

PRATHAM USA
Financial Statements
December 31, 2024 and 2023
With Independent Auditor's Report

Pratham USA
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December 31, 2024 and 2023

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Pratham USA:

Opinion

We have audited the accompanying financial statements of Pratham USA (a nonprofit organization), which comprise the statement of financial position as of December 31, 2024, and the related statements of activities, cash flows and functional expenses 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 Pratham USA as of December 31, 2024, 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 ("GAAP").

Basis for Opinion

We conducted our audit 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 Pratham USA 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.

Prior Period Financial Statements

The financial statements of Pratham USA as of and for the year ended December 31, 2023 were audited by Pannell Kerr, Forster of Texas, P.C., who joined with WithumSmith+Brown, PC on June 1, 2025, and whose report dated September 9, 2024 expressed an unmodified opinion on those statements.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with GAAP, 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 Pratham USA'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 GAAS 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 GAAS, 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 Pratham USA'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 Pratham USA'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.

Withum Smith & Brown, PC

September 30, 2025

Pratham USA
Statements of Financial Position
December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 7,952,724	\$ 5,075,956
Accounts receivable and other receivables	5,829	32,750
Unconditional promises to give	7,530,664	6,435,949
Prepaid expenses and other current assets	<u>267,339</u>	<u>140,177</u>
Total current assets	<u>15,756,556</u>	<u>11,684,832</u>
Unconditional promises to give, non-current	4,115,584	1,403,004
Restricted cash	253,667	250,000
Investments at fair value	11,180,373	7,302,264
Other assets	<u>37,599</u>	<u>61,454</u>
Total assets	<u>\$ 31,343,779</u>	<u>\$ 20,701,554</u>
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued expenses	\$ 224,739	\$ 256,219
Grant payable	<u>9,597,823</u>	<u>472,000</u>
Total current liabilities	<u>9,822,562</u>	<u>728,219</u>
Net assets		
Without donor restrictions		
Board designated - endowment	6,080,508	5,654,347
Undesignated	<u>1,203,341</u>	<u>5,117,188</u>
Total net assets without donor restrictions	7,283,849	10,771,535
With donor restrictions	<u>14,237,368</u>	<u>9,201,800</u>
Total net assets	<u>21,521,217</u>	<u>19,973,335</u>
Total liabilities and net assets	<u>\$ 31,343,779</u>	<u>\$ 20,701,554</u>

The Notes to Financial Statements are an integral part of these statements.

Pratham USA
Statements of Activities
Years Ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Revenues and other support without donor restrictions		
Contributions	\$ 8,012,815	\$ 8,554,148
Foundation grants	735,859	1,389,549
Special events	8,442,126	9,482,044
Less: Direct benefit to donors	(1,380,290)	(1,205,194)
Service revenue	59,911	169,499
In-kind contributions	98,975	159,810
Investment income, net	657,005	107,442
Other income, net	<u>496</u>	<u>159,412</u>
Total revenues and other support	16,626,897	18,816,710
Net assets released from restrictions		
Expiration of time and program restrictions	<u>3,183,410</u>	<u>13,546,690</u>
Total revenues and other support without donor restrictions	<u>19,810,307</u>	<u>32,363,400</u>
Expenses		
Program support	18,571,622	19,606,296
General and administrative	1,904,731	1,910,808
Fundraising	<u>2,821,640</u>	<u>3,584,485</u>
Total expenses	<u>23,297,993</u>	<u>25,101,589</u>
Change in net assets without donor restrictions	<u>(3,487,686)</u>	<u>7,261,811</u>
Changes in net assets with donor restrictions		
General donations	780,516	624,871
Grants	7,005,233	3,241,542
Event giving	433,229	221,500
Investment income, net	-	515,535
Net assets released from restrictions	<u>(3,183,410)</u>	<u>(13,546,690)</u>
Change in net assets with donor restrictions	<u>5,035,568</u>	<u>(8,943,242)</u>
Increase (decrease) in net assets	1,547,882	(1,681,431)
Net assets		
Beginning of year	<u>19,973,335</u>	<u>21,654,766</u>
End of year	<u>\$ 21,521,217</u>	<u>\$ 19,973,335</u>

The Notes to Financial Statements are an integral part of these statements.

Pratham USA
Statements of Cash Flows
Years Ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities:		
Increase (decrease) in net assets	\$ 1,547,882	\$ (1,681,431)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Donated securities	(292,918)	(348,237)
Realized and unrealized gains on securities	(591,407)	(623,148)
Bad debt	72,001	12,500
Changes in operating assets and liabilities		
Accounts receivable	26,921	(733)
Unconditional promises to give	(3,879,296)	1,261,679
Prepaid expenses	(127,162)	(37,707)
Other assets	23,855	(30,675)
Payables and accrued expenses	<u>9,094,343</u>	<u>(7,101,165)</u>
Net cash provided by (used in) operating activities:	<u>5,874,219</u>	<u>(8,548,917)</u>
Cash flows from investing activities:		
Purchases of investments	(11,574,203)	(7,019,643)
Sales of investments	<u>8,580,419</u>	<u>7,425,684</u>
Net cash (used in) provided by investing activities	<u>(2,993,784)</u>	<u>406,041</u>
Net change in cash, cash equivalents, and restricted cash	2,880,435	(8,142,876)
Cash, cash equivalents and restricted cash - beginning of year	<u>5,325,956</u>	<u>13,468,832</u>
Cash, cash equivalents and restricted cash - end of year	<u>\$ 8,206,391</u>	<u>\$ 5,325,956</u>
Reconciliation of cash, cash equivalents and restricted cash		
Cash and cash equivalents	\$ 7,952,724	\$ 5,075,956
Restricted cash	<u>253,667</u>	<u>250,000</u>
Cash, cash equivalents and restricted cash	<u>\$ 8,206,391</u>	<u>\$ 5,325,956</u>

The Notes to Financial Statements are an integral part of these statements.

Pratham USA
Statements of Functional Expenses
Years Ended December 31, 2024 and 2023

	<u>Supporting Services</u>				<u>Total</u> <u>Expenditures</u>
	<u>Program</u> <u>Support</u>	<u>General and</u> <u>Administrative</u>	<u>Fundraising</u>	<u>Cost of Direct</u>	
				<u>Benefits</u> <u>to Donors</u>	
Year ended December 31, 2024					
Expense category:					
Grants	\$ 17,194,459	\$ -	\$ -	\$ -	\$ 17,194,459
Salaries and related costs	1,031,161	1,289,260	1,842,310	-	4,162,731
Food, venue and entertainment			269,951	1,211,088	1,481,039
Other chapter and event costs	-	-	304,961	169,202	474,163
Business expenses	309,051	381,718	37,775	-	728,544
Publicity	8,842	-	83,452	-	92,294
Bad debt	-	-	72,001	-	72,001
Travel	20,636	55,442	121,911	-	197,989
Workshops and meetings	-	-	84,895	-	84,895
Credit card and donation processing fees	<u>7,473</u>	<u>178,311</u>	<u>4,384</u>	<u>-</u>	<u>190,168</u>
	18,571,622	1,904,731	2,821,640	1,380,290	24,678,283
Less: Direct benefit to donors	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,380,290)</u>	<u>(1,380,290)</u>
Total expenses	<u>\$ 18,571,622</u>	<u>\$ 1,904,731</u>	<u>\$ 2,821,640</u>	<u>\$ -</u>	<u>\$ 23,297,993</u>
Year ended December 31, 2023					
Expense category:					
Grants	\$ 18,480,657	\$ -	\$ -	\$ -	\$ 18,480,657
Salaries and related costs	431,248	1,424,778	2,289,834	-	4,145,860
Food, venue and entertainment			495,462	1,017,086	1,512,548
Other chapter and event costs	-	6,726	285,583	188,108	480,417
Business expenses	614,721	366,240	100,959	-	1,081,920
Publicity	2,278	5,146	107,455	-	114,879
Bad debt	-	-	12,500	-	12,500
Other	-	44,264	-	-	44,264
Travel	77,392	61,738	127,727	-	266,857
Workshops and meetings	-	1,916	-	-	1,916
Credit card and donation processing fees	<u>-</u>	<u>-</u>	<u>164,965</u>	<u>-</u>	<u>164,965</u>
	19,606,296	1,910,808	3,584,485	1,205,194	26,306,783
Less: Direct benefit to donors	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,205,194)</u>	<u>(1,205,194)</u>
Total expenses	<u>\$ 19,606,296</u>	<u>\$ 1,910,808</u>	<u>\$ 3,584,485</u>	<u>\$ -</u>	<u>\$ 25,101,589</u>

The Notes to Financial Statements are an integral part of these statements.

Pratham USA
Notes to Financial Statements
December 31, 2024 and 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Pratham USA (the “Organization” or “PUSA”) is a nonprofit corporation established in 1999 and organized under the laws of Texas.

The Organization’s primary objectives include: raising funds to support learning; increasing awareness of the challenges faced by students and promoting equitable, scalable approaches to improving learning outcomes; overseeing the development and use of the Pratham USA brand, including guidance and support for its regional chapters; mobilizing and engaging volunteers across the United States; and providing and promoting educational, training, and related activities in India and other parts of the world.

The Organization supports several learning and literacy programs, which are designed based on community and Government School needs assessments.

The Organization receives monetary contributions from corporations, foundations and individual donors. During 2024, one donor accounted for approximately 20% of the Organization’s revenue and approximately 41% of unconditional promises to give. During 2023, one donor accounted for approximately 10% of the Organization’s revenue and approximately 25% of unconditional promises to give.

Income Tax Status

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. It recognizes the impact of an uncertain tax position only if that position is more likely than not of being sustained upon examination by the taxing authority based on the technical merits. The Organization accounts for interest and penalties relating to uncertain tax positions in the current period statement of activities, if necessary.

Basis of Accounting and Presentation

The accompanying financial statements have been prepared on an accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“GAAP”). Accordingly, these financial statements present the financial position, change in net assets, and cash flows of the Organization.

In accordance with Financial Accounting Standards Board (“FASB”) *Accounting Standards Codification*, net assets, revenues, expenses, gains and losses are classified on the existence or absence of donor-imposed restrictions, as follows:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed stipulations. Net assets without donor restrictions may be designated for specific purposes by action of the Board of Directors. See Note 4.

Net assets with donor restrictions: Net assets subject to donor-imposed stipulations that specify a use for a contributed asset. When a purpose restriction or a time restriction ends, net assets with donor restrictions are released to net assets without donor restrictions and reported in the statements of activities.

Cash and Cash Equivalents

Cash and cash equivalents consist of highly liquid investments that are readily convertible into cash and have an original maturity of three months or less on the date of acquisition.

Pratham USA
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Restricted cash

The Organization maintains a restricted cash balance of \$253,667 at December 31, 2024 and \$250,000 at December 31, 2023 that is required to be held in a separate account by the donor and be used for scholarships over a ten-year period ending in 2027. No scholarships have been awarded as of December 31, 2024.

Investments

Investments in marketable securities with readily determinable fair values are reported at fair value in the statements of financial position. Investment income is included in the change in net assets in the statements of activities. See Note 2 for discussion of fair value measurements.

Revenue and Revenue Recognition

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor for future periods or a specific purpose are reported as increases in net assets with donor restrictions depending upon the nature of the restriction. When a restriction expires or is met, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Donor restricted contributions in which the restrictions are met in the same year as received are recorded as unrestricted contributions in the accompanying statements of activities. Non-current unconditional promises to give are expected to be collected through 2028 and are reflected at the present value using discount rates ranging from 0.97% to 4.89%. Unconditional promises due within one year are recorded at net realizable value. Conditional promises to give are not included as support until the promise becomes unconditional. A conditional promise to give has a barrier to overcome and either the right of return of assets transferred or a right of release of a promisor's obligation to transfer assets. At December 31, 2024 and 2023, the Organization had approximately \$2,545,000 and \$3,907,000, respectively, of contributions that are conditional on spending those funds on allowable expenses during the period of performance.

Service revenue is derived from service agreements with educational programs to provide management and support services. Revenue is recognized in the amount of consideration that the Organization expects to be entitled to receive when performance obligations are satisfied either at a point in time or over time depending on the nature of the services provided, which is generally one year or less. Revenue is recognized using the input method as performance obligations are met. Amounts are billed as work progresses in accordance with agreed-upon terms. Amounts billed that represent the Organization's right to consideration are reported as accounts receivable on the statements of financial position. At December 31, 2024, the Organization had no accounts receivable related to service agreements. At December 31, 2023 and January 1, 2023, the Organization had approximately \$0 and \$26,000, respectively, in accounts receivable related to service agreements.

The Organization provides an allowance for credit losses equal to the estimated losses that will be incurred in the collection of accounts receivable. The allowance for credit loss, if any, is based on historical collection experience, adjusted for management's expectations about current and future economic conditions and management's analysis of specific receivables. After all attempts to collect a receivable have failed, the receivable is written off against the allowance and recorded as bad debt expense as included on the statements of activities. Accounts receivable were considered to be collectible by management at December 31, 2024 and 2023, therefore no allowance was necessary.

Management determines the allowance for uncollectible contributions based on management's estimate of realization of the underlying contributions. Individual contributions are written off when deemed uncollectible. Management deemed all contributions collectible as of December 31, 2024 and 2023.

Pratham USA
Notes to Financial Statements
December 31, 2024 and 2023

Promises to give at December 31, 2024 and 2023 are due as follows:

	<u>2024</u>	<u>2023</u>
Receivables less than one year	\$ 7,530,664	\$ 6,435,949
Receivables in one to five years	<u>4,571,000</u>	<u>1,615,500</u>
	12,101,664	8,051,449
Less: Discount to present value	<u>(455,416)</u>	<u>(212,496)</u>
	<u>\$ 11,646,248</u>	<u>\$ 7,838,953</u>

Special events revenue is comprised of an exchange element based upon the direct benefits donors receive and a contribution element for the difference. The Organization recognizes special events revenue equal to the fair value of direct benefits to donors when the special event takes place. The Organization recognizes the contribution element of special event revenue immediately, unless there is a right of return if the special event does not take place.

Grant Expenses

The Organization awards grants in furtherance of its mission. Unconditional grants are recognized as expense when approved by the Board of Directors and the related grant agreement has been executed and has gone into effect. Conditional grant commitments, which contain both (a) a barrier that must be overcome (for example providing a written report detailing how the funds were or will be spent or meeting certain benchmarks) and (b) a right of return or release if the barrier is not met, are not recognized as expense until the conditions have been substantially met.

Functional Expenses

The costs of providing various programs and other activities during 2024 and 2023 have been detailed on a functional basis in the statements of functional expenses. Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are allocated to programs and supporting services on the basis of estimated time expended or usage by function. Payroll and related expenses and business expenses are allocated on the basis of estimated time spent.

Donated Services and Materials

Donated noncash assets are recorded as donations at their fair values at the date of donation and reported as expense when utilized. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability. Individuals contribute services or materials to assist in the furtherance of the Organization's mission and objectives. The fair value of donated noncash assets is recorded in the financial statements only if the services or materials either create or enhance a non-financial asset or requires specialized skills, are provided by entities or persons possessing those skills, and would be purchased if they were not donated. Volunteer services have not been recorded in the financial statements as they do not meet the requirements to record.

Pratham USA
Notes to Financial Statements
December 31, 2024 and 2023

Donated noncash assets were as follows for the years ended December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Legal and other services	\$ -	\$ 20,502
Auction items	84,955	125,788
Other items	<u>14,020</u>	<u>13,520</u>
	<u>\$ 98,975</u>	<u>\$ 159,810</u>

The Organization monetizes auction items received from galas. Unless otherwise noted, contributed nonfinancial assets did not have donor restrictions.

Marketing and Promotion Costs

Marketing and promotion costs are expensed as incurred. The Organization expensed approximately \$92,000 and \$115,000 in marketing and promotion costs for the years ended December 31, 2024 and 2023, respectively.

Financial Instruments, Credit Risk and Concentration of Credit Risk

Financial instruments that potentially subject the Organization to credit risk include cash and cash equivalents, investments, accounts receivable and unconditional promises to give. Cash and cash equivalents are deposited in demand accounts with federally-insured institutions to minimize risk. From time to time, the balances in these accounts may exceed the federally-insured limits. The Organization has not incurred losses related to these deposits. The investments in marketable securities are exposed to various risks such as interest rate, market volatility, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and those changes could materially affect the amounts reported in the statements of financial position.

Unconditional promises to give and accounts receivables consist of contributions and pledge receivables from individuals, private foundations and corporations across the U.S and Switzerland. Although the Organization is directly affected by the financial stability of its donors, management does not believe significant credit risk exists at December 31, 2024 and 2023.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make certain assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. Management believes its estimates are reasonable.

Reclassifications

Certain reclassifications have been made to the 2023 financial statements to conform to the 2024 financial statement presentation. Such reclassifications have no effect on previously reported total assets, liabilities, net assets or changes in net assets.

2. FAIR VALUE MEASUREMENTS

The Organization uses a three-level hierarchy for determination of the fair value. This hierarchy is based on the transparency of inputs to the valuation process as follows:

Pratham USA
Notes to Financial Statements
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Level 1 - Observable inputs such as quoted prices in active markets at the measurement date for identical assets or liabilities.

Level 2 - Other inputs that are observable directly or indirectly such as quoted prices in markets that are not active, or inputs which are observable, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. The following is a description of the valuation methodologies used for assets measured at fair value:

Money Market: Valued daily at the net asset value of shares or units held by the Organization based on the quoted market value of the underlying assets.

Equity Securities and Mutual Funds: Valued daily using quoted market prices.

U.S. Treasury Bills: Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities.

Limited Partnership Funds: Valued using the net asset value per share (or its equivalent) as a practical expedient to determine the fair value of investments in partnerships or funds that do not have a readily determinable fair value. The fair value is based on information provided by the general partners or fund manager of each fund.

The methods described above may produce a fair value calculation that is not indicative of net realizable value or reflective of future fair values. Furthermore, while the valuation methods are considered appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in a different fair value measurement at the reporting date. The fair value of financial assets measured on a recurring basis are as follows as of December 31, 2024:

	December 31, 2024			
	Level 1	Level 2	Level 3	Total
Cash, cash equivalents and restricted cash	\$ 8,206,391	\$ -	\$ -	\$ 8,206,391
Investments				
Cash and cash equivalents	5,682,991	-	-	5,682,991
Equity securities				
Technology	32,459	-	-	32,459
Treasury bills	-	1,977,473	-	1,977,473
Mutual funds				
Corporate bonds	534,357	-	-	534,357
Intermediate-term bonds	376,650	-	-	376,650
High yield bonds	509,416	-	-	509,416
Large blend	995,750	-	-	995,750
Diversified emerging markets	348,797	-	-	348,797
Foreign large blend	617,165	-	-	617,165
Investments measured at net asset value				105,315
Total investments	\$ 9,097,585	\$ 1,977,473	\$ -	\$ 11,180,373

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Notes to Financial Statements
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The fair value of financial assets measured on a recurring basis are as follows as of December 31, 2023:

	December 31, 2023			Total
	Level 1	Level 2	Level 3	
Cash, cash equivalents and restricted cash	\$ 5,325,956	\$ -	\$ -	\$ 5,325,956
Investments				
Cash and cash equivalents	\$ 1,221,339	\$ -	\$ -	\$ 1,221,339
Equity securities				
Technology	20,194	-	-	20,194
Treasury bills	-	2,862,519	-	2,862,519
Mutual funds				
Corporate bonds	541,081	-	-	541,081
Intermediate-term bonds	385,785	-	-	385,785
High yield bonds	501,255	-	-	501,255
Large blend	807,552	-	-	807,552
Diversified emerging markets	325,512	-	-	325,512
Foreign large blend	618,197	-	-	618,197
Investments measured at net asset value				18,830
Total investments	\$ 4,420,915	\$ 2,862,519	\$ -	\$ 7,302,264

3. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at December 31, 2024 and 2023 consist of the following:

	2024	2023
Purpose restrictions:		
Vocational education programs	\$ 789,217	\$ 452,094
International	130,006	100,000
Early childhood	389,500	210,000
Open school education programs	2,370,000	2,025,000
Technology and hybrid learning	6,867,501	2,628,868
Hamara Gaon	524,496	1,062,696
Measurement, monitoring and evaluation	200,000	200,000
Government partnership	271,153	150,000
Scholarship fund	250,000	250,000
Punjab Education Fund	-	5,000
Jain-Punjab Project	43,000	-
Youthnet	858,383	1,218,383
Pratham International	33,063	-
Other programs	1,011,049	220,346
	13,737,368	8,522,387
Future year operations	500,000	679,413
Total net assets with donor restrictions	\$ 14,237,368	\$ 9,201,800

Pratham USA
Notes to Financial Statements
December 31, 2024 and 2023

During the years ended December 31, 2024 and 2023, net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or the passage of time in the amounts of \$3,183,410 and \$13,546,690, respectively. Releases from donor restrictions by program for the years ended December 31 consist of the following:

	<u>2024</u>	<u>2023</u>
Purpose restrictions:		
Vocational education programs	\$ 313,000	\$ 60,000
Open school education programs	-	111,000
Technology and hybrid learning	668,447	1,424,525
Hamara Gaon	787,774	146,835
Teaching at Right Level (TARL)	-	1,250,000
Endowment	-	6,154,347
Other programs	871,774	620,686
Measurement, monitoring and evaluation	-	850,000
Punjab Education Fund	-	500,000
COVID Relief	-	8,680
International	66,915	-
Early childhood	115,500	329,000
Government partnership	-	450,000
Youthnet	360,000	141,617
Pratham International	-	1,000,000
	<u>3,183,410</u>	<u>13,046,690</u>
Future year operations	-	500,000
	<u>\$ 3,183,410</u>	<u>\$ 13,546,690</u>

4. ENDOWMENT

During 2019, three donors entered into gift agreements to contribute \$6,500,000 to the Organization to establish an endowment to benefit the overall goals of the Organization. The endowment donors provided written approval to change the restriction of their gifts during 2023. In February, March, and April 2023, \$250,000, \$500,000, and \$750,000 of endowment funds, respectively, were released for use in funding Pratham International, a separate legal entity created in September 2022 to carry out programmatic work. In conjunction with the releases for Pratham International, the endowment donors provided written approval to give the Board of Directors full discretion to utilize the remaining principal and income derived from the endowment in the future as deemed necessary. As such, the entire amount has been released from restriction and recorded as board designated as of December 31, 2023.

Endowment net assets included in net assets without donor restrictions at December 31, 2024 and 2023 consist of the following:

	<u>2024</u>	<u>2023</u>
Original gift amount	\$ 5,000,000	\$ 5,000,000
Accumulated undistributed earnings on net asset balance	<u>1,080,508</u>	<u>654,347</u>
Total endowment net assets	<u>\$ 6,080,508</u>	<u>\$ 5,654,347</u>

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Changes in the endowment net assets as of and for the years ended December 31, 2024 and 2023 are as follows:

	Accumulated	Original	
	Gains	Gift Amount	Total
	and Other		
	<u> </u>	<u> </u>	<u> </u>
Endowment net assets, December 31, 2022	\$ 138,812	\$ 6,500,000	\$ 6,638,812
Investment income	172,780	-	172,780
Net appreciation	342,755	-	342,755
Contributions	-	-	-
Amounts appropriated for expenditures	<u>-</u>	<u>(1,500,000)</u>	<u>(1,500,000)</u>
Endowment net assets, December 31, 2023	654,347	5,000,000	5,654,347
Investment income	206,168	-	206,168
Net appreciation	219,993	-	219,993
Contributions	-	-	-
Amounts appropriated for expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Endowment net assets, December 31, 2024	<u>\$ 1,080,508</u>	<u>\$ 5,000,000</u>	<u>\$ 6,080,508</u>

During September 2022, the Board of Directors and the Investment Committee elected to invest the total endowment into an investment portfolio. The total balance is recorded in investments at fair value on the statements of financial position at December 31, 2024 and 2023. The related gains and losses are recorded within investment income in the statements of activities for the years ended December 31, 2024 and 2023. The primary goal is to manage risk long-term, in which the Organization has determined that a 5-6% return on endowment assets over time is preferable. The Board of Directors and the Investment Committee of the Organization are working to develop a spending policy for endowment assets and from underwater endowments.

5. LIQUIDITY AND AVAILABILITY OF RESOURCES

The Organization's financial assets available for general expenditure within one year at December 31, 2024 and 2023, is as follows:

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 7,952,724	\$ 5,075,956
Investments at fair value	11,180,373	7,302,264
Accounts receivable and other receivables	5,829	32,750
Unconditional promises to give	11,646,248	7,838,953
Restricted cash	<u>253,667</u>	<u>250,000</u>
Total financial assets	31,038,841	20,499,923
Board designated endowment	(6,080,508)	(5,654,347)
Donor-imposed restrictions	<u>(14,237,368)</u>	<u>(9,201,800)</u>
Financial assets available to meet general expenditures within one year	<u>\$ 10,720,965</u>	<u>\$ 5,643,776</u>

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The Organization receives significant contributions and promises to give which are restricted by donors, and considers contributions restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. In addition, the Organization receives support without donor restrictions, which was approximately 70% and 81% of all support during the years ended December 31, 2024 and 2023, respectively. The Organization manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. The Organization has a liquidity policy to maintain current financial assets less current liabilities at a minimum of 60 days operating expense.

6. RELATED PARTY TRANSACTIONS

The Organization provides funds to Pratham Education Foundation (“PEF”), an affiliate, to support its efforts in India (see Note 1). The total amount of such grants awarded to the affiliate was \$15,909,060 and \$15,033,900 for the years ended December 31, 2024 and 2023, respectively. As of December 31, 2024 and 2023, the Organization owed \$9,597,823 and \$472,000, respectively, to PEF in relation to their support and is recorded as a grant payable on the statements of financial position.

The Organization provides funds to Pratham International to support its operations (see Note 4). The total amount of such grants awarded to Pratham International was \$1,285,399 and \$3,431,007 for the years ended December 31, 2024 and 2023, respectively. Such expenses are recorded as program support in the statements of functional expenses.

During 2024 and 2023, contributions from Board members consisted of approximately 24% and 23% of total revenue and support, respectively. As of December 31, 2024 and 2023, approximately \$1,136,000 and \$9,000, respectively, of the Board contributions were owed to the Organization and was recorded within unconditional promises to give on the statements of financial position for the years then ended.

7. SUBSEQUENT EVENTS

The increase in grants payable to PEF in 2024 compared to 2023 reflects the timing of grant commitments approved but not yet disbursed as of year-end. Separately, net assets with donor restrictions rose by approximately \$5 million between 2023 and 2024, driven by strong donor support and multi-year commitments designated for programmatic initiatives in India.

PUSA has adopted a more deliberate and risk-managed approach to transferring funds. Large or rapid transfers to PEF could potentially trigger regulatory scrutiny and delay funding, which would jeopardize program continuity. To mitigate this risk, PUSA coordinates closely with PEF to ensure that funds are disbursed in alignment with actual programmatic and operational needs. As a result, the higher grants payable balance at year-end 2024 reflects committed funds that are scheduled for transfer but held temporarily to ensure compliance with Indian regulations. This approach allows PUSA to uphold donor intent and support program delivery while navigating a complex regulatory environment responsibly.

During 2025, in relation to the increased regulatory scrutiny in the disbursement of funds to India, multiple donors have modified the terms of their agreements with the Organization in order to directly fund programs in India. The modifications from these agreements will result in a loss of \$4,915,000 during 2025, as the unconditional promises to give will be adjusted for the change in terms.

In July 2025, the Organization’s Board of Directors approved funding to Pratham International in the amount of \$1,340,000.

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Management has evaluated subsequent events as of September 30, 2025, which was the date the financial statements were available to be issued and has determined that there are no other subsequent events to be reported.