

IIT KANPUR FOUNDATION

AUDITED FINANCIAL STATEMENTS

DECEMBER 31, 2021



**IIT KANPUR FOUNDATION
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DECEMBER 31, 2021**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
IIT Kanpur Foundation
Palo Alto, California

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of IIT Kanpur Foundation, ("IITKF") (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of IIT Kanpur Foundation as of December 31, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of IIT Kanpur Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management 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, 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 IIT Kanpur Foundation 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 IIT Kanpur 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 IIT Kanpur 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.

Harshmal & Company LLP

Oakland, California
January 23, 2023

FINANCIAL STATEMENTS

**IIT KANPUR FOUNDATION
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2021**

ASSETS

Cash and cash equivalents	\$ 61,518
Investments	<u>2,384,152</u>
Total assets	<u>2,445,670</u>

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts payable	<u>973</u>
Total liabilities	<u>973</u>

NET ASSETS

Without donor restrictions	281,064
With donor restrictions	<u>2,163,633</u>
Total net assets	<u>2,444,697</u>
Total liabilities and net assets	<u><u>\$ 2,445,670</u></u>

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

**IIT KANPUR FOUNDATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS AND OTHER SUPPORT			
Scholarship	\$ -	\$ 109,055	\$ 109,055
Donations	69,549	7,435,172	7,504,721
COVID-19 relief	-	109,357	109,357
Memorial fund	-	1,314,682	1,314,682
General funds	3,150	-	3,150
Net assets released from restrictions	<u>6,804,633</u>	<u>(6,804,633)</u>	<u>-</u>
Total revenues, gains and other support	<u>6,877,332</u>	<u>2,163,633</u>	<u>9,040,965</u>
EXPENSES AND LOSSES			
Program services	6,742,672	-	6,742,672
Supporting services	<u>25,921</u>	<u>-</u>	<u>25,921</u>
Total expenses and losses	<u>6,768,593</u>	<u>-</u>	<u>6,768,593</u>
Change in net assets	108,739	2,163,633	2,272,372
Net assets, beginning of year	<u>172,325</u>	<u>-</u>	<u>172,325</u>
Net assets, end of year	<u><u>\$ 281,064</u></u>	<u><u>\$ 2,163,633</u></u>	<u><u>\$ 2,444,697</u></u>

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

**IIT KANPUR FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Program Services	Supporting Services <u>General Administration</u>	<u>Total</u>
Grant to IIT Kanpur, India	\$ 6,742,672	\$ -	\$ 6,742,672
Accounting expenses	-	1,054	1,054
Operating expenses	-	12,938	12,938
Investments income, net	-	8,854	8,854
Bank charges	-	175	175
Other expenses	-	1,927	1,927
Legal expenses	-	973	973
	<u> </u>	<u> </u>	<u> </u>
Total expenses	<u>\$ 6,742,672</u>	<u>\$ 25,921</u>	<u>\$ 6,768,593</u>

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

**IIT KANPUR FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021**

Cash flows from operating activities:

Changes in net assets	\$ 2,272,372
Changes in operating assets and liabilities	
Accounts payable	<u>973</u>
Net cash provided by operating activities	<u>2,273,345</u>

Cash flows from investing activities:

Purchase of investments	<u>(2,268,445)</u>
Net cash used in investing activities	<u>(2,268,445)</u>
Net change in cash and cash equivalents	4,900
Cash and cash equivalents, at beginning of year	<u>56,618</u>
Cash and cash equivalents, at end of year	<u><u>\$ 61,518</u></u>

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

**IIT KANPUR FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 1 - NATURE OF OPERATIONS

IIT Kanpur Foundation (the "IITKF") is a nonprofit organization, was established "to mobilize alumni, enhance IIT Kanpur branding, provide alumni services and raise funds for the betterment of Indian Institute of Technology Kanpur, India". The exact definition of the purpose can be refined by the IIT Kanpur Foundation Board by a Board Resolution so long as the purpose is only in the context of betterment of IIT Kanpur or alumni located worldwide. IITKF is a 501(c)(3) company with its head office located at 3790 El Camino Real, #1038, Palo Alto, CA 94306, USA. IITKF received its status as a tax-exempt organization from the IRS in January 2001.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis in conformity with U.S. generally accepted accounting principles and accordingly, reflect all significant receivables, payables, and other liabilities.

B. Basis of Presentation

The financial statements of IITKF have been presented in accordance with U.S. generally accepted accounting principles ("US GAAP"). The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 dated August 2016, and the provisions of the American Institute of Certified Public Accountants (AICPA) "Audit and Accounting Guide for Not-for-Profit Organizations" (the "Guide").

Under the provisions of the Guide, net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of IITKF and changes therein are classified as follows:

Net assets Without Donor Restrictions: - Net assets that are not subject to donor-imposed restrictions maybe expended for any purpose in performing the primary objectives of IITKF. IITKF's board may designate assets without restrictions for specific operational purposes from time to time.

Net assets With Donor Restrictions: - Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Non-Profit Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. IITKF had net assets with donor restrictions at December 31, 2021 of \$2,163,633.

C. Cash and Cash Equivalents

IITKF considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

D. Investments

Net appreciation (depreciation) in the fair value of investments, which consists of the realized gains or losses and the unrealized appreciation (depreciation) on those investments, is presented in the statement of activities in accordance with donor restrictions as investment return. Investment return is presented net of investment fees. The average cost method is primarily used to determine the basis for computing realized gains or losses.

IIT KANPUR FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D

E. Property and Equipment

Acquisition of property and equipment in excess of \$2,000 are capitalized. Property and equipment are carried at cost or, if donated, at approximate fair value at the date of donation. Depreciation is computed using the straight-line method with estimated useful lives, ranging from five to seven years.

F. Fair Value of Financial Instruments

IITKF believes that the carrying value of its financial instruments approximates their fair values in accordance with FASB Accounting Standards Codification 820 Fair Value Measurements and Disclosures (ASC 820). ASC 820 applies to all financial assets and liabilities that are being measured and reported on a fair value basis and requires such assets and liabilities to be classified and disclosed in one of the following three categories to enable readers of the financial statements to assess the inputs used to develop those measurements:

Level 1: Quoted market prices unadjusted 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.

The financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. In determining fair value, IITKF uses valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible, as well as considers nonperformance risk in its assessment of fair value.

The methods described above may produce a fair value that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while IITKF believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

G. Contributions

Unconditional contributions are recognized when received and recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Gifts of cash and other assets are reported with donor restricted support if they are received with donor stipulations that limit the use of the donated assets. When a restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, 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.

Donor-restricted contributions whose restrictions are met in the same reporting period are reported as net assets without donor restriction support. Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Contributions restricted for the acquisition of land, buildings, and equipment are reported as net assets without donor restriction upon acquisition of the assets and the assets are placed in service.

IIT KANPUR FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D

G. Contributions - Cont'd

Revenue Recognition

Per ASC 606, Revenue from Contracts with Customers, revenue is recognized when obligations under the terms of a contract with the customer are satisfied; generally, this occurs with the transfer of control of goods at a point in time based on shipping terms and transfer of title. Revenue is measured as the amount of consideration expect to be received in exchange for transferring goods. Sales, value add, and other taxes collected concurrent with revenue-producing activities are excluded from revenue.

H. Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Management and general expenses included those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of IITKF.

I. Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reporting of assets, liabilities, revenues, expenses and related disclosures. Actual results could differ from those estimates.

J. Income Tax

IITKF has obtained tax-exempt status from the Internal Revenue Service under Section 501(c)(3) of the Internal Revenue Code and from the Franchise Tax Board under Section 23701(d) of the California Revenue and Tax Code. Accordingly, no provision for federal income tax or California Franchise Tax has been made. IITKF has been classified as a publicly supported charitable organization, which is not a private foundation under IRS Code Section 509(a).

GAAP provides accounting and disclosure guidance about positions taken by an organization in its tax returns that might be uncertain. Management has considered its tax positions and believes that all of the positions taken by IITKF in its federal and state exempt organization tax returns are consistent with GAAP guidance and are more likely than not to be sustained upon examination. IITKF's returns are subject to examination by federal and state taxing authorities, generally for three years and four years, respectively, after they are filed.

K. New Accounting Pronouncement

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842). The guidance in this ASU supersedes the leasing guidance in Topic 840, Leases. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The new standard is effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years.

**IIT KANPUR FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D

K. New Accounting Pronouncement - Cont'd

A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. In June 2020, the FASB issued ASU 2020-05, which defers the effective date of ASU 2016-02 one year, making it effective for annual reporting periods beginning after December 15, 2021. IITKF is currently evaluating the impact of its pending adoption of the new standard on its financial statements.

NOTE 3 - CASH AND CASH EQUIVALENTS

IITKF maintains its cash accounts with few financial institutions. All time and savings deposits (which include money market deposit accounts, checking accounts and other interest-bearing accounts) maintained in an insured depository institution are insured up to \$250,000 per bank by the Federal Deposit Insurance Corporation (FDIC) depending upon the type of deposit and the location of the insured depository institution.

At December 31, 2021, the carrying amount of IITKF deposits was \$61,518 and the bank balance was \$27,090. The difference between the bank balance and the carrying amount represents outstanding checks and deposits in transit.

NOTE 4 - INVESTMENTS

IITKF's investment consist of the following at December 31, 2021:

	<u>Amount</u>
Morgan stanley bank	\$ 2,139,150
Morgan stanley private bank	<u>245,002</u>
Total investments	<u>\$ 2,384,152</u>

The investment income reported in the statement of activities is as follows:

	<u>Amount</u>
Interest and dividend income	\$ 791
Realized and unrealized gains/(losses)	<u>(9,645)</u>
Total investment income, net	<u>\$ (8,854)</u>

Fair Value Measurements

IITKF carries the investment with readily determinable fair market values and ranked as Level 1 asset at December 31, 2021.

IIT KANPUR FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 5 - NET ASSETS WITH DONOR RESTRICTIONS

At December 31, 2021, IITKF's net assets with donor-restriction consisted of the following:

	January 1, 2021	Additions	Releases	December 31, 2021
Scholarship	\$ -	\$ 109,055	\$ -	\$ 109,055
Donations	-	7,435,172	6,751,245	683,927
COVID-19 relief	-	109,357	53,388	55,969
Memorial fund	-	1,314,682	-	1,314,682
Total net assets with donor restrictions	<u>\$ -</u>	<u>\$ 8,968,266</u>	<u>\$ 6,804,633</u>	<u>\$ 2,163,633</u>

NOTE 6 - LIQUIDITY

The following represents a IITKF's financial assets at December 31, 2021:

	<u>Amount</u>
Cash and cash equivalents	\$ 61,518
Investments	<u>2,384,152</u>
Total assets	2,445,670
Less: Net assets with donor restrictions	<u>(2,163,633)</u>
Total financial assets	<u>\$ 282,037</u>

IITKF's goal is to generally maintain financial assets, which consist of cash and short-term investments, on hand to meet 90 days of normal operating expense, which are, on average \$6,391.

IITKF has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. In addition, as part of its liquidity management, IITKF invest cash in excess of daily requirements in various short-term investments, including certificates of deposit, money market accounts and short-term treasury instruments.

NOTE 7 - EVALUATION OF SUBSEQUENT EVENTS

IITKF has evaluated all subsequent events for the period of time from its year end December 31, 2021 through January 23, 2023, the date the financial statements were available to be issued.