIES
FOR YEAR ENDED DECEMBER 31, 2018**

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---------------------------------------|-------------------------------|----------------------------|----------------------------|
| Support and revenues: | | | |
| Contributions | \$ 1,838,498 | \$ 636,292 | \$ 2,474,790 |
| Donated services and goods | 172,736 | - | 172,736 |
| Special event revenue | 489,501 | - | 489,501 |
| Less: Cost of benefits to donors | (172,633) | - | (172,633) |
| Interest income | 78,858 | - | 78,858 |
| Realized gains on investments | 43,641 | - | 43,641 |
| Unrealized loss on investments | (86,815) | - | (86,815) |
| Net assets released from restrictions | <u>578,158</u> | <u>(578,158)</u> | <u>-</u> |
| Total support and revenues | <u>2,941,944</u> | <u>58,134</u> | <u>3,000,078</u> |
| Expenses: | | | |
| Program services | 3,622,843 | - | 3,622,843 |
| Management and general | 219,227 | - | 219,227 |
| Fundraising | <u>63,548</u> | <u>-</u> | <u>63,548</u> |
| Total expenses | <u>3,905,618</u> | <u>-</u> | <u>3,905,618</u> |
| Change in net assets | (963,674) | 58,134 | (905,540) |
| Net assets, beginning of year | <u>6,220,270</u> | <u>599,819</u> | <u>6,820,089</u> |
| Net assets, end of year | <u><u>\$ 5,256,596</u></u> | <u><u>\$ 657,953</u></u> | <u><u>\$ 5,914,549</u></u> |

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

ASHA FOR EDUCATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR YEAR ENDED DECEMBER 31, 2018

| | Program Services | Management and General | Fundraising | Total |
|-----------------------------|---------------------|---------------------------|------------------|---------------------|
| Project disbursements | \$ 3,622,843 | - | - | \$ 3,622,843 |
| Accounting and audit fees | - | \$ 30,649 | - | 30,649 |
| Administrative | - | 11,264 | - | 11,264 |
| Advertising | - | 1,499 | - | 1,499 |
| Bank charges | - | 19,059 | - | 19,059 |
| Credit card processing fees | - | - | \$ 34,601 | 34,601 |
| Donated services | - | 144,543 | 25,508 | 170,051 |
| Equipment rental | - | - | 3,324 | 3,324 |
| Insurance | - | 11,757 | - | 11,757 |
| Postage and shipping | - | 456 | - | 456 |
| TA expenses | - | - | 115 | 115 |
| Total expenses | <u>\$ 3,622,843</u> | <u>\$ 219,227</u> | <u>\$ 63,548</u> | <u>\$ 3,905,618</u> |

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

**ASHA FOR EDUCATION
STATEMENT OF CASH FLOWS
FOR YEAR ENDED DECEMBER 31, 2018**

| | |
|--|----------------------------|
| Cash flows from operating activities: | |
| Grants and contributions received | 2,387,754 |
| Other cash receipts | 569,596 |
| Payments for projects | (3,622,843) |
| Payments to vendors | <u>(280,971)</u> |
| Net cash used in operating activities | <u>(946,464)</u> |
| Cash flows from investing activities: | |
| Proceeds from sales of investment securities | 1,919,328 |
| Purchases of investment securities | <u>(1,000,000)</u> |
| Net cash provided by investing activities | <u>919,328</u> |
| Net decrease in cash | (27,136) |
| Cash and equivalents, beginning of year | <u>1,834,516</u> |
| Cash and equivalents, end of year | <u><u>\$ 1,807,380</u></u> |

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

**ASHA FOR EDUCATION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018**

NOTE 1 – NATURE OF ORGANIZATION AND PROGRAM SERVICES

Asha for Education (Asha, we, us, our) is a secular organization dedicated to change in India by focusing on basic education in the belief that education is a critical requisite for socio-economic change. Our focus on children's education has galvanized a number of volunteers across the globe. Today, we have 49 Asha chapters worldwide: 41 in the United States, 3 in India, 4 in Europe and 1 in Canada. We are primarily funded by individual and corporate donations, and the proceeds of special events.

Volunteers in each of our chapters take personal interest in identifying education-related projects in India, and supporting those projects through funds and other means.

As part of our charter, all Asha chapters have a high degree of freedom in their activities including the identification, research, support and ownership of projects. However, there is also a good deal of co-operation among chapters and volunteers across chapters. This co-operation is evident in the joint ownership of projects across chapters, formation of focus groups across chapters, cross-chapter discussion on issues of interest, and worldwide events like the Asha-Wide Conference, Work-An-Hour, and the Asha India Conference.

In keeping with this focus, our volunteers are involved with and support projects in India that are secular and have an education-related component to them. Our objectives are:

1. To provide education to underprivileged children in India.
2. To encourage the formations of various local groups across the world to reach out to larger sections of the population.
3. To support and cooperate with persons and groups already engaged in similar activities.
4. To raise the required human and other resources to achieve the group objectives.
5. To provide opportunities to individuals living outside India who wish to participate in Asha activities in India.
6. To address, whenever possible, other issues affecting human life such as health care, the environment, socio-economic aspects and women's issues.

Our financial statements include the accounts of Asha and our chapters located in the United States of America. Other international affiliates are located in Canada, Europe and India. The financial statements of those international affiliates are not included in our accompanying financial statements because we do not exercise control over the management and operations of those organizations.

**ASHA FOR EDUCATION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

Our financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor- or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets without Donor Restrictions – Net assets available for use in general operations and not subject to donor- (or certain grantor-) imposed restrictions.

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 that 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.

Cash and Equivalents

Cash and equivalents consist of cash on hand and highly liquid certificates of deposit with original or remaining maturities of three months or less at the time of purchase.

Investments

We record investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statement of financial position. Net investment return/(loss) is reported in the statement of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

Revenue and Revenue Recognition

Revenue is recognized when earned. Special event fees received in advance are deferred to the applicable period in which the related events are held. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

**ASHA FOR EDUCATION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Functional Allocation of Expenses

The costs of providing our program services and supporting services have been summarized on a functional basis in the statement activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among the program services and supporting services benefited.

Income Tax Status

We are exempt from income taxes under Internal Revenue Code (IRC) Section 501(c)(3) and related California code sections. Asha is considered a public charity and has been classified as an organization that is not a private foundation under IRC Section 509(a)(2).

Our management has processes presently in place to ensure maintenance of our tax exempt statuses; to identify and report unrelated business income; to determine our filing and tax obligations for which we have nexus; and to identify and evaluate other matters that may be considered tax positions. We have evaluated the tax positions and related income tax contingencies and do not believe that any material uncertain tax positions exist that require recognition or disclosure in the financial statements.

Use of Estimates

In preparing financial statements in conformity with U.S. GAAP, our management is required to make estimates and assumptions that affect certain reported amounts and disclosures. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements, and the reported amounts of support, revenue, and expenses during the reporting period. Actual results could differ from those estimates under different assumptions or conditions, and those differences could be material.

Financial Instruments and Credit Risk

We manage deposit concentration risk by placing cash and money market accounts with financial institutions believed by us to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, we have not experienced losses in any of these accounts. Credit risk associated with contributions receivable is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from donors supportive of our mission.

Adoption of New Accounting Standard

We have adopted the financial statement presentation and disclosure standards contained in the Financial Accounting Standards Board Accounting Standards Update 2016-14, *Presentation of Financial Statements for Not-for-Profit Entities*, modifying ASC 958. The change has been applied as of December 31, 2018 with no effect on beginning net assets.

**ASHA FOR EDUCATION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018**

NOTE 3 – LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

| | |
|---|---------------------|
| Cash and equivalents | \$ 1,807,380 |
| Investments | 3,664,163 |
| Contributions receivable | 449,043 |
| Other receivables | <u>11,641</u> |
| | 5,932,227 |
| Less those unavailable for general expenditures within one year due to: | |
| Board designations: | |
| Amounts set aside for specific programs | <u>(250,000)</u> |
| Financial assets available to meet cash needs for general expenditures within one year | <u>\$ 5,682,227</u> |

We maintain a liquid cash balance in checking and money market accounts in an amount necessary to meet our anticipated expenditures for at least the next 60 days. Cash in excess of this may be placed in short-term investments.

NOTE 4 – CONTRIBUTIONS RECEIVABLE

Contributions receivable are unconditional promises to give that are recorded as revenues and contribution receivable when the promises are made. All of the contributions receivable at December 31, 2018 are due within one year and are considered fully collectible by management. Accordingly, no allowance for uncollectible amounts has been established.

Contributions receivable are comprised of the following at December 31, 2018:

| | |
|--------------------------------|-------------------|
| Unconditional promises to give | \$ <u>449,043</u> |
| Total contributions receivable | \$ <u>449,043</u> |

ASHA FOR EDUCATION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018

NOTE 5 – INVESTMENTS

In accordance with generally accepted accounting principles, we use the following prioritized input levels to measure fair value. The input levels used for valuing instruments are not necessarily an indication of risk.

Level 1 – Observable inputs that reflect quoted prices for identical assets or liabilities in active markets such as stock quotes;

Level 2 – Includes inputs other than Level 1 inputs that are directly or indirectly observable in the marketplace such as yield curves or other market data;

Level 3 – Unobservable inputs which reflect the reporting entity's assessment of the assumptions that market participants would use in pricing the asset or liability including assumptions about risk such as bid/ask spreads and liquidity discounts.

Investments are reported at fair value and consist of the following at December 31, 2018:

| | Total | Level 1 | Level 2 | Level 3 |
|-----------------------------------|---------------------|---------------|---------------------|--------------|
| Brokered certificates of deposit | \$ 3,663,269 | \$ -- | \$ 3,663,269 | \$ -- |
| Equity securities | <u>894</u> | <u>894</u> | <u>--</u> | <u>--</u> |
| Investments carried at fair value | <u>\$ 3,664,163</u> | <u>\$ 894</u> | <u>\$ 3,663,269</u> | <u>\$ --</u> |

Investment income, gains and losses consist of the following for the year ended December 31, 2018:

| | |
|-----------------------------------|------------------|
| Interest and dividends | \$ 78,858 |
| Realized gains | 43,641 |
| Unrealized loss | <u>(86,815)</u> |
| Total investment income and gains | <u>\$ 35,684</u> |

**ASHA FOR EDUCATION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018**

NOTE 6 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following at December 31, 2018:

Subject to expenditure for specified purpose:

| | |
|-----------------------------|------------|
| Education projects in India | \$ 208,910 |
|-----------------------------|------------|

Subject to the passage of time:

| | |
|--------------------------|----------------|
| Contributions receivable | <u>449,043</u> |
|--------------------------|----------------|

| | |
|--|-------------------|
| Total net assets with donor restrictions | <u>\$ 657,953</u> |
|--|-------------------|

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the year ended December 31, 2018:

| | |
|--------------------------------|------------|
| Expiration of time restriction | \$ 342,168 |
|--------------------------------|------------|

| | |
|--------------------------------------|----------------|
| Satisfaction of purpose restrictions | <u>235,990</u> |
|--------------------------------------|----------------|

| | |
|---|-------------------|
| Total assets released from donor restrictions | <u>\$ 578,158</u> |
|---|-------------------|

NOTE 7 – DONATED SERVICES AND FACILITIES

All management services provided to Asha are donated. Contributed services are recognized if the services received (a) increase or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donations. We estimate the fair value of such services to be \$170,051 for the year ended December 31, 2018. We also received \$2,685 in donated goods during the year.

Additionally, Asha receives a significant amount of contributed time from volunteers that does not meet the two recognition criteria described above. Accordingly, the value of these contributed services is not reflected in the accompanying financial statements. We estimate that approximately 5,000 volunteer hours were donated for the chapters, fundraising and site visits and grant-making. Our organizational purpose could not be fulfilled without the significant contributions of volunteer time, which is not reflected in the accompanying financial statements.

**ASHA FOR EDUCATION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018**

NOTE 8 – FUNCTIONALIZED EXPENSES

The financial statements report certain 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. The expenses that are allocated include donated services which are allocated on the basis of estimates of time and effort.

NOTE 9 – SUBSEQUENT EVENTS

Our management has reviewed the results of operations for the period of time from our year end December 31, 2018 through April 29, 2019, the date the financial statements were available to be issued, and have 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.