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FINANCIAL STATEMENTS and INDEPENDENT AUDITOR'S REPORT

NORTH SOUTH FOUNDATION
(an Illinois non- profit organization)

APRIL 30, 2022

(With summarized comparative financial information April 30, 2021)

NORTH SOUTH FOUNDATION

APRIL 30, 2022

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors
North South Foundation
Burr Ridge, Illinois

Opinion

We have audited the accompanying financial statements of North South Foundation (a nonprofit organization), which comprise the statement of financial position- cash basis as of April 30, 2022, and the related statement of activities- cash basis, functional expenses and cash flow- cash basis, for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of North South Foundation as of April 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with the cash basis of accounting as described in **Note A**.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 North South 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.

Emphasis of Matter-Basis of Accounting

We draw attention to Note A of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management 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 as described in **Note A**; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the 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 misstatement, whether due to fraud or error.

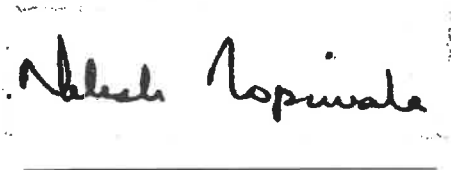
Auditor's Responsibilities for the Audit of the financial Statements

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, including omissions, 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 North South 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 North South 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.



Anil Malhotra & Co Ltd.
Certified Public Accountants Mt. Prospect, Illinois

January 31, 2023

North South Foundation
Statement of Financial Position-Cash Basis
April 30, 2022
(with comparative financial information as of April 30, 2021)
(See Independent Accountant's Report)

ASSETS	2022			2021
	<i>Without Donor Restrictions</i>	<i>With Donor Restrictions</i>	<i>Total</i>	<i>Total</i>
Current Assets				
Cash and Cash Equivalents	Note 3 \$ 2,871,280	\$ 183,618	\$ 3,054,898	\$ 3,048,978
Total Current Assets	2,871,280	183,618	3,054,898	3,048,978
Investment in Marketable Securities	Note 4 9,387,013	2,420,396	11,807,409	10,945,787
TOTAL ASSETS	\$ 12,258,293	\$ 2,604,014	\$ 14,862,307	\$ 13,994,765
 LIABILITIES AND NET ASSETS				
Liabilities	-	-	-	-
Net Assets				
Without Donor Restrictions:				
General Operations	\$ 8,658,293		\$ 8,658,293	\$ 8,098,153
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	12,258,293	-	12,258,293	11,698,153
With Donor Restrictions:				
Program Restriction Funds	Note 5 -	2,292,950	2,292,950	2,005,548
Endowment Fund	Note 5 -	311,064	311,064	291,064
With Donor Restrictions	-	2,604,014	2,604,014	2,296,612
Total Net Assets	12,258,293	2,604,014	14,862,307	13,994,765
Total LIABILITIES AND NET ASSETS	\$ 12,258,293	\$ 2,604,014	\$ 14,862,307	\$ 13,994,765

The accompanying notes are an integral part of these financial statements

North South Foundation
Statement of Activities- Cash Basis
For The Year Ended April 30, 2022
(with comparative financial information for the year ended April 30, 2021)
(See Independent Accountant's Report)

		2022			2021
		Without Donor Restrictions	With Donor Restrictions	Total	Total
Public Support and Other Revenue					
Public Support:					
Public Support - Direct	Note 2	\$ 138,818	\$ 163,905	\$ 302,723	\$ 179,313
Public Support - Indirect	Note 2	741,394		741,394	565,113
Total Public Support Revenue		<u>\$ 880,212</u>	<u>\$ 163,905</u>	<u>\$ 1,044,117</u>	<u>\$ 744,426</u>
Program Service Revenue:					
Educational Contest & Workshop	Note 2	\$ 370,697		\$ 370,697	\$ 282,586
Meals and Educational Material	Note 2	-		-	4,061
Total Program Service Revenue		<u>\$ 370,697</u>	<u>\$ -</u>	<u>\$ 370,697</u>	<u>\$ 286,647</u>
Net Investment return	Note 6	\$ 195,872	\$ 266,681	\$ 462,553	\$ 1,274,049
Net assets released from restrictions	Note 5	\$ 123,184	\$ (123,184)	\$ -	\$ -
Total Public Support and Other Revenues		<u>\$ 1,569,965</u>	<u>\$ 307,402</u>	<u>\$ 1,877,367</u>	<u>\$ 2,305,122</u>
Distributions and Expenses					
Grants and Distributions	Note 7	\$ 839,086	\$ -	\$ 839,086	\$ 178,369
Functional Expenses:					
Program Services		166,431	-	166,431	148,159
Management and General		4,309	-	4,309	5,471
Total Functional Expenses		<u>170,740</u>	<u>-</u>	<u>170,740</u>	<u>153,630</u>
Total Distributions and Expenses		<u>\$ 1,009,825</u>	<u>\$ -</u>	<u>\$ 1,009,825</u>	<u>\$ 331,999</u>
Change in Net assets		<u>\$ 560,140</u>	<u>\$ 307,402</u>	<u>\$ 867,542</u>	<u>\$ 1,973,123</u>
Net assets at beginning of year		11,698,153	2,296,612	13,994,765	12,021,642
Net assets at end of year		<u><u>\$ 12,258,293</u></u>	<u><u>\$ 2,604,014</u></u>	<u><u>\$ 14,862,307</u></u>	<u><u>\$ 13,994,765</u></u>

The accompanying notes are an integral part of these financial statements

North South Foundation
Statement of Functional Expenses- Cash basis
For the Year Ended April 30, 2022
(with comparative financial information for the year ended April 30, 2021)
(See Independent Accountant's Report)

Functional Expenses	2022			2021
	Program Services	Management & General	Total	Total
Salaries & Related Expenses	-	-	\$ -	\$ -
Contract Services Expenses:				
Accounting Fees		\$ 4,500	\$ 4,500	\$ 5,000
Outside Contract Services	\$ 563		\$ 563	\$ 20,496
Total Contract Services Expenses	\$ 563	\$ 4,500	\$ 5,063	\$ 25,496
Operations Expenses:				
Supplies	\$ 2,227		\$ 2,227	\$ 1,850
Postage & Mailing Service	58		58	69
Printing and Copying	-		-	1,073
Telephone	-		-	245
Trophies & Medals	20,256		20,256	1,399
Event Meals	-		-	200
Education Material for sale	753		753	3,296
Total Operations Expenses	\$ 23,294	\$ -	\$ 23,294	\$ 8,132
Facility & Equipment Expenses:				
Rent - Real Estate	\$ 3,566		\$ 3,566	\$ (15,707)
Rent - Furniture & Equipment	-		-	
Total Facility & Equipment Expenses	\$ 3,566	\$ -	\$ 3,566	\$ (15,707)
Travel Expenses:				
Airfare	\$ 651		\$ 651	\$ 1,238
Hotels and Car rentals	-		-	433
Total Travel Expenses	\$ 651	\$ -	\$ 651	\$ 1,670
Other Expenses:				
Bank and credit card fees	\$ 27,547	\$ (334)	\$ 27,213	\$ 21,042
Insurance	2,117		\$ 2,117	1,026
Outside Computer Services	108,189		108,189	111,705
Other Business Expenses	504	143	647	267
Total Other Expenses	\$ 138,357	\$ (191)	\$ 138,166	\$ 134,040
Total Functional Expenses	<u>\$ 166,431</u>	<u>\$ 4,309</u>	<u>\$ 170,740</u>	<u>\$ 153,631</u>

The accompanying notes are an integral part of these financial statements

North South Foundation
Statements of Cash Flows- Cash Basis
For The Year Ended April 30, 2022
(with comparative financial information for the year ended April 30, 2021)
(See Independent Accountant's Report)

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities		
Change in net assets	\$ 867,542	\$ 1,973,123
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Realized Investment Gain	\$ (186,110)	\$ (1,005,240)
Contributions restricted for endowment	\$ -	\$ -
Net cash provided by operating activities	<u>\$ 681,432</u>	<u>967,883</u>
Cash flows from investment activities		
Investments in Securities	\$ (675,512)	\$ 1,005,240
Net cash used by investment activities	<u>\$ (675,512)</u>	<u>\$ 1,005,240</u>
Cash flows from financing activities		
Contributions restricted for endowments	<u>\$ -</u>	<u>-</u>
Net cash provided by financing activities	\$ -	-
Net change in cash and cash equivalents	\$ 5,920	914,524
Cash and cash equivalents, beginning of year	<u>\$ 3,048,978</u>	<u>2,134,454</u>
Cash and cash equivalents, end of year	<u><u>\$ 3,054,898</u></u>	<u><u>\$ 3,048,978</u></u>

The accompanying notes are an integral part of these financial statements

North South Foundation
Notes to Financial Statements
April 30, 2022

(with comparative financial information for the 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.

New Accounting Pronouncements Applied

North South Foundation adopted Accounting Standards Update ("ASU") No.2016-14, Not-for-Profit Entities, Presentation of Financial Statements of Not-for-Profit Entities.

The financial statement standard addresses the complexity and understandability of net asset classification deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses, evolving to two net asset classes from what had previously been three and investment return. The foundation has implemented ASU 2016-14 and has adjusted the presentation in these financial statements accordingly. The ASU has been applied retrospectively to all periods presented, which did not have a material effect on the financial statements.

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, 2022 and April 30, 2021 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. NorthSouth maintains its cash in accounts that, at times, may exceed federally insured limits. NorthSouth has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

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-22</u>	<u>30-Apr-21</u>
General Bank Account	870,547	543,160
Educational Contests Bank Account	65,611	32,387
Educational Materials Bank Account	10,592	14,650
General Money Market Account	2,049,180	2,355,994
Scholarship Money Market Account	19,548	30,532

Donor Advised Money Market Account	36,683	69,518
Endowment Money Market Account	2,737	2,736
Total	<u>3,054,898</u>	<u>3,048,977</u>

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, 2022)		(April 30, 2021)	
	<u>Cost</u>	<u>Market Value</u>	<u>Cost</u>	<u>Market Value</u>
Donor Advised Account	2,073,983	3,042,994	1,808,168	3,313,929
Endowment Account	579,712	847,233	566,881	911,917
Scholarship Account	252,243	321,177	247,257	346,894
General Account	8,901,469	11,749,012	8,323,481	12,312,229
Total	<u>11,807,407</u>	<u>15,960,416</u>	<u>10,945,787</u>	<u>16,884,970</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 \$4,159,009 as of April 30, 2022 and the unrealized gain of \$5,939,183 as of April 30, 2021 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 2021-22	FY 2020-21
Net Assets - Beginning of the year	1,877,686	1,845,682
Contributions Restricted		
Investment Income Restricted	266,680	133,225
Transferred out to General		(84,721)
Distribution/Restriction Released	(33,700)	(16,500)
Net Assets - End of the Year	2,110,666	1,877,686

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 2021-22	FY 2020-21
Net Assets - Beginning of the year	64,141	85,668
Contributions Restricted	1,000	
Investment Income Restricted'	-	-
Distribution/Restriction Released	(10,986)	(21,527)
Net Assets - End of the Year	54,155	64,141

Net Assets with donor restriction - General

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

	FY 2021-22	FY 2020-21
Net Assets - Beginning of the year	63,721	5,000
Contributions Restricted	142,905	17,000
Investment Income Restricted'	-	-
Transferred In from DAF	-	84,721
Distribution/Restriction Released	(78,498)	(43,000)
Net Assets - End of the Year	128,128	63,721

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 2021-22	FY 2020-21
Net Assets - Beginning of the year	291,064	291,064
Contributions Restricted	20,000	-
Investment Income Restricted'	-	-
Distribution/Restriction Released		
Net Assets - End of the Year	311,064	291,064

Note 6 - Net Investment Return

Breakdown of the Investment Return:

	FY 2021-22	FY 2020-21
Interest	243	212
Dividend	227,280	199,647
Dividend - Capital Gain Distributions	48,919	68,950
Realized Capital Gains	186,110	1,005,240
Expenses	-	-
Total Investment Return	462,552	1,274,049

Note 7 - Grants and Distribution

Breakdown of the Grants and Distribution:

	FY 2021-22	FY 2020-21
1. NSF India	700,000	5,000
2. Scholarships in USA	10,986	22,527
3. Other programs in India	6,000	2,000
4. Other programs in USA	122,100	148,842
Total	839,086	178,369

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 seen from NSF notes to accounts all funds have their market value above their cost price.

As of April 30, 2022, there are no underwater endowment funds that require special disclosure in financial statements.

Note 10 - 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 11 - Subsequent events

Management has performed an analysis of the activities and transactions subsequent to April 30, 2022 to determine the need for any adjustment to and/or disclosures within the audited financial statements for the year ended April 30, 2022. Management has performed their analysis through 01/31/2023 the date the financial statements were available to be issued.

The world continues to be impacted by the COVID pandemic to some degree.

While there are some signs of reducing negative impact, 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.