

**EKAL VIDYALAY FOUNDATION OF USA, INC.**

Financial Statements  
and Independent Auditors' Report  
for the Years Ended December 31, 2012 and 2011

**YOE CPA, LLC**

CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

EKAL VIDYALAYA FOUNDATION OF USA, INC.

TABLE OF CONTENTS

INDEPENDENT AUDITOR'S REPORT .....1

FINANCIAL STATEMENTS

Statements of Financial Position as of December 31, 2012 and 2011 .....2

Statement of Activities for the Year Ended December 31, 2012.....3

Statement of Activities for the Year Ended December 31, 2011.....4

Statement of Functional Expenses the Year Ended December 31, 2012.....5

Statement of Functional Expenses the Year Ended December 31, 2011.....6

Statements of Cash Flows for the Years Ended December 31, 2012 and 2011.....7

Notes to the Financial Statements.....8



## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Ekal Vidyalaya Foundation of USA, Inc.  
Houston, Texas

We have audited the accompanying financial statements of Ekal Vidyalaya Foundation of USA, Inc. (a California non-profit corporation), which comprise the statement of financial position as of December 31, 2012 and 2011, and the related statements of activities and cash flows for the years 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 of 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 audit opinion.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Ekal Vidyalaya Foundation of USA, Inc as of December 31, 2012 and 2011, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

YOE CPA, LLC

Houston, Texas  
August 12, 2013

## **EKAL VIDYALAY FOUNDATION OF USA, INC.**

Statements of Financial Position as of December 31, 2012 and 2011

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	<u>2012</u>	<u>2011</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$1,306,798	\$ 1,635,797
Investments	834,425	544,542
Prepaid expenses	4,704	5,983
Property, plant and equipment	6,834	11,695
Interest receivable	<u>                    </u>	<u>          465</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 2,152,761</u></b>	<b><u>\$ 2,198,482</u></b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities:</b>		
Accrued expenses	<u>\$    3,386</u>	<u>\$    19,231</u>
Total liabilities	<u>          3,386</u>	<u>         19,231</u>
<b>Net assets:</b>		
Unrestricted	1,290,895	1,152,313
Temporarily restricted	<u>858,480</u>	<u>1,026,938</u>
Total net assets	<u>2,149,375</u>	<u>2,179,251</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 2,152,761</u></b>	<b><u>\$ 2,198,482</u></b>

*See independent auditor's report and notes to financial statements.*

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## EKAL VIDYALAY FOUNDATION OF USA, INC.

Statement of Activities for the Year Ended December 31, 2012

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	<u>UNRESTRICTED</u>	TEMPORARILY <u>RESTRICTED</u>	<u>TOTAL</u>
REVENUE:			
Contributions	\$ 3,214,605	\$ 715,936	\$ 3,930,541
Fundraising events admission fees	273,933	-	273,933
Investment return	<u>30,565</u>	<u>-</u>	<u>30,565</u>
Total revenue	3,519,103	715,936	4,235,039
Net assets released from restrictions:			
Expiration of time restrictions	<u>884,394</u>	<u>(884,394)</u>	<u>-</u>
Total	<u>4,403,497</u>	<u>(168,458)</u>	<u>4,235,039</u>
EXPENSES:			
Program services:			
Program service-funds to Ekal Vidyalay Foundation, India	<u>3,830,000</u>	<u>-</u>	<u>3,830,000</u>
Total program services	<u>3,830,000</u>	<u>-</u>	<u>3,830,000</u>
Management and general	219,705	-	219,705
Fundraising	<u>215,210</u>	<u>-</u>	<u>215,210</u>
Total expenses	<u>4,264,915</u>	<u>-</u>	<u>4,264,915</u>
CHANGES IN NET ASSETS	138,582	(168,458)	(29,876)
Net assets, beginning of year	<u>1,152,313</u>	<u>1,026,938</u>	<u>2,179,251</u>
Net assets, end of year	<u>\$ 1,290,895</u>	<u>\$ 858,480</u>	<u>\$ 2,149,375</u>

*See independent auditor's report and notes to financial statements.*

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## EKAL VIDYALAY FOUNDATION OF USA, INC.

Statement of Activities for the Year Ended December 31, 2011

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	<u>UNRESTRICTED</u>	TEMPORARILY <u>RESTRICTED</u>	<u>TOTAL</u>
REVENUE:			
Contributions	\$ 3,052,572	\$ 891,480	\$ 3,944,052
Fundraising events admission fees	235,586	-	235,586
Investment return	<u>828</u>	<u>-</u>	<u>828</u>
Total revenue	3,288,986	891,480	4,180,466
Net assets released from restrictions:			
Expended for program purpose			
Expiration of time restrictions	<u>866,747</u>	<u>(866,747)</u>	<u>-</u>
Total	<u>4,155,733</u>	<u>24,733</u>	<u>4,180,466</u>
EXPENSES:			
Program services:			
Program service-funds to Ekal Vidyalay Foundation, India	<u>3,597,810</u>	<u>-</u>	<u>3,597,810</u>
Total program services			
Management and general	203,919	-	203,919
Fundraising	<u>252,233</u>	<u>-</u>	<u>252,233</u>
Total expenses	<u>4,053,962</u>	<u>-</u>	<u>4,053,962</u>
CHANGES IN NET ASSETS	101,771	24,733	126,504
Net assets, beginning of year	<u>1,050,542</u>	<u>1,002,205</u>	<u>2,052,747</u>
Net assets, end of year	<u>\$ 1,152,313</u>	<u>\$ 1,026,938</u>	<u>\$ 2,179,251</u>

*See independent auditor's report and notes to financial statements.*

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## EKAL VIDYALAY FOUNDATION OF USA, INC.

### Statement of Functional Expenses for the Year Ended December 31, 2012

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	<b>Program Services</b>	<b>Support Services</b>		<b>2012 Total</b>
		<b><u>Management and General</u></b>	<b><u>Fund Raising</u></b>	
Projects-Ekal Vidyalaya Foundation of India	\$ 3,830,000	\$ -	\$ -	\$ 3,830,000
Rent, food, supplies, publicity, travel, and other	-	-	215,210	215,210
Advertising	-	3,282	-	3,282
Depreciation	-	6,439	-	6,439
Payroll Expenses	-	99,665	-	99,665
Office, publication, postage and shipping	-	40,219	-	40,219
Travel	-	3,279	-	3,279
Bank Charges	-	24,404	-	24,404
Professional fees	-	1,050	-	1,050
Other	-	41,367	-	41,367
Total disbursement	\$ 3,830,000	\$ 219,705	\$ 215,210	\$ 4,264,915

*See independent auditor's report and notes to financial statements.*

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## EKAL VIDYALAY FOUNDATION OF USA, INC.

### Statement of Functional Expenses for the Year Ended December 31, 2011

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	Program	Support Services		2011 Total
	Services	<u>Management and General</u>	<u>Fund Raising</u>	
Projects-Ekal Vidyalaya Foundation of India	\$ 3,597,810	\$ -	\$ -	\$ 3,597,810
Rent, food, supplies, publicity, travel, and other	-	-	252,233	252,233
Advertising	-	10,334	-	10,334
Depreciation	-	6,990	-	6,990
Payroll Expenses	-	93,290	-	93,290
Office, publication, postage and shipping	-	35,707	-	35,707
Travel	-	11,302	-	11,302
Bank Charges	-	20,842	-	20,842
Professional fees	-	8,450	-	8,450
Other	-	17,004	-	17,004
Total disbursement	\$ 3,597,810	\$ 203,919	\$ 252,233	\$ 4,053,962

*See independent auditor's report and notes to financial statements.*

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## EKAL VIDYALAY FOUNDATION OF USA, INC.

### Statements of Cash Flows for the Years Ended December 31, 2012 and 2011

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	<u>2012</u>	<u>2011</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Changes in net assets	\$ <u>(29,876)</u>	\$ <u>126,504</u>
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities:		
Depreciation	6,439	6,990
Net realized and unrealized (gain) loss on investments	(14,838)	8,259
Changes in operating assets and liabilities:		
Other receivables	1,744	3,982
Accrued expenses	(15,845)	4,089
Contribution received of investment securities	<u>(18,582)</u>	<u>(22,452)</u>
Net cash provided (used) by operating activities	<u>(41,082)</u>	<u>868</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of equipment, furniture, and software	(1,578)	(1,050)
Purchase of investments	(2,363,174)	(400,000)
Proceeds from sale and maturities of investments	2,106,711	745,000
Net cash provided (used) by investing activities	<u>(258,041)</u>	<u>343,950</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(328,999)	471,322
Cash and cash equivalents, beginning of year	<u>1,635,797</u>	<u>1,164,475</u>
Cash and cash equivalents, end of year	<u>\$ 1,306,798</u>	<u>\$ 1,635,797</u>

*See independent auditor's report and notes to financial statements.*

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## **EKAL VIDYALAY FOUNDATION OF USA, INC.**

Notes to Financial Statements for the Years Ended December 31, 2012 and 2011

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### **NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES**

#### Organization

Ekal Vidyalay Foundation of USA, Inc. ("Foundation") is a 501(c) (3) non-profit public benefit corporation that was founded in 2004 for the purpose of providing funds to Ekal Vidyalay Foundation of India (EVFI), a non-Government, non-profit organization whose main objective is to help in the overall development of the remote tribal and rural villages. The Foundation along with EVFI, is committed to furthering the cause of eradicating illiteracy from the tribal areas since education is the key to self-esteem, self-sustenance, economic well-being and happiness.

#### Federal income tax status

The Foundation is exempt from federal income tax under §501(c)(3) of the Internal Revenue Code and is classified as a public charity under §170(b)(1)(A)(vi). The Foundation files annual federal information returns.

#### Use of Estimates

Management is required to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Management believes these estimates and assumptions provide a reasonable basis for the fair presentation of the financial statements.

#### Cash and Cash Equivalents

Cash equivalents include highly liquid financial instruments with original maturities of three months or less. Cash accounts are primarily interest-bearing cash accounts and money market accounts with a financial institution. It also includes \$267,108 and \$285,726 for undeposited contributions for the years ending at December 31, 2012 and 2011, respectively.

#### Cash Concentration

At various times during the year, the Foundation may have bank deposits in excess of FDIC insurance limits. As the Company's deposits in non-interest bearing accounts were fully insured by the FDIC under the Transaction Account Guarantee Program. Management believes any credit risk is low due to the overall financial strength of the financial institution.

## EKAL VIDYALAY FOUNDATION OF USA, INC.

Notes to Financial Statements for the Years Ended December 31, 2012 and 2011

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### NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

#### Investments

Stock investments are carried at fair market value and realized and unrealized gains and losses are reflected in the statement of activities. Investments in certificate of deposit for an initial maturity of more than three months are recorded as investments. Investment returns are reported in the statement of activities as an increase in unrestricted net assets unless its use is limited by donor-imposed restrictions. These investments are exposed to various risks such as interest rate, market and credit risks. Because of these risks, it is at least reasonably possible that change in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the statement of financial position and statement of activities.

Investment return includes earnings on cash and cash equivalents and consists of the following:

	<u>2012</u>	<u>2011</u>
Interest and dividend income	\$ 15,727	\$ 9,087
Realized and unrealized gain (loss) on investments	<u>14,838</u>	<u>(8,259)</u>
Total investment returns	<u>\$ 30,565</u>	<u>\$ 828</u>

#### Pledges receivable

Contributions are recognized when the donor makes a promise to give to the Foundation that is expected to be collected within one year and are reported at net realizable value. Amounts expected to be collected in more than one year are discounted to estimate the present value of future cash flows. At December 31, 2012 and 2011, all amounts are due within one year.

#### Net asset classification

Revenue and the related net assets are classified based on the existence or absence of donor-imposed restrictions, as follows:

- *Unrestricted net assets* include those net assets whose use is not restricted by donor-imposed stipulations, even though their use may be limited in other respects, such as by contract or board designation.
- *Temporarily restricted net assets* include contributions restricted by the donor for specific purposes or future time periods. When a purpose restriction is accomplished or a time restriction ends, temporarily restricted net assets are released to unrestricted net assets.

## **EKAL VIDYALAY FOUNDATION OF USA, INC.**

Notes to Financial Statements for the Years Ended December 31, 2012 and 2011

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### **NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES POLICIES - CONTINUED**

#### Contributions

Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in temporarily restricted or permanently restricted net assets in the reporting period on which the support is recognized. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of revenue, support and expenses and changes in net assets as net assets released from restrictions. Donor restricted contributions whose restrictions are met within the same year as received are generally reported as unrestricted contributions in the accompanying financial statements.

#### Contributed Services

The Foundation recognizes as revenue at fair value when an unconditional commitment is received from the donor. The related expense is recognized as the item is used or when the service is provided. Contributions of services are recognized when services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

In addition, the Foundation receives thousands of hours of donated work from Board members and other volunteers helping with business activities. While the value of such contributed efforts is vitally beneficial to the Foundation, no dollar amount is recognized in these financial statements for these contributions.

#### Equipment

It is the Foundation's policy to capitalize acquisition of property and equipment over \$500. Property and equipment are depreciated using straight-line method over estimated useful lives of assets. Depreciation expense for the years ended at December 31, 2012 and 2011 totaled \$6,439 and 6,990, respectively.

### **NOTE 2 – FAIR VALUE MEASUREMENTS**

The Foundation measures and reports certain assets and liabilities at fair value and within a hierarchal disclosure framework which prioritizes and ranks the level of observable inputs used in measuring fair value. At each balance sheet date, the Foundation performs an analysis of all instruments subject to fair value measurements.

## **EKAL VIDYALAY FOUNDATION OF USA, INC.**

Notes to Financial Statements for the Years Ended December 31, 2012 and 2011

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### **NOTE 2 – FAIR VALUE MEASUREMENTS - CONTINUED**

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The fair value three-tier hierarchy requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The three levels of inputs that may be used to measure fair value are as follows:

- Level 1: Quoted market prices in active markets for identical assets or liabilities.
- Level 2: Inputs other than Level 1 inputs that are either directly or indirectly observable such as quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; inputs other than quoted prices that are observable; or other inputs not directly observable, but derived principally from, or corroborated by, observable market data.
- Level 3: Unobservable inputs that are supported by little or no market activity.

The fair value of cash and cash equivalents, and accrued liabilities are carried at amounts that approximate book value at December 31, 2012 and 2011 due to the short-term nature of these accounts.

### **NOTE 3 – RECLASSIFICATIONS**

Certain reclassifications have been made to the 2011 financial statements presentation to correspond to the current year's format. Net assets and changes in net assets are unchanged due to these reclassifications.

### **NOTE 4 – SUBSEQUENT EVENTS**

Management has evaluated subsequent events through August 12, 2013, which is the date that the financial statements were available for issuance. As a result of this evaluation, no events were identified that are required to be disclosed or would have a material impact on reported net assets or changes in net assets.

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