



ANIL MALHOTRA & CO LTD

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AUDITOR'S REPORT

Prepared for

**NORTH SOUTH FOUNDATION
(An Illinois Not for profit Organization)**

For the Period ended

APRIL 30, 2021

Table of Contents

Audited Financial Statements

Year ended April 30, 2021

<u>Particulars</u>	<u>Page No</u>
1. Independent Auditor's Report	1-2
2. Statement of Financial Position- cash basis	3
3. Statement of Activities- cash basis	4
4. Statement of Functional Expenses- cash basis	5
5. Statement of Cash Flows- cash basis	6
6. Notes to Financial Statements- cash basis	7-11



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Independent Auditor's Report

The Board of Directors
North South Foundation
2 Marissa Court
Burr Ridge, Illinois 60527

Report on Financial Statements:

We have audited the accompanying financial statements of North South Foundation (a nonprofit organization) which comprise the statement of financial position arising from cash transactions of North South Foundation as of April 30, 2021, the related statements of activities-cash basis, functional expenses- cash basis and cash flows- cash basis for the year then ended and the related cash basis 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 the cash basis of accounting described in Note 2, this includes determining the cash basis of accounting is an acceptable basis for the presentation of financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, 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 whether the financial statements are free from material misstatements or not.

An audit involves performing the 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 misstatements in the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to foundation'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 organization'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 read with notes 1 to 10 thereon present fairly, in all material respects, the financial position arising from cash transactions of North South Foundation, as of April 30, 2021, the changes in its net assets and its cash flows for the years then ended in accordance with the cash basis of accounting described in Note 2.

Basis of Accounting:

We draw your attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements have been prepared on the cash basis of accounting which is a comprehensive basis of accounting other than generally accepted accounting principles. Our opinion is not modified with respect to this matter.



Nilesh Topiwala, CPA
Mt Prospect, IL

December 27, 2021

North South Foundation
Statement of Financial Position- Cash basis
April 30, 2021
(with comparative totals for 2020)

ASSETS		2021		Total	2020
		Without Donor Restrictions	With Donor Restrictions		
Current Assets					
Cash and Cash Equivalents	Note 3	2,911,946	137,032	3,048,978	2,134,454
Total Current Assets		2,911,946	137,032	3,048,978	2,134,454
Investment in Marketable Securities	Note 4	8,786,207	2,159,580	10,945,787	9,887,188
TOTAL ASSETS		11,698,153	2,296,612	13,994,765	12,021,642
 LIABILITIES AND NET ASSETS					
Liabilities		-	-	-	-
Net Assets					
Without Donor Restrictions:					
General Operations		8,098,153	-	8,098,153	6,194,226
Designated by the Board of Directors:					
Program obligation reserves	Note 2	3,000,000	-	3,000,000	3,000,000
Working Capital Operating Reserves	Note 2	600,000	-	600,000	600,000
Without Donor Restrictions		11,698,153	-	11,698,153	9,794,226
With Donor Restrictions:					
Program Restriction Funds	Note 5	-	2,005,548	2,005,548	1,936,352
Endowment Fund	Note 5	-	291,064	291,064	291,064
With Donor Restrictions		-	2,296,612	2,296,612	2,227,416
Total Net Assets		11,698,153	2,296,612	13,994,765	12,021,642
Total LIABILITIES AND NET ASSETS		11,698,153	2,296,612	13,994,765	12,021,642

The accompanying notes are an integral part of these statements.

North South Foundation
Statement of Activities- Cash basis
Year Ended April 30, 2021
(with comparative totals for 2020)

	2021			2020
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Public Support and Other Revenue				
Public Support:				
Public Support - Direct	Note 2 \$ 162,313	\$ 17,000	\$ 179,313	\$ 375,986
Public Support - Indirect	Note 2 565,113		565,113	872,986
Total Public Support Revenue	\$ 727,426	\$ 17,000	\$ 744,426	\$ 1,248,972
Program Service Revenue:				
Educational Contest & Workshop	Note 2 \$ 282,586		\$ 282,586	\$ 436,493
Meals and Educational Material	Note 2 4,061		4,061	66,492
Total Program Service Revenue	\$ 286,647	\$ -	\$ 286,647	\$ 502,985
Net Investment return	Note 6 \$ 1,140,824	\$ 133,225	\$ 1,274,049	\$ 340,255
Net assets released from restrictions	Note 5 \$ 81,027	\$ (81,027)	\$ -	\$ -
Total Public Support and Other Revenues	\$ 2,235,924	\$ 69,198	\$ 2,305,122	\$ 2,092,212
Distributions and Expenses				
Grants and Distributions	Note 7 \$ 178,369	\$ -	\$ 178,369	\$ 1,125,583
Functional Expenses:				
Program Services	148,159	-	148,159	429,280
Management and General	5,471	-	5,471	4,375
Total Functional Expenses	153,630	-	153,630	433,655
Total Distributions and Expenses	\$ 331,999	\$ -	\$ 331,999	\$ 1,559,238
Change in Net assets	\$ 1,903,925	\$ 69,198	\$ 1,973,123	\$ 532,974
Net assets at beginning of year	9,794,226	2,227,416	12,021,642	11,488,668
Net assets at end of year	\$ 11,698,151	\$ 2,296,614	\$ 13,994,765	\$ 12,021,642

The accompanying notes are an integral part of these statements.

North South Foundation
Statement of Functional Expenses- Cash basis
Year Ended April 30, 2021
(with comparative totals for 2020)

Functional Expenses	2021			2020
	Program Services	Management & General	Total	Total
Salaries & Related Expenses	-	-	\$ -	\$ -
Contract Services Expenses:				
Accounting Fees		\$ 5,000	\$ 5,000	\$ 3,500
Outside Contract Services	\$ 20,496		\$ 20,496	\$ 20,571
Total Contract Services Expenses	\$ 20,496	\$ 5,000	\$ 25,496	\$ 24,071
Operations Expenses:				
Supplies	\$ 1,850		\$ 1,850	\$ 26,215
Postage & Mailing Service	69		69	490
Printing and Copying	1,073		1,073	29,220
Telephone	245		245	152
Trophies & Medals	1,399		1,399	33,727
Event Meals	200		200	48,073
Education Material for sale	3,296		3,296	18,051
Total Operations Expenses	\$ 8,132	\$ -	\$ 8,132	\$ 155,928
Facility & Equipment Expenses:				
Rent - Real Estate	\$ (15,707)		\$ (15,707)	\$ 74,914
Rent - Furniture & Equipment	-		-	11,201
Total Facility & Equipment Expenses	\$ (15,707)	\$ -	\$ (15,707)	\$ 86,114
Travel Expenses:				
Airfare	\$ 1,238		\$ 1,238	\$ 11,380
Hotels and Car rentals	433		433	11,233
Total Travel Expenses	\$ 1,670	\$ -	\$ 1,670	\$ 22,613
Other Expenses:				
Bank and credit card fees	\$ 20,783	259	\$ 21,042	\$ 32,845
Insurance	1,026		\$ 1,026	3,439
Outside Computer Services	111,705		111,705	87,645
Other Business Expenses	55	212	267	21,000
Total Other Expenses	\$ 133,569	\$ 471	\$ 134,040	\$ 144,928
Total Functional Expenses	\$ 148,160	\$ 5,471	\$ 153,631	\$ 433,655

The accompanying notes are an integral part of these statements.

North South Foundation
Statements of Cash Flows- Cash basis
Year Ended April 30, 2021
(with comparative totals for 2020)

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities		
Change in net assets	\$ 1,973,123	\$ 532,974
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Realized Investment Gain	\$ (1,005,240)	\$ (8,759)
Contributions restricted for endowment	\$ -	\$ -
Net cash provided by operating activities	<u>\$ 967,883</u>	<u>524,215</u>
Cash flows from investment activities		
Investments in Securities	\$ (53,359)	\$ (387,790)
Net cash used by investment activities	<u>\$ (53,359)</u>	<u>\$ (387,790)</u>
Cash flows from financing activities		
Contributions restricted for endowments	\$ -	-
Net cash provided by financing activities	<u>\$ -</u>	<u>-</u>
Net change in cash and cash equivalents	\$ 914,524	136,425
Cash and cash equivalents, beginning of year	\$ 2,134,454	1,998,029
Cash and cash equivalents, end of year	<u><u>\$ 3,048,978</u></u>	<u><u>\$ 2,134,454</u></u>

The accompanying notes are an integral part of these statements.

North South Foundation
Notes to Financial Statements- Cash basis
Year Ended April 30, 2021

Note 1 - Nature of Organization

North South Foundation (NorthSouth) was founded in 1989 to operate exclusively for charitable and educational purposes, or such other purposes as may be provided in section 501(c)(3) of the Internal Revenue Code.

NorthSouth strives to empower every child to achieve their maximum potential by (1) providing education scholarships and resources to needy children (2) empowering every child to excel in education and to be an empathetic holistic leader and (3) providing a platform for volunteers to support the community.

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

The accompanying financial statements have been prepared on the cash basis of accounting which is a comprehensive basis of accounting other than generally accepted accounting principles. Under the cash basis of accounting, revenues and related assets are recognized when received rather than when earned and expenses are recognized when paid rather than when the obligation is incurred.

The financial position and activities reported are based on the existence or absence of donor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:
Net assets without Donor Restriction - Net assets available for general use and not subject to Donor restrictions. The board has designated from net assets without donor restrictions, net assets for specific purposes.

Net assets with Donor Restrictions - Net assets subject to donor imposed restrictions. Some donor-imposed restrictions are temporary in nature and other are perpetual in nature.

Fair Value Measurements

NorthSouth reports investments in marketable securities on a cost basis. As a result, unrealized gains and losses are not recognized and reported.

Use of Estimates

Management has not made any estimates in preparation of financial statements for the year ended April 30, 2021 and April 30, 2020 respectively in accordance with cash basis of accounting.

Cash and Cash Equivalents

Cash and cash equivalents include bank deposits and highly liquid investments in money market accounts.

Investments

Investments are carried at cost in accordance with cash basis of accounting.

Net investment return is reported in the statement of activities and consists of interest and dividend income, and realized capital gains. There were no investment expenses.

Revenue Recognition and Operations

Revenues are reported as increases in net assets without donor restrictions unless use of the related asset is limited by donor imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Realized gains and losses on investments are reported as increases or decreases in net assets based on the type of restriction on the underlying asset. Expirations of donor imposed restrictions on net assets are reported as "net assets released from restriction" between the classes of net assets.

Valuation of non cash contributions

NorthSouth values non cash contribution by donors at the market value on the date of the contribution.

Donor contributions and Donor Designations

Revenues are generated from direct public contributions and from an activity registration fees. Direct public support is considered net assets without donor restriction, unless the donor imposes a restriction.

NorthSouth allocates two thirds of registration fees received from educational contests, coaching and workshops as indirect public support charitable contributions and treats the remaining one-third as program service revenue. All payments received for educational materials and meals are considered program service revenue. All revenues from contests, coaching and workshops are net assets without donor restrictions.

Functional Allocation of Expenses

The costs of providing the various programs and activities, and supporting services have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function.

Board-Designated Net Assets

This net asset consists of two components. First component is a corpus fund in the amount of \$3M to account for the liability NorthSouth has towards the current scholarship holders for the duration of their study until graduation. Second component is a contingency fund in the amount of \$600,000 to cover any shortfalls in the working capital needs.

Tax Status

NorthSouth is recognized by the Internal Revenue Service as a tax-exempt organization under section 501(c)(3) of the code and is generally exempt from federal and state income taxes on related income. As such, no provision for income taxes is included in the financial statements.

Subsequent events

Management has performed an analysis of the activities and transactions subsequent to April 30, 2021 to determine the need for any adjustment to and/or disclosures within the audited financial statements for the year ended April 30, 2021. Management has performed their analysis through 11/16/2021 the date the financial statements were available to be issued.

Note 3 - Liquidity and Availability

NorthSouth regularly monitors liquidity to meet its operating needs and other contractual commitments.

The primary source of liquidity is the cash and cash equivalent which covers the annual expenses.

Breakdown by account is as follows:

	<u>30-Apr-21</u>	<u>30-Apr-20</u>
General Bank Account	543,160	192,524
Educational Contests Bank Account	32,387	109,933
Educational Materials Bank Account	14,650	50,630
General Money Market Account	2,355,994	1,760,173
Scholarship Money Market Account	30,532	17,418
Donor Advised Money Market Account	69,518	2,817
Endowment Money Market Account	<u>2,736</u>	<u>959</u>
Total	3,048,977	2,134,454

Note 4 - Investments and Fair value Measurements

Investment in marketable securities consists mainly of mutual funds and ETFs. Market value is based on readily available prices. Breakdown by account is as follows:

	(April 30, 2021)		(April 30, 2020)	
	Cost	Market Value	Cost	Market Value
Donor Advised Account	1,808,168	3,313,929	1,842,865	2,397,203
Endowment Account	566,881	911,917	492,734	603,488
Scholarship Account	247,257	346,894	219,524	256,487
General Account	8,323,481	12,312,229	7,332,065	8,122,902
Total	<u>10,945,787</u>	<u>16,884,970</u>	<u>9,887,188</u>	<u>11,380,079</u>

NorthSouth does not recognize unrealized gain or loss on market value of its investments consistent with the cash basis of accounting. As such, no provision for unrealized gain of \$5,939,183 as of April 30, 2021 and the unrealized gain of \$1,492,891 as of April 30, 2020 is reflected in the financial statements.

Note 5 - Net Assets, Donor Restricted and Endowment Fund

Net Assets with donor restriction - Donor Advised Fund (DAF)

This is a restricted fund managed by NorthSouth as a fiduciary and complies with the directives of the donors. NorthSouth makes disbursements to charities based on donor recommendations provided the recipients meet necessary guidelines.

	FY 2020-21	FY 2019-20
Net Assets - Beginning of the year	1,845,682	1,699,959
Contributions Restricted		92,245
Investment Income Restricted	133,225	80,979
Transferred out to General	(84,721)	
Distribution/Restriction Released	(16,500)	(27,501)
Net Assets - End of the Year	1,877,686	1,845,682

Net Assets with donor restriction - US Scholarship

This is a restricted fund set up to meet the obligation of the scholarships awarded to the national finals champions each year. NorthSouth started educational contests in 1993. The scholarship is redeemable by the awardees during the freshman year of college and is payable to the awardee through their institutions.

	FY 2020-21	FY 2019-20
Net Assets - Beginning of the year	85,668	88,501
Contributions Restricted		6,500
Investment Income Restricted'	-	-
Distribution/Restriction Released	(21,527)	(9,333)
Net Assets - End of the Year	64,141	85,668

Net Assets with donor restriction - General

This fund has general contributions where the donor imposed restrictions for a defined purpose.

	FY 2020-21	FY 2019-20
Net Assets - Beginning of the year	5,000	15,000
Contributions Restricted	17,000	59,950
Investment Income Restricted'	-	-
Transferred In from DAF	84,721	
Distribution/Restriction Released	(43,000)	(69,950)
Net Assets - End of the Year	63,721	5,000

Net Assets with donor restrictions - Endowment

This is a restricted fund in which NorthSouth has to maintain the principal in perpetuity and can use the income for expenses in support of programs. Donors contribute set amount with the stipulation that NorthSouth will disburse the income for scholarships and other general use purpose. For example, a donor can currently set up a \$5,000 endowment fund for one scholarship each year in perpetuity.

	FY 2020-21	FY 2019-20
Net Assets - Beginning of the year	291,064	309,663
Contributions Restricted	-	-
Investment Income Restricted'	-	-
Distribution/Restriction Released		(18,599)
Net Assets - End of the Year	291,064	291,064

Note 6 - Net Investment Return

Breakdown of the Investment Return:

	FY 2020-21	FY 2019-20
Interest	212	7,572
Dividend	199,647	198,594
Dividend - Capital Gain Distributions	68,950	125,330
Realized Capital Gains	1,005,240	8,759
Expenses	-	-
Total Investment Return	1,274,049	340,255

Note 7 - Grants and Distribution

Breakdown of the Grants and Distribution:

	FY 2020-21	FY 2019-20
1. NSF India	5,000	1,000,000
2. Scholarships in USA	22,527	9,333
3. Other programs in India	2,000	90,000
4. Other programs in USA	148,842	26,250
Total	178,369	1,125,583

Note 8 - Related party transactions

There are no related party transactions during the year.

Note 9 - Underwater endowments

From time to time, the fair value of assets associated with individual donor - restricted endowment funds may fall below the original contribution value. As of April 30, 2021 all funds have their market value above their cost price and there are no underwater endowment funds that require special disclosure in financial statements.

Note 10- Rent refund

NorthSouth Foundation received a refund of \$15,707 for venue fees which was paid in advance for National Finals to University of Washington. Due to pandemic, the event was cancelled and University refunded the fees.

Note 11 - Financial Instruments and Credit Risk

The foundation manages deposit concentration risk by placing cash and money market accounts with financial institutions believed to be creditworthy. At times, amounts on deposit may exceed insured limits. To date, the foundation has not experienced losses in any of these accounts. Investments are made by diversified investment managers whose performance is monitored by management and Board of Directors. Although the fair values of investments are subject to fluctuation on a year- to year basis, the foundation believes that its investment strategies are prudent for the long term welfare of the organization.

Note 12 - Subsequent events

Management has performed an analysis of the activities and transactions subsequent to April 30, 2021 to determine the need for any adjustment to and/or disclosures within the audited financial statements for the year ended April 30, 2021. Management has performed their analysis through 11/16/2021

the date the financial statements were available to be issued.

The world continues to be impacted by the COVID pandemic.

While there are some signs of reducing negative impact from vaccination and other health measures, there continues to be uncertainty on the impact of North South Foundation operations and financial position.

Any financial impact to the North South Foundation cannot be reasonably estimated at this time.