

**ASHA FOR EDUCATION**

Independent Auditor's Report  
and Financial Statements

Year Ended December 31, 2015

**ASHA FOR EDUCATION  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2015**

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 .....	7-12



## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Asha for Education  
New York, NY

### **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, 2015, 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, 2015, 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, California  
March 24, 2016

**ASHA FOR EDUCATION**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2015**

**Assets**

Cash and equivalents	\$ 6,868,347
Certificates of deposit	1,993,377
Contributions receivable	243,879
Investments	<u>169,818</u>

Total assets \$ 9,275,421

**Liabilities and Net Assets**

Accounts payable	<u>\$ 7,580</u>
------------------	-----------------

Total liabilities 7,580

Net assets:

Unrestricted	8,872,919
Temporarily restricted	<u>394,922</u>

Total net assets 9,267,841

Total liabilities and net assets \$ 9,275,421

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

**ASHA FOR EDUCATION  
STATEMENT OF ACTIVITIES  
FOR YEAR ENDED DECEMBER 31, 2015**

	Unrestricted	Temporarily Restricted	Total
Support and revenues:			
Contributions	\$ 2,597,468	\$ 437,152	\$ 3,034,620
Donated services	196,200	-	196,200
Special event revenue	284,091	-	284,091
Less: cost of benefits to donors	(140,225)	-	(140,225)
Interest income	28,314	-	28,314
Realized/unrealized loss on investments	(4,548)	-	(4,548)
Net assets released from restrictions	147,961	(147,961)	-
 Total support and revenues	 3,109,261	 289,191	 3,398,452
 Expenses:			
Program services	2,956,174	-	2,956,174
Management and general	228,130	-	228,130
Fundraising	58,664	-	58,664
 Total expenses	 3,242,968	 -	 3,242,968
 Change in net assets	 (133,707)	 289,191	 155,484
Net assets, beginning of year	9,006,626	105,731	9,112,357
Net assets, end of year	\$ 8,872,919	\$ 394,922	\$ 9,267,841

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

**ASHA FOR EDUCATION  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR YEAR ENDED DECEMBER 31, 2015**

	Program Services	Management and General	Fundraising	Total Expenses
Project disbursements	\$ 2,956,174	-	-	\$ 2,956,174
Accounting fees	-	\$ 21,142	-	21,142
Administrative expenses	-	16,999	-	16,999
Advertising	-	-	\$ 409	409
Bank charges	-	19,015	-	19,015
Credit card processing fees	-	-	26,935	26,935
Donated services	-	166,770	29,430	196,200
Equipment rental	-	-	1,890	1,890
Legal fees	-	81	-	81
Postage and shipping	-	1,889	-	1,889
Travel	-	2,234	-	2,234
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenses	<u>\$ 2,956,174</u>	<u>\$ 228,130</u>	<u>\$ 58,664</u>	<u>\$ 3,242,968</u>

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

**ASHA FOR EDUCATION  
STATEMENT OF CASH FLOWS  
FOR YEAR ENDED DECEMBER 31, 2015**

Cash flows from operating activities:	
Change in net assets	\$ 155,484
Adjustments to reconcile increase in net assets to net cash used in operating activities:	
Unrealized loss on investment	4,548
Increase in accounts receivable	(243,879)
Increase in accounts payable	<u>1,752</u>
Net cash used in operating activities	<u>(82,095)</u>
Cash flows from investing activities:	
Proceeds from sales of investment securities	101,597
Proceeds from maturities of certificates of deposit	<u>321,593</u>
Net cash provided by investing activities	<u>423,190</u>
Net increase in cash	341,095
Cash and equivalents, beginning of year	<u>6,527,252</u>
Cash and equivalents, end of year	<u><u>\$ 6,868,347</u></u>

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



**ASHA FOR EDUCATION  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Nature of Organization and Program Services

Asha for Education ("Asha") 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. Asha's focus on children's education has galvanized a number of volunteers across the globe. Today, there are 57 Asha chapters worldwide: 38 in the United States, 12 in India, 6 in Europe and 1 in Canada.

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

As part of the Asha 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, worldwide events like the Asha-Wide Conference, Work-An-Hour, and the Asha India Conference.

In keeping with this focus, Asha's volunteers are involved with and support projects in India that are secular and have an education-related component to them. Their 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.

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

**ASHA FOR EDUCATION  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting. Thus, revenues are reported in the year earned rather than when collected, and expenses are reported in the year incurred rather than when paid. The organization reports information regarding financial position and activities according to three classes of net assets: unrestricted net asset, temporarily restricted net assets, and permanently restricted net assets.

**Unrestricted net assets** – Net assets that are not subject to donor-imposed stipulations.

**Temporarily restricted net assets** – Net assets subject to donor-imposed stipulations that may or will be met either by actions of the organization and/or the passage of time.

**Permanently restricted net assets** – Net assets to be held in perpetuity as directed by donors. The income from the contributions is available to support activities as designated by donors. There were no permanently restricted net assets at December 31, 2015.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on assets and liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor restriction or by law.

Contributions

Contributions are recognized when a promise to give is made or the cash is received, whichever is earlier. Contributions of assets other than cash are recorded at estimated fair value at the date of gift. Asha reports gifts of cash and other assets as temporarily restricted support if they are received with explicit or implicit donor stipulations limiting the use of the assets to a specific project. When a donor restriction expires, temporarily restricted net assets are reclassified as unrestricted net assets and are reported in the statement of activities as net assets released from restrictions.

Contributions that are made by non-participants in connection with fundraising events (i.e. marathons) are included in the contributions line item on the statement of activities and not as revenue of the fundraising event.

**ASHA FOR EDUCATION  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Expense Allocation

The costs of providing the 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 based on estimates of the usage of resources.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of support, revenue and expenses during the reported period. Actual results could differ from those estimates.

Income Tax Status

Asha is 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).

Management of Asha has evaluated the tax positions and related income tax contingencies. Management does not believe that any material uncertain tax positions exist. With few exceptions, Asha is no longer subject to income tax examinations by federal authorities for years ending December 31, 2011 and before and state authorities for years ending December 31, 2010 and before.

Investments

Investments are stated at fair value. Investment income is reported net of related investment expenses.

Investment Risk

Investment securities are exposed to various risks, such as interest rate, market and credit risk. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in the near term could materially affect the amounts reported in the accompanying financial statements.

**ASHA FOR EDUCATION  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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.

**NOTE B – 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, 2015 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, 2015:

Unconditional promises to give	\$ <u>243,879</u>
Total contributions receivable	\$ <u>243,879</u>

**NOTE C – INVESTMENTS**

Investments are comprised of the following at December 31, 2015:

Equities	\$ 1,052
Corporate bonds	<u>168,766</u>
Total investments	\$ <u>169,818</u>

Investment income and losses consists of the following:

Interest and dividends	\$ 28,314
Net realized and unrealized losses	<u>(4,548)</u>
Total investment income and losses	\$ <u>23,766</u>

**ASHA FOR EDUCATION  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015**

**NOTE D – CONCENTRATIONS OF CREDIT RISK**

Asha maintains a majority of its cash in bank deposit accounts that, at times, may exceed federally insured limits. Asha has not experienced any losses in such accounts. Management believes Asha is not exposed to any significant credit risk related to cash.

**NOTE E – FAIR VALUE MEASUREMENTS**

Asha follows the FASB Accounting Standards Codification No. 820, *Fair Value Measurement*, which defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and sets out a fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described below:

Level 1 – Quoted market prices in active markets for identical assets or liabilities.

Level 2 – Observable market based inputs or unobservable inputs that are corroborated by market data.

Level 3 – Unobservable inputs that are not corroborated by market data.

In determining the appropriate levels, Asha performs an analysis of the assets and liabilities that are subject to fair value measurements. At each reporting period, all assets and liabilities for which the fair value measurements are based on significant unobservable inputs are classified as Level 3.

The estimated fair values of Asha’s short-term financial instruments, including receivables and payables arising in the ordinary course of operations, approximate their individual carrying amounts due to the relatively short period of time between their origination and expected realization.

The table below presents the balances of assets and liabilities measured at fair value on a recurring basis by level within the hierarchy. Fair values of assets measured on a recurring basis at December 31, 2015 are as follows:

	Total	Level 1	Level 2	Level 3
Equities	\$ 1,052	\$ 1,052	\$ --	\$ --
Corporate bonds	<u>168,766</u>	<u>--</u>	<u>168,766</u>	<u>--</u>
Total	<u>\$ 169,818</u>	<u>\$ 1,052</u>	<u>\$ 168,766</u>	<u>\$ --</u>

**ASHA FOR EDUCATION  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015**

**NOTE F – DONATED SERVICES AND FACILITIES**

All management services provided to Asha are donated. Contributed services are recognized by Asha 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. Asha estimates the fair value of such services to be \$196,200.

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. Asha estimates that approximately 5,000 volunteer hours were donated for the chapters, fundraising and site visits and grant making. The purpose for Asha could not be fulfilled without the significant contributions of volunteer time, which is not reflected in the accompanying financial statements.

**NOTE G –RESTRICTED NET ASSETS**

Temporarily restricted net assets consisted of the following at December 31, 2015:

Time restricted contributions receivable	\$ 243,879
Restricted to projects	<u>151,043</u>
Total temporarily restricted net assets	<u>\$ 394,922</u>

**NOTE H – SUBSEQUENT EVENTS**

The management of Asha has reviewed the results of operations for the period of time from its year end December 31, 2015 through March 24, 2016, 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.