

Asha for Education

Walnut, California

Financial Statements and Independent Auditors' Report

For the Year Ended December 31, 2022

*With Summarized Comparative Financial Information
For the Year Ended December 31, 2021*



Asha For Education
For the Year Ended December 31, 2022

With Summarized Comparative Financial Information for the Year Ended December 31, 2021

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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Asha for Education (a California nonprofit organization) (the "Organization"), which comprise the statement of financial position as of December 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 Organization as of December 31, 2022, and the changes in its net assets, its functional expenses, 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 the Financial Statements section of our report. We are required to be independent of the Organization 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 Organization'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 the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

To the Board of Directors
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Walnut, California
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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 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 Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting 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 Organization'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

The financial statements of the Organization as of and for the year ended December 31, 2021 were audited by other auditors, whose report, dated April 7, 2022 expressed an unmodified opinion on those financial statements. In our opinion, the summarized comparative information presented with the financial statements herein as of and for the year ended December 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

The PwC Group, LLP

Sacramento, California
June 2, 2023

FINANCIAL STATEMENTS

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Asha for Education
Statement of Financial Position
December 31, 2022

With Comparative Financial Information as of December 31, 2021

ASSETS	2022	2021
Cash and cash equivalents	\$ 3,551,857	\$ 2,755,836
Contributions receivable	331,450	341,462
Investments	3,198,114	3,262,678
Other receivables	12,038	3,532
Prepaid expenses and other assets	425	1,940
Total assets	\$ 7,093,884	\$ 6,365,448
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	\$ 14,126	\$ 8,150
Total liabilities	14,126	8,150
Net assets:		
Without donor restrictions:		
Board-designated for India Activity Centers	100,000	100,000
Board-designated for Relief and Rehabilitation	50,000	50,000
Undesignated	6,349,294	5,615,432
Total net assets without donor restrictions	6,499,294	5,765,432
With donor restrictions:		
Purpose-restricted	249,014	250,404
Time-restricted for future periods	331,450	341,462
Total net assets with donor restrictions	580,464	591,866
Total net assets	7,079,758	6,357,298
Total liabilities and net assets	\$ 7,093,884	\$ 6,365,448

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

Asha for Education
Statement of Activities
For the Year Ended December 31, 2022

With Summarized Comparative Financial Information for the Year Ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	2022 Total	2021 Total
Revenues:				
Support and other revenue:				
Contributions	\$ 3,595,890	\$ 331,450	\$ 3,927,340	\$ 3,619,228
Donated services and goods	228,420	-	228,420	170,259
Special event revenue	77,153	-	77,153	57,855
Total support and other revenue	3,901,463	331,450	4,232,913	3,847,342
Net assets released from restrictions	342,852	(342,852)	-	-
Total revenue	4,244,315	(11,402)	4,232,913	3,847,342
Expenses:				
Program services	3,081,961	-	3,081,961	3,258,452
Supporting services:				
Management and general	227,396	-	227,396	222,520
Development	173,467	-	173,467	112,307
Total supporting services	400,863	-	400,863	334,827
Total expenses	3,482,824	-	3,482,824	3,593,279
Other income (expense)				
Investment income (loss)	(27,629)	-	(27,629)	(555)
Changes in net assets	733,862	(11,402)	722,460	253,508
Net assets:				
Beginning of year	5,765,432	591,866	6,357,298	6,103,790
End of year	\$ 6,499,294	\$ 580,464	\$ 7,079,758	\$ 6,357,298

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

Asha for Education
Statement of Functional Expenses
For the Year Ended December 31, 2022
With Summarized Comparative Financial Information for the Year Ended December 31, 2021

	Program Services	Management and General	Development	2022 Total	2021 Total
Expenses:					
Project disbursements	\$ 3,024,856	\$ -	\$ -	\$ 3,024,856	\$ 3,258,452
Accounting and audit fees	-	40,053	-	40,053	32,368
Administrative	-	10,110	-	10,110	8,783
Bank charges	-	18,341	-	18,341	-
Conference	-	-	900	900	19,153
Credit card processing fees	-	-	40,609	40,609	36,628
Donated services	57,105	137,052	34,263	228,420	170,259
Event expenses	-	-	97,695	97,695	50,140
Insurance	-	13,822	-	13,822	11,286
Postage and shipping	-	358	-	358	531
Travel	-	260	-	260	-
Website	-	7,400	-	7,400	5,679
Total expenses	\$ 3,081,961	\$ 227,396	\$ 173,467	\$ 3,482,824	\$ 3,593,279

Asha for Education
Statement of Cash Flows
For the Year Ended December 31, 2022
With Comparative Financial Information for the Year Ended December 31, 2021

	<u>2022</u>	<u>2021</u>
Reconciliation of change in net assets to net cash provided by (used in) operating activities:		
Change in net assets	\$ 722,460	\$ 253,508
Unrealized gains (losses) on investments	(65,953)	(20,921)
Stock donations	(24,195)	(53,694)
Changes in assets and liabilities:		
(Increase) decrease in assets:		
Contributions receivable	10,012	17,916
Accounts receivable	(8,506)	1,971
Prepaid expenses and other assets	1,515	25
Increase (decrease) in liabilities:		
Accounts payable	5,976	(4,004)
Net cash provided by (used in) operating activities	<u>641,309</u>	<u>194,801</u>
Cash and equivalents provided by (used in) investing activities:		
Proceeds from sales of investment securities	2,500,000	3,152,974
Purchases of investment securities	<u>(2,345,288)</u>	<u>(3,055,227)</u>
Net cash provided by (used in) investing activities	<u>154,712</u>	<u>97,747</u>
Net increase (decrease) in cash and cash equivalents	796,021	292,548
Cash and cash equivalents:		
Beginning of year	<u>2,755,836</u>	<u>2,463,288</u>
End of year	<u><u>\$ 3,551,857</u></u>	<u><u>\$ 2,755,836</u></u>

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

NOTES TO THE FINANCIAL STATEMENTS

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Asha for Education
Notes to the Financial Statements
For the Year Ended December 31, 2022

With Summarized Comparative Financial Information for the Year Ended December 31, 2021

Note 1 – Nature of Operations

Asha for Education (the “Organization”) 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. Their focus on children's education has galvanized a number of volunteers across the globe. As of December 31, 2022, the Organization has 46 chapters worldwide: 38 in the United States, 3 in India, 4 in Europe, and 1 in Canada. The Organization is primarily funded by individual and corporate donations, and the proceeds of special events.

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

As part of the Organization’s charter, all 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, volunteers are involved with and support projects in India that are secular and have an education-related component to them. The Organization’s 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.

The financial statements include the accounts of the Organization and its chapters located in the United States of America. Other international affiliates are located in Canada, Europe, and India are not included in the accompanying financial statements because the Organization does not exercise control over the management and operations of those international affiliates.

Note 2 – Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of the Organization 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”) where revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

Asha for Education
Notes to the Financial Statements (Continued)
For the Year Ended December 31, 2022

With Summarized Comparative Financial Information for the Year Ended December 31, 2021

Note 2 – Summary of Significant Accounting Policies (Continued)

Basis of Presentation

The financial statement presentation follows the recommendation of the Financial Accounting Standards Board in its Accounting Standards Update (FASB ASU) 2016-14 *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements for Not-for-Profit Entities*. Under FASB ASU 2016-14, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Cash and Cash Equivalents

The Organization considers all financial instruments purchased with an original maturity of three months or less to be cash equivalents.

Contributions Receivable

Contributions receivable that are expected to be collected within one year are recorded at net realizable value. Contributions receivable expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statement of activities. Based on historical experience, an assessment of economic conditions, and a review of subsequent collections, management expects all such contributions to be collectible. Accordingly, an allowance for uncollectible contributions has not been established as of December 31, 2022 and 2021.

Investments

Investment purchases are recorded 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.

Net Assets

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 for use in general operations and not subject to donor (or certain grantor) restrictions. From time-to-time, the Board of Directors may earmark net assets from this category.
- *Net Assets with Donor Restrictions:* Net assets subject to donor (or certain grantor) imposed restrictions. Some restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor or grantor. Other restrictions are perpetual in nature, where the donor or grantor stipulates that resources be maintained in perpetuity. Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends, or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, 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.

Asha for Education
Notes to the Financial Statements (Continued)
For the Year Ended December 31, 2022

With Summarized Comparative Financial Information for the Year Ended December 31, 2021

Note 2 – Summary of Significant Accounting Policies (Continued)

Net Assets (Continued)

All contributions are considered available for general use, unless specifically restricted by donor or subject to other legal restrictions.

Revenue and Revenue Recognition

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. The Organization records special event revenues revenue equal to the fair value of benefits to donors, and contribution income for the excess received when the event takes place.

In-kind Contributions

Contributed nonfinancial assets include donated professional services which are recorded at the respective fair values of the goods or services received. The Organization does not sell donated gifts-in-kind. In addition to contributed nonfinancial assets, volunteers contribute significant amounts of time to program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation.

Functional Allocation of Expenses

The costs of providing the program services and other activities have been detailed in the statement of functional expenses and are summarized on a functional basis in the statement of activities. Program and supporting services are charged with their direct expenses when applicable. Certain categories of expenses are attributed to both program and supporting services, therefore, expenses require allocation on a reasonable basis that is consistently applied. The Organization's allocated expenses consist of donated services which are evaluated based on the nature of the service provided.

Income Tax Status

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and related California code sections. However, we are subject to income taxes from activities unrelated to our tax-exempt purposes, unless that income is otherwise excluded by the IRC. The Organization is considered a public charity and has been classified as an Organization that is not a private foundation under IRC Section 509(a)(2).

Management has processes presently in place to ensure maintenance of the Organization's tax-exempt statuses; to identify and report unrelated business income; to determine the filing and tax obligations for which the Organization has nexus; and to identify and evaluate other matters that may be considered tax positions. Management has 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.

Asha for Education
Notes to the Financial Statements (Continued)
For the Year Ended December 31, 2022

With Summarized Comparative Financial Information for the Year Ended December 31, 2021

Note 2 – Summary of Significant Accounting Policies (Continued)

Use of Estimates

In preparing financial statements in conformity with U.S. GAAP, management is required to make estimates and assumptions that affect reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Actual results could vary from those estimates under different assumptions or conditions.

Financial Instruments and Credit Risk

Deposit concentration risk is managed by placing cash and equivalents with financial institutions believed by management to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, the Organization has 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 are due from government agencies and foundations supportive of the mission. Investments are made by the Treasury Committee whose performance is monitored by the board of directors. Although the fair values of investments are subject to fluctuation on a year-to-year basis, the board of directors believes that the investment policies and guidelines are prudent for the long-term welfare of the organization.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

Comparative Financial Information

The accompanying financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America (GAAP). Accordingly, such information should be read in conjunction with our audited financial statements for the year ended December 31, 2021, from which the summarized information was derived.

Asha for Education
Notes to the Financial Statements (Continued)
For the Year Ended December 31, 2022

With Summarized Comparative Financial Information for the Year Ended December 31, 2021

Note 3 - Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following as of December 31, 2022 and 2021:

	2022	2021
Cash and cash equivalents	\$ 3,551,857	\$ 2,755,836
Contributions receivable	331,450	341,462
Investments	3,198,114	3,262,678
Less financial assets unavailable for general expenditures within one year, due to:		
Restriction by donor for a specific purpose	(249,014)	(250,404)
Designation by the board for reserves	(150,000)	(150,000)
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 6,682,407</u>	<u>\$ 5,959,572</u>

The Organization maintains 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 invested in short-term investments.

Note 4 – Contributions Receivable

Contributions receivable expected to be collected within one year comprise the following as of December 31, 2022 and 2021:

	2022	2021
Unconditional promises to give	\$ 331,450	\$ 341,462
Total contributions receivable	<u>\$ 331,450</u>	<u>\$ 341,462</u>

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

Asha for Education
Notes to the Financial Statements (Continued)
For the Year Ended December 31, 2022

With Summarized Comparative Financial Information for the Year Ended December 31, 2021

Note 5 – Investments (Continued)

Investments are reported at fair value and consist of the following as of December 31, 2022 and 2021:

2022	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Brokered certificates of deposit	\$ 3,189,585	\$ -	\$ 3,189,585	\$ -
Equity securities	<u>2,504</u>	<u>2,504</u>	<u>-</u>	<u>-</u>
Investments carried at fair value	3,192,089	<u>\$ 2,504</u>	<u>\$ 3,189,585</u>	<u>\$ -</u>
Money market funds*	<u>6,025</u>			
Total investments	<u>\$ 3,198,114</u>			
2021	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Brokered certificates of deposit	\$ 2,502,990	\$ -	\$ 2,502,990	\$ -
Equity securities	<u>8,565</u>	<u>8,565</u>	<u>-</u>	<u>-</u>
Investments carried at fair value	2,511,555	<u>\$ 8,565</u>	<u>\$ 2,502,990</u>	<u>\$ -</u>
Money market funds*	<u>751,123</u>			
Total investments	<u>\$ 3,262,678</u>			

*Money market funds included in the investment portfolio are not subject to provisions of fair value measurements as they do not meet the FASB definition of a security.

Investment income, gains, and losses consist of the following for the years ended December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Interest and dividends	\$ 38,324	\$ 20,863
Realized gains (losses)	(92)	(497)
Unrealized gains (losses)	<u>(65,861)</u>	<u>(20,921)</u>
Total investment income (loss), net	<u>\$ (27,629)</u>	<u>\$ (555)</u>

Note 6 – Net Assets with Donor Restrictions

Net assets with donor restrictions consisted of the following as of December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Subject to expenditure for a specified purpose:		
Education projects in India	\$ 215,291	\$ 216,681
Cyclone relief	33,723	33,723
Subject to the passage of time:		
Contributions receivable	<u>331,450</u>	<u>341,462</u>
Total net assets with donor restrictions	<u>\$ 580,464</u>	<u>\$ 591,866</u>

Asha for Education
Notes to the Financial Statements (Continued)
For the Year Ended December 31, 2022

With Summarized Comparative Financial Information for the Year Ended December 31, 2021

Note 6 – Net Assets with Donor Restrictions (Continued)

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by the occurrence of the passage of time or other events specified by the donors as follows for the years ended December 31, 2022 and 2021:

	2022	2021
Expiration of time restrictions	\$ 341,462	\$ 359,378
Satisfaction of purpose restrictions	1,390	6,215
Total net assets released from donor restrictions	<u>\$ 342,852</u>	<u>\$ 365,593</u>

Note 7 – In-kind Contributions

Contributed nonfinancial assets recognized within the statement of activities are as follows for the years ended December 31, 2022 and 2021:

	Program Services	Management & General	Fundraising	Total
2022				
Management services	\$ 57,105	\$ 137,052	\$ 34,263	\$ 228,420
Total in-kind contributions	<u>\$ 57,105</u>	<u>\$ 137,052</u>	<u>\$ 34,263</u>	<u>\$ 228,420</u>
2021				
Management services	\$ -	\$ 144,720	\$ 25,539	\$ 170,259
Total in-kind contributions	<u>\$ -</u>	<u>\$ 144,720</u>	<u>\$ 25,539</u>	<u>\$ 170,259</u>

Contributed management services include the Organization's top management positions of chief executive officer, chief financial officer, and chief technology officer. Contributed management services are used in program, administration, and fundraising activities and are recognized at fair value based on current rates for similar management services.

Note 8 - Subsequent Events

The Organization has evaluated subsequent events through June 2, 2023, the date the financial statements are available to be issued and is not aware of any other subsequent events which would require recognition or disclosure in the financial statements.

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