

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

**FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS'
REPORT**

YEARS ENDED DECEMBER 31, 2024 AND 2023

EKAL VIDYALAYA FOUNDATION OF USA
YEARS ENDED DECEMBER 31, 2024 AND 2023

TABLE OF CONTENTS

INDEPENDENT AUDITORS' REPORT.....	1-2
-----------------------------------	-----

FINANCIAL STATEMENTS

Statements of Financial Position.....	3
Statements of Activities.....	4-5
Statements of Functional Expenses	6-7
Statements of Cash Flows.....	8
Notes to Financial Statements	9-18

DR. DARSHAN WADHWA, CPA, PC

4212 Sunset Blvd

Houston, Texas 77005

(713) 349-0273 or (832) 668-4770

Fax (713) 357-4822 WADHWA1181@gmail.com

INDEPENDENT AUDITORS' REPORT

For the years ended December 31, 2024 and 2023

Auditors' Opinion

We have audited the accompanying financial statements of Ekal Vidyalaya Foundation of USA, (the "Foundation"), a nonprofit corporation registered in the State of California, which comprise the statements of financial position as of December 31, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows for the years 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 Foundation as of December 31, 2024 and 2023, 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.

Basis for Auditors' Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's 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 auditor's 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.

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 Foundation'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 Foundation'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.

Darshan Wadhwa

Darshan Wadhwa, CPA PC
July 16, 2025

EKAL VIDYALAYA FOUNDATION OF USA, INC.

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
ASSETS		
<i>Current Assets:</i>		
Cash	\$ 2,678,401	█ \$ 1,640,075
Accounts receivable	5,234	6,500
Investments - (Note 3)	12,222,954	13,962,976
Prepaid expenses	-	25,360
Total current assets	14,906,589	15,634,911
<i>Noncurrent Assets:</i>		
Property and equipment, net - (Note 4)	4,039	█ 5,983
TOTAL ASSETS	<u>\$ 14,910,628</u>	<u>\$ 15,640,894</u>
LIABILITIES AND NET ASSETS		
<i>LIABILITES</i>		
<i>Current Liabilities:</i>		
Accrued expenses	\$ 126,132	\$ 32,925
Total current liabilities	126,132	32,925
Total liabilities	126,132	32,925
<i>NET ASSETS</i>		
Without donor-restricitons	4,895,140	4,472,780
With donor-restrictions - (Note 5)	9,889,356	11,135,189
Total net assets	14,784,496	15,607,969
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 14,910,628</u>	<u>\$ 15,640,894</u>

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

EKAL VIDYALAYA FOUNDATION OF USA, INC.**STATEMENT OF ACTIVITIES****YEAR ENDED DECEMBER 31, 2024**

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES			
Contributions	\$ 727,940	\$ 8,520,177	\$ 9,248,117
Ticket sales and admissions into fundraising events	317,614	-	317,614
Sponsorships and promotions	70,820	-	70,820
Net return on investments - (Note 3)	668,012	-	668,012
Inkind revenue - contributed use of facilities	18,043	-	18,043
Net assets released from restrictions:	9,766,010	(9,766,010)	-
TOTAL REVENUES	11,568,439	(1,245,833)	10,322,606
EXPENSES			
Program services:			
Rural schools and development projects (Note 7)	9,766,010	-	9,766,010
Total program services	9,766,010	-	9,766,010
Supporting services:			
Fundraising	1,092,112	-	1,092,112
Management and general	287,957	-	287,957
Total supporting services	1,380,069	-	1,380,069
TOTAL EXPENSES	11,146,079	-	11,146,079
CHANGE IN NET ASSETS	422,360	(1,245,833)	(823,473)
NET ASSETS, BEGINNING OF YEAR	4,472,780	11,135,189	15,607,969
NET ASSETS, END OF YEAR	\$ 4,895,140	\$ 9,889,356	\$ 14,784,496

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

EKAL VIDYALAYA FOUNDATION OF USA, INC.**STATEMENT OF ACTIVITIES****YEAR ENDED DECEMBER 31, 2023**

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES			
Contributions	\$ 1,045,133	\$ 7,290,233	\$ 8,335,366
Ticket sales and admissions into fundraising events	283,119	-	283,119
Sponsorships and promotions	24,329	-	24,329
Net return on investments - (Note 3)	548,100	-	548,100
Inkind revenue - contributed use of facilities	18,043	-	18,043
Net assets released from restrictions:	5,835,930	(5,835,930)	-
TOTAL REVENUES	7,754,654	1,454,303	9,208,957
EXPENSES			
Program services:			
Rural schools and development projects (Note 7)	5,835,930	-	5,835,930
Total program services	5,835,930	-	5,835,930
Supporting services:			
Fundraising	995,633	-	995,633
Management and general	418,645	-	418,645
Total supporting services	1,414,278	-	1,414,278
TOTAL EXPENSES	7,250,208	-	7,250,208
CHANGE IN NET ASSETS	504,446	1,454,303	1,958,749
NET ASSETS, BEGINNING OF YEAR	3,968,334	9,680,886	13,649,220
NET ASSETS, END OF YEAR	\$ 4,472,780	\$ 11,135,189	\$ 15,607,969

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

EKAL VIDYALAYA FOUNDATION OF USA, INC.**STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2024**

	Program Services	Fundraising	Management and General	Total Expenses
Programs and projects -India	\$ 9,602,360	\$ -	\$ -	\$ 9,602,360
Programs and projects -Nepal	163,650	-	-	163,650
Facility and equipment rental	-	204,242	-	204,242
Food and entertainments	-	281,076	-	281,076
Salaries and wages	-	223,470	95,773	319,243
Payroll taxes	-	18,138	7,775	25,913
Employees and other benefits	-	4,578	1,962	6,540
Bank and other financial services fees	-	68,739	-	68,739
Printing and supplies	-	30,921	2,710	33,631
Memberships and subscriptions	-	105,577	115,335	220,912
Postage	-	13,517	1,467	14,984
Internet and communications	-	10,803	2,286	13,089
Occupancy (Includes inkind of \$18,043)	-	-	30,117	30,117
Professional services	-	14,400	1,600	16,000
Advertising	-	13,211	-	13,211
Insurance	-	8,337	-	8,337
Travel and loadging	-	89,076	4,421	93,497
Depreciation	-	-	1,944	1,944
Decoration	-	3,443	-	3,443
Bad debt expenses	-	-	-	-
Other expenses	-	2,584	22,567	25,151
	<u>\$ 9,766,010</u>	<u>\$ 1,092,112</u>	<u>\$ 287,957</u>	<u>\$ 11,146,079</u>

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

EKAL VIDYALAYA FOUNDATION OF USA, INC.**STATEMENT OF FUNCTIONAL EXPENSES****YEAR ENDED DECEMBER 31, 2023**

	<u>Program Services</u>	<u>Fundraising</u>	<u>Management and General</u>	<u>Total Expenses</u>
Programs and projects -India	\$ 5,735,930	\$ -	\$ -	\$ 5,735,930
Programs and projects -Nepal	100,000	-	-	100,000
Facility and equipment rental	-	203,305	-	203,305
Food and entertainments	-	178,144	-	178,144
Salaries and wages	-	228,218	97,806	326,024
Payroll taxes	-	18,643	7,991	26,634
Employees and other benfits	-	4,504	1,930	6,434
Bank and other financial services fees	-	61,183	-	61,183
Printing and supplies	-	36,463	2,957	39,420
Memberships and subscriptions	-	24,004	27,529	51,533
Postage	-	9,005	760	9,765
Internet and communications	-	24,814	18,739	43,553
Occupancy (Includes inkind of \$18,043)	-	-	31,240	31,240
Professional services	-	14,692	1,632	16,324
Advertising	-	74,353	-	74,353
Insurance	-	12,603	-	12,603
Travel and loadging	-	95,215	2,064	97,279
Depreciation	-	-	1,862	1,862
Decoration	-	2,811	-	2,811
Bad debt expenses	-	-	205,677	205,677
Other expenses	-	7,676	18,458	26,134
	<u>\$ 5,835,930</u>	<u>\$ 995,633</u>	<u>\$ 418,645</u>	<u>\$ 7,250,208</u>

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

EKAL VIDYALAYA FOUNDATION OF USA, INC.**STATEMENTS OF CASH FLOWS****YEARS ENDED DECEMBER 31, 2024 AND 2023**

	2024	2023
CASH FLOW FROM OPERATING ACTIVITIES		
Change in net assets	\$ (823,473)	\$ 1,958,749
Adjustments to reconcile change in net assets to net cash provided by/(used in) operating activities:		
Value of donated assets	(132,986)	(218,165)
Depreciation	1,944	1,862
Bad debt written off	-	205,677
Unrealized gain on investments	(115,837)	(435,729)
Income from investments	(552,175)	(112,371)
Changes in operating assets and liabilities		
Contribution receivable	-	370,000
Accounts receivable	1,266	5,139
Prepaid expenses and other assets	25,360	(19,701)
Accrued expenses	93,207	20,475
Total adjustments	(679,221)	(182,813)
Net cash (used in) provided by operating activities	(1,502,694)	1,775,936
CASH FLOW FROM INVESTING ACTIVITIES		
Payments to acquire investments	(38,840,152)	(30,797,565)
Proceeds from sale of investments	40,828,997	27,179,804
Income from investments	552,175	112,371
Purchase of property & equipment	-	(1,235)
Net cash provided by (used in) investing activities	2,541,020	(3,506,625)
NET INCREASE (DECREASE) IN CASH	1,038,326	(1,730,689)
CASH, BEGINNING OF YEAR	1,640,075	3,370,764
CASH, END OF YEAR	\$ 2,678,401	\$ 1,640,075

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

EKAL VIDYALAYA FOUNDATION OF USA, INC.

NOTES TO THE FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2024 AND 2023

1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Purpose

Ekal Vidyalaya Foundation of USA, Inc. (the "Foundation"), is a 501(c)(3) non-profit public benefit corporation that was founded in 2000 for the purpose of providing funds to support the various programs of Ekal Abhiyan Trust, an umbrella organization of many organizations committed to achieving the common objective of holistic and targeted development of remote tribal and rural villages of India and Nepal. These organizations include:

1. Ekal Vidyalaya Foundation of India ("EVFI"), a non-government, nonprofit organization. The primary mission of EVFI is focused on achieving holistic development of villages through empowerment of tribal and rural communities in India with basic education, digital literacy, skill development, health awareness, learning modern and productive agricultural practices, and rural entrepreneurship. The mission also targets to promote the self-esteem and happiness of every child across rural India. EVFI runs tens of thousands of one-teacher schools (known as Ekal Vidyalayas) all over India, with the philosophy of rural development based on the criteria of equality and inclusiveness.
2. Friends of Tribals Society (FTS), a non-government, voluntary organization is committed to the upliftment of tribals and other deprived populations in rural India, by providing basic education to their children and giving the villagers health care education, development education and empowerment education.
3. Ekal Gramothan Foundation (EGF), an organization on a mission to assist in lifting India rural dwellers out of poverty, improve nutrition of malnourished people in Indian villages, and improve the quality of life of women in Indian rural communities.
4. Arogya Foundation of India (AFI), a member in Ekal Family which looks after integrated and overall health-care activity of the Ekal movement. AFI takes a distinctive approach in bringing non-formal education to the doorsteps of village dwellers, whereby children with limited or no access to formal education are offered supportive education.
5. Bharat Lok Shiksha Parishad (BLSP), an organization founded in 2000 with a vision to bring an all-round impactful program to better the lives of people in the rural communities of India.

The Foundation is supported through individual and corporate contributions, and admission fees from its fundraising purposed entertainment events.

Basis of Accounting

The financial statements of the Foundation have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted for nonprofit organizations in the United States of America. Under the accrual method, revenues are recorded in the period earned and when the amount and timing of the revenue can be reasonably determined. Expenses are recognized at the time a liability arises which is normally at the time a service is received and asset additions are recognized when title to an asset passes to the Foundation. Accordingly, the Foundation's financial statements reflect all significant assets, receivables, payables, and other liabilities.

EKAL VIDYALAYA FOUNDATION OF USA, INC.

NOTES TO THE FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2024 AND 2023

Basis of Accounting (Continued)

The Financial Accounting Standards Board ("FASB") is the body that establishes the financial accounting standards that govern the preparation of financial reports by nongovernmental entities, including nonprofit organizations, in the United States of America.

Basis of Presentation

The Foundation prepares its financial statements in accordance with the requirements of FASB's Accounting Standards Codification ("ASC") Topic 958-205, *Financial Statements of not-for-profit entities*, as updated. Accordingly, the Foundation reports information regarding its financial position and activities according to the following two classes of net assets:

- i. *Net Assets without Donor/External Restrictions* - These are resources that are not subject to donor-imposed stipulations and can be used for the general operations of the Foundation.
- ii. *Net Assets with Donor/External Restrictions* - These are resources that are subject to donor-stipulations that may or will be met, either by actions of the Foundation and/or the passage of time. This class of net assets also includes any resources that are subject to donor restrictions requiring that the principal be held in perpetuity and any income thereon may be used by the Foundation. However, the Foundation did not have any resources to be held in perpetuity.

The Foundation is also required by FASB ASC Topic 958-205 to present a statement of cash flows and an analysis of its expenses by both functional and natural classifications, as well as make enhanced disclosures about its liquidity and availability of resources.

Revenue Recognition

In accordance with FASB ASC Topic 958-605, *Not-for-Profit Entities - Revenue Recognition*, contributions received by the Foundation are recorded as increases in net assets without donor restrictions or net assets with donor restrictions depending on the existence and nature of any donor restrictions.

Contributions are recognized as revenues in the period the Foundation receives any direct donation of cash or non-financial assets, or any unconditional promise to give cash or non-financial assets. Conditional promises to give cash or non-financial assets are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. The Foundation did not have any conditional promises to give as of December 31, 2024 and 2023. Contributions of non-financial assets are recorded at their estimated fair value at the date of the contribution. Contributions with donor-restrictions are reported as increases in net assets with donor-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. When both restricted and unrestricted resources are available for use for the same purpose, it is the Foundation's policy to use restricted resources first, then unrestricted resources as they are needed.

Income from fundraising activities such as sales of tickets and other admission fees to fundraising events are recorded when cash is received. Interest income is recognized when earned. Dividends are recorded on the ex-dividend date.

EKAL VIDYALAYA FOUNDATION OF USA, INC.

NOTES TO THE FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2024 AND 2023

Revenue Recognition (Continued)

Expenses are recorded as decreases in net assets without donor-restrictions. Gains and losses on assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation.

Contributed Non-Financial Assets

Contributions of nonfinancial asset include contributions of fixed assets (such as land, buildings, and equipment), use of fixed assets or utilities, materials and supplies, intangible assets, services, and unconditional promises of those assets.

Contributions of non-financial assets are recorded at their estimated fair value at the time of the donation. The Foundation did not receive donations of properties, materials, and other forms of tangible assets in 2024 and 2023.

In accordance with FASB ASC Topic 958-605, *Not-for-Profit Entities - Revenue Recognition*, contributed services are recognized at their estimated fair value if the 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. The Foundation received donated services from Board members and other volunteers helping with the Foundation's program activities throughout the United States, estimated by management at thousands of hours in 2024 and 2023. While these services are beneficial to the Foundation, no amount has been recognized for them in the accompanying financial statements because they did not meet the criteria for recognition in accordance with accounting principles generally accepted for nonprofit organizations in the United States of America.

The Foundation accounts for free uses of facilities as inkind contributions at the estimated amounts that the Foundation would have paid for the facilities under existing lease agreements or based on current market rates to lease the facilities. Contributed use of facilities valued at \$18,043 was recognized as inkind revenue and expenses in management and general activities each year in 2024 and 2023.

Contributions of Marketable Securities

Donated marketable securities are recorded as revenue at their estimated fair value when received. The Foundation recorded revenues of \$132,986 and \$218,165 for donated marketable securities in the years ended December 31, 2024 and 2023, respectively.

Income Tax Status

The Foundation is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (the "Code") and is classified as a public charity under Section 170(b)(1)(A)(vi) of the Code. However, income generated from activities unrelated to the Foundation's exempt purpose may be subject to tax under Section 511 of the Code. The Foundation did not conduct any unrelated business activities in the years ended December 31, 2024 and 2023. Accordingly, the Foundation has made no provision for federal income taxes in the accompanying financial statements. The Foundation qualifies for the charitable contribution deduction under Section 170(b)(1)(A) of the Code.

EKAL VIDYALAYA FOUNDATION OF USA, INC.

NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2024 AND 2023

Income Tax Status (Continued)

The Foundation applies the provisions of FASB ASC Topic 740, *Income Taxes*, which prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. FASB ASC Topic 740 also provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. The Foundation believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

The Foundation files Form 990, *Return of Organization Exempt from Income Tax*, in the United States federal jurisdiction within the United States. The Federal income tax returns of the Foundation for years 2023 through 2021 remain subject to examination by the Internal Revenue Service, generally for three years after they were filed.

Functional Allocation of Expenses

In accordance with FASB ASC Topic 958-720-45-2, *Functional Classification of Expenses*, the costs of providing various programs and other activities of the Foundation have been summarized on a functional basis (i.e., expenses have been grouped according to the purpose for which they were incurred) in the statements of activities and in the statements of functional expenses. As more fully described in Note 6, the primary functional classifications of the Foundation's uses of resources are program services expenses, fundraising expenses, and management and general expenses.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted for nonprofit organizations in the United States of America requires management to make estimates and assumptions that affect the following aspects of the financial statements:

1. The reported amounts of assets and liabilities,
2. The disclosure of contingent assets and liabilities at the date of the financial statements, and
3. The reported amounts of revenues and expenses during the reporting period.

Significant estimates included in the accompanying financial statements relate to the basis for allocating expenses to the benefited functions in the statements of activities and the statements of functional expenses. Accordingly, actual results could differ from those estimates. Management believes these estimates provide a reasonable basis for the fair presentation of the financial statements.

Cash and Cash Equivalents

Cash and cash equivalents include all monies in banks and investments that are available for current use with maturity dates of less than three months from the date of acquisition. It is the policy of the Foundation to report cash equivalents at their carrying value since it approximates their fair value because of the short maturities of those financial instruments. There were no cash equivalents included in the cash balances as of December 31, 2024 and 2023.

EKAL VIDYALAYA FOUNDATION OF USA, INC.

NOTES TO THE FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2024 AND 2023

Investments

Cash held for donor-designated purposes for future years, as well as any excess liquidity, may be invested temporarily in certificates of deposit, time deposits and treasury bills. Interest received are reported as an increase in net assets without donor-restrictions unless their use is limited by donor-imposed restrictions.

Donations of stocks and other marketable securities received from donors are either sold immediately or held for a while. Stocks and marketable securities held at the end of the year are reported at their readily determinable fair values in the statements of financial position. Realized and unrealized gains and losses are included in the net return on investments reported in the statements of activities. Returns on investments are reported as increases or decreases in net assets without donor-restrictions unless their use is limited by donor-imposed restrictions.

Property and Equipment

Property and equipment are generally recorded at cost. It is the Foundation's policy to capitalize acquisition of individual property and equipment items over \$500. Property and equipment are depreciated using the straight-line method over the estimated useful lives of assets, ranging from 36 months to 60 months. Routine maintenance and repairs are charged to expense as incurred.

2. CONTRIBUTIONS RECEIVABLE

The Foundation received certain unconditional pledges in support of integrated village development projects in India. Pledges are recorded after any portions receivable in more than one year have been discounted to the anticipated net present value of the future cash flows. Contributions receivable in more than one year are discounted. Amortization of the discount is reported in the statement of activities as interest income. There are no contribution receivable for the year ended December 31, 2024 and 2023. For the year ended December 31, 2024 and 2023, there are no write-offs and no allowance for credit loss created as of December 31, 2024 and 2023.

3. INVESTMENTS AND FAIR VALUE MEASUREMENTS

FASB ASC Topic 820-10, *Fair Value Measurements*, establishes a framework for measuring fair value of financial assets and liabilities. Fair value is defined as the price that would be received for an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date. The Statement also establishes a fair value hierarchy that distinguishes between inputs based on market data from independent sources (observable inputs) and a reporting entity's internal assumptions based upon the best information available when external market data is limited or unavailable (unobservable inputs).

The Foundation measures and reports certain assets at fair value and within a hierarchical 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 VIDYALAYA FOUNDATION OF USA, INC.

NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

4. INVESTMENTS AND FAIR VALUE MEASUREMENTS (continued)

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 under FASB ASC Topic 820-10 are as follows:

Level 1: Valuations are based on quoted market prices in active markets for identical assets or liabilities. Accordingly, valuations of these securities do not entail a significant degree of judgment.

Level 2: Valuations are based on 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: Valuations are based on less observable or unobservable inputs that are supported by little or no market activity.

The following is a summary of the Foundation's investments by level, within the fair value hierarchy, as of December 31, 2024:

	Fair Value Measurement			
	Level 1	Level 2	Level 3	Total
December 31, 2024:				
Savings and Time Deposits	\$ 626,535	\$ -	\$ -	\$ 626,535
Government Securities	11,294,962	-	-	11,294,962
Certificate of deposits	252,375	-	-	252,375
Stocks	49,082	-	-	49,082
Total	<u>\$ 12,222,954</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,222,954</u>

The following is a summary of the Foundation's investments by level, within the fair value hierarchy, as of December 31, 2023:

	Fair Value Measurement			
	Level 1	Level 2	Level 3	Total
December 31, 2023:				
Savings and Time Deposits	\$ 1,514,233	\$ -	\$ -	\$ 1,514,233
Government Securities	12,201,805	-	-	12,201,805
Certificate of deposits	246,938	-	-	246,938
Total	<u>\$ 13,962,976</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,962,976</u>

EKAL VIDYALAYA FOUNDATION OF USA, INC.

NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2024 AND 2023

4. INVESTMENTS AND FAIR VALUE MEASUREMENTS (continued)

The Foundation's investments are exposed to various risks such as custodial credit risks and market risks which are described in greater details in Note 8. All assets have been valued using a market approach. There were no changes in the valuation techniques applied to financial instruments during 2024 and 2023.

The following schedule summarizes investment returns in the statements of activities:

	2024	2023
Interest and dividend income	\$ 552,175	\$ 112,371
Net gain on value of investments	115,837	435,729
Net return on investments	<u>\$ 668,012</u>	<u>\$ 548,100</u>

5. PROPERTY AND EQUIPMENT

The following is a summary of property and equipment, less accumulated depreciation and amortization, as of December 31, 2024 and 2023:

	2024	2023
Promotion equipment	\$ 11,350	\$ 11,350
Office equipment	4,550	4,550
Software	49,598	49,598
	<u>65,498</u>	<u>65,498</u>
Accumulated depreciation and amortization	(61,459)	(59,515)
Property and equipment, net	<u>\$ 4,039</u>	<u>\$ 5,983</u>

Depreciation and amortization expense for the years ended on December 31, 2024 and 2023, totaled and \$1,944 and \$1,862, respectively.

6. NET ASSETS

Net Assets without Donor-Restrictions:

The Foundation's total net assets without donor-restrictions as of December 31, 2024 and 2023, was \$4,895,140 and \$4,472,780, respectively, which was available to support the Foundation's programs and activities.

Net Assets with Donor-Restrictions:

As of December 31, 2024 and 2023, the total net assets with donor-restrictions in terms of the timing and the purpose of their use was \$9,889,356 and \$11,135,189, respectively.

EKAL VIDYALAYA FOUNDATION OF USA, INC.

NOTES TO THE FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2024 AND 2023

6. NET ASSETS (continued)

The following table identifies the compositions of net assets with donor-restrictions, by program, as of December 31, 2024 and 2023:

	2024	2023
Ekal Vidyalaya (Rural School) Programs' Funds	\$ 6,349,275	\$ 4,903,534
Rural Development Projects and Arogya	3,540,081	6,231,655
Total Net Assets with Donor-Restrictions	<u>\$ 9,889,356</u>	<u>\$ 11,135,189</u>

7. METHODS USED FOR ALLOCATION OF EXPENSES TO THE BENEFITED PROGRAM OR SUPPORTING FUNCTIONS

The costs of providing various programs and other activities of the Foundation have been summarized on a functional basis (i.e., expenses have been grouped according to the purpose for which they were incurred) in the statements of activities and in the statements of functional expenses, in accordance with FASB ASC Topic 958-720-45-2, *Functional Classification of Expenses*. The primary functional classifications of the Foundation's uses of resources are *Program Services*, *Fundraising*, and *Management and General* expenses. The Foundation's core program activities are described in the "Organization and Purpose" paragraph of Note 1. Fundraising and management and general activities are the supporting functions, i.e., activities performed to support the Foundation's core programs.

Fundraising expenses are costs incurred in connection with events and other activities targeted at increasing public awareness and raising funds for the Foundation's programs and activities. Management and general expenses include those expenses that are not directly identifiable with the core function but provide for the overall support and direction of the Foundation.

The Foundation's expenses that are attributable to more than one function have been allocated among the program or supporting activities benefited. Expenses that are directly attributable to a single function are classified to that function and are not allocated to other functions. The allocated expenses include the following:

- a. Personnel costs are allocated based on estimates of personnel's time and effort for each function.
- b. Printing, travel, supplies, and postage expenses are allocated on the basis of management's estimate of the amount of those resources consumed by each benefited function.

7. PROGRAM SERVICES EXPENSES

The Foundation's support for program activities in India and Nepal and are passed-through several charitable non- governmental organizations that are based in India and Nepal. Funds provided by the Foundation for program activities in India and Nepal are related to specified projects such as rural schools in named locations, vocational skills acquisition centers and training, health and healthcare, equipment and supplies for teachers and students.

EKAL VIDYALAYA FOUNDATION OF USA, INC.

NOTES TO THE FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2024 AND 2023

7. PROGRAM SERVICES EXPENSES

Charitable organizations in India and Nepal, which received program funds from the Foundation in 2024 and 2023, were as follows:

	2024	2023
Ekal Vidyalaya Foundation of India	\$ 4,307,842	\$ 3,631,561
Friends of Tribals Society, India	221,116	174,100
Bharat Lok Siksha Parishad, India	20,100	35,720
Arogya Foundation of India	856,828	677,230
Ekal Gramothan Foundation, India	4,196,474	1,217,319
Ekal Vidyalaya Foundation of Nepal	163,650	100,000
Total	<u>\$ 9,766,010</u>	<u>\$ 5,835,930</u>

8. CONCENTRATIONS OF CUSTODIAL AND CREDIT RISKS

Custodial and credit risks refer to the chances that in the event of the failure of a broker or depository financial institution, the depositor would not be able to recover its assets. Additionally, because of the market risks, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the amounts reported in the financial statements.

Financial instruments that are subject to the concentrations of custodial and credit risks consist of cash and investments. The Foundation maintains cash balances with financial institutions considered by management as credit-worthy and strong. These cash balances may occasionally exceed limits insured by the Federal Deposit Insurance Corporation ("FDIC"), which is \$250,000 per customer per financial institution. As of December 31, 2024 and 2023, the Foundation's cash balances, certificates of deposits, demand and time deposits with financial institutions exceeded the FDIC insured limit by approximately \$2,672,000 and \$2,578,000 in total, respectively, which were not otherwise insured. Management believes that any credit risk is low due to the overall financial strength of these financial institutions. The Foundation did not experience any loss of assets resulting from a financial institution's custodial credit risk in 2024 or 2023.

The Foundation invested in marketable securities, including government securities and stocks. These investments were valued at \$11,344,044 and \$12,201,805 as of December 31, 2024 and 2023, respectively. The Securities Investor Protection Corporation ("SIPC") insures each investor against securities custodial risks up to \$500,000, inclusive of a sublimit of \$250,000 for claims of cash. SIPC does not protect against the decline in value of securities. The Foundation's securities were held by a SIPC-member company and qualified as securities for purposes of SIPC protection up to the protection overall limit and sublimit described above in this paragraph.

EKAL VIDYALAYA FOUNDATION OF USA, INC.

NOTES TO THE FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2024 AND 2023

9. LIQUIDITY MANAGEMENT

Accounting principles generally accepted for nonprofit organizations in the United States of America require organizations to make enhanced disclosures about liquidity and availability of resources as well as how the entity manages its liquidity. The Foundation had \$5,017,233 and \$4,474,362 as of December 31, 2024 and 2023, respectively, of financial assets available within one year of the balance sheet date to meet cash needs for general expenditures, consisting of the following:

	2024	2023
Cash and cash equivalents	\$ 2,678,401	\$ 1,640,075
Accounts receivable	5,234	6,500
Investments	12,222,954	13,962,976
Total financial assets at year end	14,906,589	15,609,551
Less: Funds held for donor-restricted purposes	(9,889,356)	(11,135,189)
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 5,017,233</u>	<u>\$ 4,474,362</u>

The Foundation reasonably estimates its cash needs on a quarterly basis and is able to structure its financial assets to provide cash for its general expenditures, liabilities, and other obligations as they become due.

10. LEASE COMMITMENT

The Foundation leases office space in the West Oaks Mall, Houston, Texas. The lease agreement became effective on October 1, 2018, and has been renewed on annual basis. The current agreement will expire on December 31, 2025. The agreement requires the Foundation to pay only \$500 per month for common area maintenance, but no rent. The Foundation has recorded \$18,043 as inkind revenue and expenses in the management and general activities each year in 2024 and in 2023 for the free use of the space based on the rate paid by other tenants in the Mall. The agreement does not preclude the landlord from requiring rent payments in the future.

11. SUBSEQUENT EVENTS

Management has evaluated subsequent events through July 16, 2025, which is the date that the financial statements were available for issuance, to assess the need for potential recognition or disclosures in the financial statements and has determined that no additional subsequent events occurred that require recognition or additional disclosure in the financial statements.