

# IIT KANPUR FOUNDATION

## Audited Financial Statements

December 31, 2022

(With summarized comparative totals as of and for  
the year ended December 31, 2021)



**IIT KANPUR FOUNDATION**  
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## INDEPENDENT AUDITOR'S REPORT

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, 2022, 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 referred to above present fairly, in all material respects, the financial position of IITKF as of December 31, 2022, 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 IITKF 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 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 IITKF'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 IITKF'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 IITKF'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.

### **Report on Summarized Comparative Information**

We have previously audited IITKF's 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 23, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Harshmal & Company LLP*

Oakland, California  
December 20, 2023

## FINANCIAL STATEMENTS

**IIT KANPUR FOUNDATION**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2022**  
(With summarized comparative totals as of December 31, 2021)

	2022	2021
<b>ASSETS</b>		
Cash and cash equivalents	\$ 82,079	\$ 61,518
Investments	3,643,041	2,384,152
Total assets	3,725,120	2,445,670
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable	-	973
Total liabilities	-	973
<b>NET ASSETS</b>		
Without donor restrictions	579,055	281,064
With donor restrictions	3,146,065	2,163,633
Total net assets	3,725,120	2,444,697
Total liabilities and net assets	\$ 3,725,120	\$ 2,445,670

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

**IIT KANPUR FOUNDATION**  
**STATEMENTS OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**  
(With summarized comparative totals for the year ended December 31, 2021)

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>2022</u> Total	<u>2021</u> Total
<b>REVENUES, GAINS AND OTHER SUPPORT</b>				
Scholarship	\$ -	\$ 65,300	\$ 65,300	\$ 109,055
Donations	347,468	7,588,930	7,936,398	7,504,721
COVID-19 relief	-	-	-	109,357
Memorial fund	-	34,167	34,167	1,314,682
General funds	-	-	-	3,150
Miscellaneous income	635	-	635	-
Investment income, net	23,778	-	23,778	(8,854)
Net assets released from restrictions	<u>6,705,965</u>	<u>(6,705,965)</u>	<u>-</u>	<u>-</u>
Total revenues, gains and other support	<u>7,077,846</u>	<u>982,432</u>	<u>8,060,278</u>	<u>9,032,111</u>
<b>EXPENSES AND LOSSES</b>				
Program services	6,705,965	-	6,705,965	6,742,672
Supporting services	<u>73,890</u>	<u>-</u>	<u>73,890</u>	<u>17,067</u>
Total expenses and losses	<u>6,779,855</u>	<u>-</u>	<u>6,779,855</u>	<u>6,759,739</u>
Change in net assets	297,991	982,432	1,280,423	2,272,372
Net assets, beginning of year	<u>281,064</u>	<u>2,163,633</u>	<u>2,444,697</u>	<u>172,325</u>
Net assets, end of year	<u>\$ 579,055</u>	<u>\$ 3,146,065</u>	<u>\$ 3,725,120</u>	<u>\$ 2,444,697</u>

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

**IIT KANPUR FOUNDATION**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**  
(With summarized comparative totals for the year ended December 31, 2021)

	Program Services	Supporting Services	2022	2021
		General Administration	Total	Total
Grant to IIT Kanpur, India	\$ 6,705,965	\$ -	\$ 6,705,965	\$ 6,742,672
Accounting expenses	-	750	750	1,054
Operating expenses	-	72,315	72,315	12,938
Bank charges	-	150	150	175
Other expenses	-	-	-	1,927
Legal expenses	-	675	675	973
Total expenses 2022	<u>\$ 6,705,965</u>	<u>\$ 73,890</u>	<u>\$ 6,779,855</u>	
Total expenses 2021	<u>\$ 6,742,672</u>	<u>\$ 17,067</u>		<u>\$ 6,759,739</u>

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



**IIT KANPUR FOUNDATION**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**  
(With summarized comparative totals for the year ended December 31, 202)

	<u>2022</u>	<u>2021</u>
<b>Cash flows from operating activities:</b>		
Changes in net assets	\$ 1,280,423	\$ 2,272,372
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Investment income, net	(23,778)	8,854
Changes in operating assets and liabilities		
Accounts payable	<u>(973)</u>	<u>973</u>
Net cash provided by (used in) operating activities	<u>1,255,672</u>	<u>2,282,199</u>
<b>Cash flows from investing activities:</b>		
Investment income, net	23,778	(8,854)
Purchase of investments	(1,258,889)	<u>(2,268,445)</u>
Net cash provided by (used in) investing activities	<u>(1,235,111)</u>	<u>(2,277,299)</u>
<b>Net change in cash and cash equivalents</b>	20,561	4,900
<b>Cash and cash equivalents at beginning of the year</b>	<u>61,518</u>	<u>56,618</u>
<b>Cash and cash equivalents at end of the year</b>	<u>\$ 82,079</u>	<u>\$ 61,518</u>

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

**IIT KANPUR FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**NOTE 1 - NATURE OF OPERATIONS**

IIT Kanpur Foundation (the "IITKF") is a nonprofit organization that 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 the 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 may be 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, 2022, and 2021 of \$3,146,065 and \$2,163,633, respectively.

***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 FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**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 FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**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 expected 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. Leases***

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.

Effective January 1, 2022, the IITKF classifies leases as either operating or finance leases at the commencement date of the lease. A lease is classified as a finance lease if any of the five criteria are met: (1) ownership transfers at the end of the lease term, (2) there is an option to purchase the underlying assets and the lessee is reasonably certain to exercise the option, (3) the term of the lease is for a major part of the remaining economic life of the underlying assets, (4) the present value of the sum of the lease payments and any residual value guaranteed by the lessee equals or exceeds substantially all of the fair value of the underlying assets or (5) the underlying assets are of such a specialized nature that they are expected to have no alternative use to the lessor at the end of the lease term. Leases that do not meet any of the five criteria above for a finance lease are classified as operating leases.

**IIT KANPUR FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

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

***K. Leases - Cont'd***

The IITKF recognizes a right-of-use (ROU) asset and lease liability for each operating and finance lease with a term greater than 12 months at the time of lease inception. The IITKF does not record a ROU asset or lease liability for leases with an initial term of 12 months or less but continues to record rent expense on a straight-line basis over the lease term. Options to extend or terminate at the sole discretion of the IITKF are included in the determination of lease term when they are reasonably certain to be exercised. The lease liability represents the present value of future lease payments over the lease term.

The IITKF has elected the practical expedient that allows for private organization to utilize the risk-free rate based on asset class. Prior to January 1, 2022, the IITKF accounted for its leases as either operating or capital leases. Assets and liabilities for operating leases were not recorded and rent expense was recorded within operations on a straight-line basis over the term of the lease. During the current year, no reportable impact of ASC-842.

**NOTE 3 - CASH AND CASH EQUIVALENTS**

At December 31, 2022, and 2021, IITKF's cash and cash equivalent consist of the following:

	2022	2021
Bank deposits (less outstanding checks and other items)	\$ <u>82,079</u>	\$ <u>61,518</u>
Total cash and cash equivalents	\$ <u><u>82,079</u></u>	\$ <u><u>61,518</u></u>

Credit Risk: Cash balances held in bank are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC). IITKF maintains its cash in bank deposit accounts that, at times, may exceed insured limit. IITKF has not experienced any losses in such account. At December 31, 2022, and 2021, bank balances are totally insured by FDIC coverage.

	2022	2021
Total amounts of deposits	\$ 82,079	\$ 27,090
Less: FDIC coverage	<u>(82,079)</u>	<u>(27,090)</u>
Total uninsured balance	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**NOTE 4 - INVESTMENTS**

At December 31, 2022, and 2021, IITKF's investments consist of the following:

	2022	2021
Cash, BDP, MMFs	\$ 192,045	\$ 2,384,152
Savings and time deposits	1,648,448	-
Certificates of deposit	<u>1,802,548</u>	<u>-</u>
Total investments	<u><u>\$ 3,643,041</u></u>	<u><u>\$ 2,384,152</u></u>

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

	2022	2021
Interest and dividend income	\$ 12,409	\$ 791
Realized and unrealized gains/(losses)	<u>11,369</u>	<u>(9,645)</u>
Total investment income, net	<u><u>\$ 23,778</u></u>	<u><u>\$ (8,854)</u></u>

**IIT KANPUR FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**NOTE 4 - INVESTMENTS - CONT'D**

**FAIR VALUE MEASUREMENTS**

The ASC topic on Fair Market Value Measurements and Disclosures establishes a framework for measuring fair value. That framework provides a fair market value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

Information related to IITKF's assets measured at fair value on a recurring basis at December 31, 2022, and 2021, are as follows:

<u>2022:</u>	<u>Fair Value</u>	<u>Fair Value Measurement Using</u>		
		<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>
Cash, BDP, MMFs	\$ 192,045	\$ 192,045	\$ -	\$ -
Savings and time deposits	1,648,448	1,648,448	-	-
Certificates of deposit	<u>1,802,548</u>	<u>1,802,548</u>	-	-
	3,643,041	3,643,041	-	-
Investments measured under the NAV practical expedient*	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total investments	<u>\$ 3,643,041</u>	<u>\$ 3,643,041</u>	<u>\$ -</u>	<u>\$ -</u>

<u>2021:</u>	<u>Fair Value</u>	<u>Fair Value Measurement Using</u>		
		<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>
Cash, BDP, MMFs	\$ <u>2,384,152</u>	\$ <u>2,384,152</u>	\$ -	\$ -
	2,384,152	2,384,152	-	-
Investments measured under the NAV practical expedient*	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total investments	<u>\$ 2,384,152</u>	<u>\$ 2,384,152</u>	<u>\$ -</u>	<u>\$ -</u>

\* In accordance with ASC Subtopic 820-10, certain investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient have not been classified in the fair value hierarchy. The fair value amount presented in this table is intended to permit reconciliation of the fair value hierarchy to the amounts presented in the Statement of Financial Position.

Fair values for investments are determined by reference to quoted market prices and other relevant information generated by market transactions.

**IIT KANPUR FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**NOTE 5 - NET ASSETS WITH DONOR RESTRICTIONS**

At December 31, 2022, IITKF's net assets with donor-restrictions consisted of the following:

	January 1, 2022	Additions	Releases	December 31, 2022
Scholarship	\$ 109,055	\$ 65,300	\$ -	\$ 174,355
Donations	683,927	7,588,930	6,705,965	1,566,892
COVID-19 relief	55,969	-	-	55,969
Memorial fund	<u>1,314,682</u>	<u>34,167</u>	<u>-</u>	<u>1,348,849</u>
Total net assets with donor restrictions	<u>\$ 2,163,633</u>	<u>\$ 7,688,397</u>	<u>\$ 6,705,965</u>	<u>\$ 3,146,065</u>

**NOTE 6 - LIQUIDITY**

The following represents IITKF's financial assets at December 31, 2022, and 2021:

	<u>2022</u>	<u>2021</u>
Financial assets at the year-end:		
Cash and cash equivalents	\$ 82,079	\$ 61,518
Investments	<u>3,643,041</u>	<u>2,384,152</u>
Total assets	3,725,120	2,445,670
Less: Net assets with donor restrictions	<u>(3,146,065)</u>	<u>(2,163,633)</u>
Total financial assets	<u>\$ 579,055</u>	<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 expenses, which are, on average \$18,219.

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 invests 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, 2022 through December 20, 2023, the date the financial statements were available to be issued.