

ASHA FOR EDUCATION

Independent Auditor's Report
and Financial Statements

Year Ended December 31, 2020

With summarized comparative financial information
for the year ended December 31, 2019

**ASHA FOR EDUCATION
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020**

WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2019

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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, 2020, 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, 2020, 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.

Report on Summarized Comparative Information

We have previously audited Asha for Education's 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 20, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Fritzsche Associates, Inc.

Certified Public Accountants
Sacramento, CA
April 28, 2021

ASHA FOR EDUCATION
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2020

WITH COMPARATIVE FINANCIAL INFORMATION AS OF DECEMBER 31, 2019

	2020	2019
Assets		
Cash and equivalents	\$ 2,463,288	\$ 2,335,630
Investments	3,285,810	3,258,160
Contributions receivable	359,378	286,282
Other receivables	5,503	7,792
Gift card inventory	425	425
Prepaid expenses	1,540	2,014
 Total assets	 \$ 6,115,944	 \$ 5,890,303
 Liabilities and Net Assets		
Accounts payable	\$ 12,154	\$ 6,188
Total liabilities	12,154	6,188
 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	5,345,293	5,214,336
Total net assets without donor restrictions	5,495,293	5,364,336
 Net assets with donor restrictions:		
Purpose restrictions	249,119	232,292
Time-restricted for future periods	359,378	287,487
Total net assets with donor restrictions	608,497	519,779
 Total net assets	 6,103,790	 5,884,115
 Total liabilities and net assets	 \$ 6,115,944	 \$ 5,890,303

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

**ASHA FOR EDUCATION
STATEMENT OF ACTIVITIES
FOR YEAR ENDED DECEMBER 31, 2020**

WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2019

	Without Donor Restrictions	With Donor Restrictions	2020 Total	2019 Total
Support and revenues:				
Contributions	\$ 2,882,734	\$ 673,506	\$ 3,556,240	\$ 3,109,256
Donated services and goods	169,051	-	169,051	171,713
Special event revenue	34,116	-	34,116	293,608
Less: Cost of benefits to donors	(68,142)	-	(68,142)	(176,273)
Interest & dividends	43,215	-	43,215	68,817
Realized gain (loss) on investments	348	-	348	(23)
Unrealized gain (loss) on investments	16,764	-	16,764	88,892
Net assets released from restrictions	<u>584,788</u>	<u>(584,788)</u>	<u>-</u>	<u>-</u>
 Total support and revenues	 <u>3,662,874</u>	 <u>88,718</u>	 <u>3,751,592</u>	 <u>3,555,990</u>
Expenses:				
Program services	3,240,754	-	3,240,754	3,273,490
Management and general	230,545	-	230,545	247,858
Fundraising	<u>60,618</u>	<u>-</u>	<u>60,618</u>	<u>65,076</u>
 Total expenses	 <u>3,531,917</u>	 <u>-</u>	 <u>3,531,917</u>	 <u>3,586,424</u>
Change in net assets	130,957	88,718	219,675	(30,434)
Net assets, beginning of year	<u>5,364,336</u>	<u>519,779</u>	<u>5,884,115</u>	<u>5,914,549</u>
Net assets, end of year	<u>\$ 5,495,293</u>	<u>\$ 608,497</u>	<u>\$ 6,103,790</u>	<u>\$ 5,884,115</u>

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

**ASHA FOR EDUCATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR YEAR ENDED DECEMBER 31, 2020**

WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2019

	Program Services	Management and General	Fundraising	2020 Total	2019 Total
Project disbursements	\$ 3,240,754	-	-	\$ 3,240,754	\$ 3,273,490
Accounting and audit fees	-	\$ 33,609	-	33,609	30,531
Administrative	-	10,438	-	10,438	23,308
Advertising	-	135	-	135	3,500
Bank charges	-	21,099	-	21,099	20,435
Credit card processing fees	-	-	\$ 35,260	35,260	39,319
Donated services	-	143,693	25,358	169,051	171,713
Insurance	-	14,897	-	14,897	13,358
Postage and shipping	-	190	-	190	888
Travel	-	-	-	-	9,882
Website	-	6,484	-	6,484	-
Total expenses	<u>\$ 3,240,754</u>	<u>\$ 230,545</u>	<u>\$ 60,618</u>	<u>\$ 3,531,917</u>	<u>\$ 3,586,424</u>

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

ASHA FOR EDUCATION
STATEMENT OF CASH FLOWS
FOR YEAR ENDED DECEMBER 31, 2020
WITH COMPARATIVE FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2019

	2020	2019
Cash flows from operating activities:		
Grants and contributions received	\$ 3,452,420	\$ 3,228,023
Other cash receipts	77,331	362,416
Payments for projects	(3,240,754)	(3,273,490)
Payments to vendors	(183,814)	(331,423)
Net cash provided by (used in) operating activities	105,183	(14,474)
Cash flows from investing activities:		
Proceeds from sales of investment securities	1,772,487	1,292,724
Purchases of investment securities	(1,750,012)	(750,000)
Net cash provided by investing activities	22,475	542,724
Net increase in cash	127,658	528,250
Cash and equivalents, beginning of year	2,335,630	1,807,380
Cash and equivalents, end of year	\$ 2,463,288	\$ 2,335,630

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

**ASHA FOR EDUCATION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020**

WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2019

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. As of December 31, 2020, we have 45 Asha chapters worldwide: 38 in the United States, 3 in India, 3 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, 2020**

WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2019

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

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 – that is, 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. We record 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.

**ASHA FOR EDUCATION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020**

WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2019

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 of 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. However, we are subject to income taxes from activities unrelated to our tax-exempt purposes, unless that income is otherwise excluded by the Code. 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 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. Investments are made by the Treasury committee whose performance is monitored by us and the Board of Directors. Although the fair values of investments are subject to fluctuation on a year-to-year basis, both management and the Treasury committee believe that our investment policies and guidelines are prudent for the long-term welfare of the organization.

**ASHA FOR EDUCATION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020**

WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Presentation of Certain Prior Year Information

The statements of activities and functional expenses include certain prior year summarized financial information for comparative purposes only. 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 organization’s financial statements for the year ended December 31, 2019 from which the summarized information was derived.

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 as of December 31:

	<u>2020</u>	<u>2019</u>
Cash and equivalents	\$ 2,463,288	\$ 2,335,630
Investments	3,285,810	3,258,160
Contributions receivable	359,378	286,282
Other receivables	<u>5,503</u>	<u>7,792</u>
	6,113,979	5,887,864
Less those unavailable for general expenditures within one year due to:		
Board designations:		
Amounts set aside for specific programs	<u>(150,000)</u>	<u>(150,000)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 5,963,979</u>	<u>\$ 5,737,864</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.

**ASHA FOR EDUCATION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020**

WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 4 – CONTRIBUTIONS RECEIVABLE

Contributions receivable are unconditional promises to give that are recorded as revenues and contributions receivable when the promises are made. All of the contributions receivable at December 31, 2020 and 2019 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 as of December 31:

	<u>2020</u>	<u>2019</u>
Unconditional promises to give	\$ <u>359,378</u>	\$ <u>286,282</u>
Total contributions receivable	\$ <u>359,378</u>	\$ <u>286,282</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 FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020**

WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 5 – INVESTMENTS (continued)

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

<u>2020</u>	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Brokered certificates of deposit	\$ 2,023,910	\$ --	\$ 2,023,910	\$ --
Equity securities	<u>10,097</u>	<u>10,097</u>	<u>--</u>	<u>--</u>
Investments carried at fair value	2,034,007	<u>\$ 10,097</u>	<u>\$ 2,023,910</u>	<u>\$ --</u>
Money market funds*	<u>1,251,803</u>			
Total investments	<u>\$ 3,285,810</u>			
<u>2019</u>	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Brokered certificates of deposit	\$ 3,257,135	\$ --	\$ 3,257,135	\$ --
Equity securities	<u>1,025</u>	<u>1,025</u>	<u>--</u>	<u>--</u>
Investments carried at fair value	3,258,160	<u>\$ 1,025</u>	<u>\$ 3,257,135</u>	<u>\$ --</u>
Money market funds*	<u>--</u>			
Total investments	<u>\$ 3,258,160</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.

**ASHA FOR EDUCATION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020**

WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 5 – INVESTMENTS (continued)

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

	<u>2020</u>	<u>2019</u>
Interest and dividends	\$ 43,215	\$ 68,817
Realized gains (losses)	348	(23)
Unrealized gains (losses)	<u>16,764</u>	<u>88,892</u>
Total investment income and gains	<u>\$ 60,327</u>	<u>\$ 157,686</u>

NOTE 6 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following as of December 31:

	<u>2020</u>	<u>2019</u>
Subject to expenditure for specified purpose:		
Education projects in India	\$ 215,396	\$ 232,292
Cyclone relief	33,723	--
Subject to the passage of time:		
Contributions receivable	<u>359,378</u>	<u>287,487</u>
Total net assets with donor restrictions	<u>\$ 608,497</u>	<u>\$ 519,779</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 years ended December 31:

	<u>2020</u>	<u>2019</u>
Expiration of time restriction	\$ 287,487	\$ 342,168
Satisfaction of purpose restrictions	<u>297,301</u>	<u>235,990</u>
Total assets released from donor restrictions	<u>\$ 584,788</u>	<u>\$ 578,158</u>

**ASHA FOR EDUCATION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020**

WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 7 – DONATED SERVICES AND GOODS

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 \$169,051 and \$171,713 for the years ended December 31, 2020 and 2019, respectively.

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.

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

Management has reviewed the results of operations for the period of time from our year end December 31, 2020 through April 28, 2021, the date our financial statements were available to be issued, and have determined that no adjustments are necessary to the amounts reported in the accompanying financial statements. However, as a result of the spread of COVID-19 coronavirus, economic uncertainties have arisen which are likely to negatively impact contribution revenue, fundraising events, and overseas monitoring visits. The related financial impact and duration of such conditions cannot be reasonably estimated at this time.