

FINANCIAL STATEMENTS

THE MALALA FUND

**FOR THE YEAR ENDED MARCH 31, 2022
WITH SUMMARIZED FINANCIAL
INFORMATION FOR 2021**

THE MALALA FUND

CONTENTS

	PAGE NO.
INDEPENDENT AUDITOR'S REPORT	2 - 3
EXHIBIT A - Statement of Financial Position, as of March 31, 2022, with Summarized Financial Information for 2021	4
EXHIBIT B - Statement of Activities and Change in Net Assets, for the Year Ended March 31, 2022, with Summarized Financial Information for 2021	5
EXHIBIT C - Statement of Functional Expenses, for the Year Ended March 31, 2022, with Summarized Financial Information for 2021	6
EXHIBIT D - Statement of Cash Flows, for the Year Ended March 31, 2022, with Summarized Financial Information for 2021	7
NOTES TO FINANCIAL STATEMENTS	8 - 15



CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
The Malala Fund
Washington, D.C.

Opinion

We have audited the accompanying financial statements of The Malala Fund (the Organization), which comprise the statement of financial position as of March 31, 2022, and the related statements of activities and change in net assets, 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 the Organization as of March 31, 2022, and the change 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 the Organization 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 the Organization'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.

4550 MONTGOMERY AVENUE · SUITE 800 NORTH · BETHESDA, MARYLAND 20814
(301) 951-9090 · WWW.GRFCPA.COM

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 the Organization'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 the Organization'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 the Organization's 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 10, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended March 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.



August 24, 2022

THE MALALA FUND
STATEMENT OF FINANCIAL POSITION
AS OF MARCH 31, 2022
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2021

ASSETS		<u>2022</u>	<u>2021</u>
CURRENT ASSETS			
Cash and cash equivalents	\$	17,467,662	\$ 17,532,053
Investments		15,438,817	748,548
Accounts receivable		130,581	171,914
Pledges receivable, net of allowance for doubtful accounts of \$7,328 and \$0 for 2022 and 2021, respectively		3,045,182	6,030,487
Prepaid expenses		<u>94,625</u>	<u>41,548</u>
Total current assets		<u>36,176,867</u>	<u>24,524,550</u>
FIXED ASSETS			
Furniture and fixtures		19,171	-
Leasehold improvements		<u>77,190</u>	<u>-</u>
		96,361	-
Less: Accumulated depreciation and amortization		<u>(6,258)</u>	<u>-</u>
Net fixed assets		<u>90,103</u>	<u>-</u>
OTHER ASSETS			
Right-of-use asset		1,667,112	-
Security deposits		38,341	5,513
Pledges receivable, net of current portion and discount		<u>2,585,048</u>	<u>3,456,358</u>
Total other assets		<u>4,290,501</u>	<u>3,461,871</u>
TOTAL ASSETS	\$	<u>40,557,471</u>	\$ <u>27,986,421</u>
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accounts payable and accrued liabilities	\$	314,479	\$ 604,528
Accrued salaries and related benefits		289,625	291,846
Operating lease liability		169,251	-
Grants payable		<u>6,574,104</u>	<u>5,133,684</u>
Total current liabilities		<u>7,347,459</u>	<u>6,030,058</u>
LONG-TERM LIABILITIES			
Operating lease liability, net of current portion		1,625,364	-
Grants payable, net of current portion		<u>2,877,318</u>	<u>1,097,000</u>
Total long-term liabilities		<u>4,502,682</u>	<u>1,097,000</u>
Total liabilities		<u>11,850,141</u>	<u>7,127,058</u>
NET ASSETS			
Without donor restrictions		22,867,382	11,184,639
With donor restrictions		<u>5,839,948</u>	<u>9,674,724</u>
Total net assets		<u>28,707,330</u>	<u>20,859,363</u>
TOTAL LIABILITIES AND NET ASSETS	\$	<u>40,557,471</u>	\$ <u>27,986,421</u>

See accompanying notes to financial statements.

THE MALALA FUND

**STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2022
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2021**

	2022			2021
	Without Donor Restrictions	With Donor Restrictions	Total	Total
REVENUE AND SUPPORT				
Contributions and grants	\$ 24,280,689	\$ 4,703,657	\$ 28,984,346	\$ 16,060,305
Investment (loss) income, net	(293,236)	-	(293,236)	277,737
Contributed services and materials	312,706	-	312,706	120,650
Other revenue	1,397	-	1,397	-
Net assets released from donor restrictions	<u>8,538,433</u>	<u>(8,538,433)</u>	<u>-</u>	<u>-</u>
Total revenue and support	<u>32,839,989</u>	<u>(3,834,776)</u>	<u>29,005,213</u>	<u>16,458,692</u>
EXPENSES				
Program Services:				
Programs and Advocacy	16,474,983	-	16,474,983	7,766,078
Communication and Digital	<u>1,452,788</u>	<u>-</u>	<u>1,452,788</u>	<u>1,213,847</u>
Total program services	<u>17,927,771</u>	<u>-</u>	<u>17,927,771</u>	<u>8,979,925</u>
Supporting Services:				
Management and General	1,873,774	-	1,873,774	1,104,182
Fundraising	<u>1,355,701</u>	<u>-</u>	<u>1,355,701</u>	<u>1,089,332</u>
Total supporting services	<u>3,229,475</u>	<u>-</u>	<u>3,229,475</u>	<u>2,193,514</u>
Total expenses	<u>21,157,246</u>	<u>-</u>	<u>21,157,246</u>	<u>11,173,439</u>
Change in net assets	11,682,743	(3,834,776)	7,847,967	5,285,253
Net assets at beginning of year	<u>11,184,639</u>	<u>9,674,724</u>	<u>20,859,363</u>	<u>15,574,110</u>
NET ASSETS AT END OF YEAR	<u>\$ 22,867,382</u>	<u>\$ 5,839,948</u>	<u>\$ 28,707,330</u>	<u>\$ 20,859,363</u>

THE MALALA FUND

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED MARCH 31, 2022
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2021**

	2022						2021	
	Program Services			Supporting Services			Total Expenses	Total Expenses
	Programs and Advocacy	Communication and Digital	Total Program Services	Management and General	Fundraising	Total Supporting Services		
Personnel	\$ 1,216,078	\$ 776,563	\$ 1,992,641	\$ 914,186	\$ 1,007,115	\$ 1,921,301	\$ 3,913,942	\$ 3,419,820
Grant expenses	12,315,867	-	12,315,867	-	-	-	12,315,867	5,733,586
Professional services	1,970,334	298,761	2,269,095	371,490	93,525	465,015	2,734,110	1,383,786
Travel, net of refunds	509,493	6,938	516,431	96,422	2,579	99,001	615,432	(581)
Office equipment and software	62,100	77,504	139,604	162,819	61,039	223,858	363,462	112,470
Contributed services and materials	130,433	138,767	269,200	25,382	18,124	43,506	312,706	120,650
Occupancy	55,618	127,061	182,679	42,839	31,103	73,942	256,621	99,423
Office expenses	102,004	10,411	112,415	95,609	2,657	98,266	210,681	98,094
Honorariums and other expenses	22,841	8,291	31,132	76,070	75,560	151,630	182,762	62,340
Financial fees	27,593	15	27,608	52,849	57,786	110,635	138,243	104,579
Meetings and events, net of refunds	55,997	-	55,997	599	-	599	56,596	(15,563)
Communications	6,336	8,415	14,751	8,533	6,185	14,718	29,469	26,555
Insurance	289	62	351	26,976	28	27,004	27,355	28,280
TOTAL	\$ 16,474,983	\$ 1,452,788	\$ 17,927,771	\$ 1,873,774	\$ 1,355,701	\$ 3,229,475	\$ 21,157,246	\$ 11,173,439

See accompanying notes to financial statements.

THE MALALA FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2022
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 7,847,967	\$ 5,285,253
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	6,258	-
Unrealized loss on investments	362,786	1,638
Donated securities received	(1,065,727)	(1,047,968)
Proceeds from sale of donated securities received	1,082,736	2,044,455
Realized gain on donated securities	(16,887)	(247,045)
Change in allowance for doubtful accounts	7,328	-
Change in discount on long-term receivables	11,914	3,998
Change in measurement of operating lease	127,503	-
Decrease (increase) in:		
Accounts receivable	41,333	(68,923)
Pledges receivable	3,837,373	(2,285,332)
Prepaid expenses	(53,077)	16,217
Security deposits	(32,828)	29,092
(Decrease) increase in:		
Accounts payable and accrued liabilities	(290,049)	225,026
Accrued salaries and related benefits	(2,221)	113,762
Grants payable	<u>3,220,738</u>	<u>77,449</u>
Net cash provided by operating activities	<u>15,085,147</u>	<u>4,147,622</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of fixed assets	(96,361)	-
Purchase of investments	(15,806,912)	-
Proceeds from sale of investments	<u>753,735</u>	<u>-</u>
Net cash used by investing activities	<u>(15,149,538)</u>	<u>-</u>
Net (decrease) increase in cash and cash equivalents	(64,391)	4,147,622
Cash and cash equivalents at beginning of year	<u>17,532,053</u>	<u>13,384,431</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 17,467,662</u>	<u>\$ 17,532,053</u>
SCHEDULE OF NONCASH INVESTING AND FINANCING TRANSACTIONS:		
Right-of-Use Asset	<u>\$ 1,773,005</u>	<u>\$ -</u>
Operating Lease Liability for Right-of-Use Asset	<u>\$ 1,773,005</u>	<u>\$ -</u>

See accompanying notes to financial statements.

THE MALALA FUND
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Organization -

The Malala Fund (the Organization) was incorporated as a non-profit organization under the laws of the State of Delaware. The Organization is located in Washington, D.C., New York, Islamabad, Pakistan, and Abuja, Nigeria. Inspired and led by Malala Yousafzai, the Organization's mission is working toward a world where all girls can learn for 12 years and lead without fear.

Basis of presentation -

The accompanying financial statements are presented on the accrual basis of accounting, and in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. As such, net assets are reported within two net asset classifications: without donor restrictions and with donor restrictions. Descriptions of the two net asset categories are as follows:

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor restrictions are recorded as "net assets without donor restrictions". Assets restricted solely through the actions of the Board are referred to as Board designated and are also reported as net assets without donor restrictions. The total amount of Board designated net assets at March 31, 2022 was \$4,454,748, which are to be used for an operating reserve.

Net Assets With Donor Restrictions - Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in "net assets with donor restrictions", depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities and Change in Net Assets as net assets released from donor restrictions. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue without donor restrictions when the assets are placed in service.

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended March 31, 2021, from which the summarized information was derived.

New accounting pronouncement adopted -

During the year ended March 31, 2022, the Organization adopted ASU 2019-01, *Leases* (Topic 842), which changed the accounting treatment for operating leases by requiring recognition of a lease asset and lease liability at the present value of the lease payments in the Statement of Financial Position and disclosure of key information about leasing arrangements. The Organization applied the new standard at the inception of a new lease that began in 2021 and also the practical expedient package to not reassess at adoption (i) expired or existing contracts for whether they are or contain a lease, (ii) the lease classification of any existing leases or (iii) initial indirect costs for existing leases. See Note 7 for further details.

THE MALALA FUND
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)

Cash and cash equivalents -

The Organization considers all cash and other highly liquid investments, including certificates of deposit, with maturities of three months or less to be cash equivalents, excluding money market funds held by investment managers in the amount of \$9,801,549 for the year ended March 31, 2022.

Bank deposit accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to a limit of \$250,000. At times during the year, the Organization maintains cash balances in excess of the FDIC insurance limits. Management believes the risk in these situations to be minimal.

Investments -

Investments are recorded at their readily determinable fair value. Investment (loss) income in the Statement of Activities and Change in Net Assets include interest, dividends, realized and unrealized gains and losses, net of investment expenses. Investments acquired by gift are recorded at their fair value at the date of the gift. The Organization's policy is to liquidate all gifts of investments as soon as possible after the gift.

Accounts receivable -

Accounts receivable are recorded at their net realizable value, which approximates fair value. Management considers all amounts to be fully collectible. Accordingly, an allowance for doubtful accounts has not been established.

Pledges receivable -

Pledges receivable are recorded at their net realizable value, which approximates fair value. Pledges receivable that are expected to be collected in future years are recorded at fair value, measured as the present value of their future cash flows. The discounts on these amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contributions and grants revenue. An allowance for doubtful accounts has been established for one category of pledges, based on review of historical write-offs. All other pledges are considered by management to be fully collectible.

Grants payables -

Grants payable are recorded as a liability when the commitment has been made by the Organization and is included in the Statement of Financial Position.

Income taxes -

The Organization is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in the accompanying financial statements. The Organization is not a private foundation.

THE MALALA FUND
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)

Uncertain tax positions -

For the year ended March 31, 2022, the Organization has documented its consideration of FASB ASC 740-10, *Income Taxes*, that provides guidance for reporting uncertainty in income taxes and has determined that no material uncertain tax positions qualify for either recognition or disclosure in the financial statements.

Contributions and grants -

The majority of the Organization activities are supported by grants and contributions from individuals, foundations and other private entities. These awards are for various activities performed by the Organization. Grants and contributions are recognized in the appropriate category of net assets in the period received. The Organization performs an analysis of the individual grant or contribution to determine if the revenue streams follow the contribution rules or if they should be recorded as an exchange transaction depending upon whether the transactions are deemed reciprocal or nonreciprocal under ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*.

For grants and contributions qualifying under the contribution rules, revenue is recognized upon notification of the award and satisfaction of all conditions, if applicable. Contributions and grants qualifying as contributions that are unconditional and have donor restrictions are recognized as "without donor restrictions" only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions. Funds in excess of expenses incurred are shown as net assets with donor restrictions in the accompanying financial statements.

Contributions or grants qualifying as conditional contributions contain a right of return and a barrier. Revenue is recognized when the condition or conditions are satisfied. Some grant awards from foundations and other entities are for direct and indirect program costs. These transactions are nonreciprocal and recognized as contributions when the revenue becomes unconditional. Funds received in advance of the incurrence of qualifying expenditures are recorded as refundable advances. For contributions and grants treated as contributions, the Organization did not have unrecognized conditional awards as of March 31, 2022.

Contributed services and materials -

Contributed services and materials consist of donated consultant services, software and advertising credits. Contributed services and materials are recorded at their fair market value as of the date of the gift.

Use of estimates -

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Investment risks and uncertainties -

The Organization invests in various investment securities. Investment securities are exposed to various risks such as interest rates, market and credit risks.

THE MALALA FUND
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)

Investment risks and uncertainties (continued) -

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 that such changes could materially affect the amounts reported in the accompanying financial statements.

Functional allocation of expenses -

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities and Change in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses directly attributed to a specific functional area of the Organization are reported as direct expenses to the programmatic area and those expenses that benefit more than one function are allocated on a basis of estimated time and effort. Occupancy and office costs are allocated based on employee headcount per each department.

Fair value measurement -

The Organization adopted the provisions of FASB ASC 820, *Fair Value Measurement*. FASB ASC 820 defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs (assumptions that market participants would use in pricing assets and liabilities, including assumptions about risk) used to measure fair value, and enhances disclosure requirements for fair value measurements. The Organization accounts for a significant portion of its financial instruments at fair value or considers fair value in their measurement.

New accounting pronouncement not yet adopted -

ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, improves generally accepted accounting principles (GAAP) by increasing the transparency of contributed nonfinancial assets for not-for-profit (NFP) entities through enhancements to presentation and disclosure. The amendments in this Update address certain stakeholders' concerns about the lack of transparency relating to the measurement of contributed nonfinancial assets recognized by NFPs, as well as the amount of those contributions used in a NFP's programs and other activities. The ASU should be applied on a retrospective basis and is effective for annual periods beginning after June 15, 2021, and interim periods within annual periods beginning after June 15, 2022. Early adoption is permitted. The amendment will not change the recognition and measurement requirements for those contributed nonfinancial assets.

The Organization plans to adopt the new ASU at the required implementation date and management is currently in the process of evaluating the adoption method and the impact of the new standards on its accompanying financial statements.

2. INVESTMENTS

In accordance with FASB ASC 820, *Fair Value Measurement*, the Organization has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3).

THE MALALA FUND
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2022

2. INVESTMENTS (Continued)

If the inputs used to measure the financial instruments fall within different levels of hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument. Investments recorded in the Statement of Financial Position are categorized based on the inputs to valuation techniques as follows:

Level 1. These are investments where values are based on unadjusted quoted prices for identical assets in an active market the Organization has the ability to access.

Level 2. These are investments where values are based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, or model-based valuation techniques that utilize inputs that are observable either directly or indirectly for substantially the full-term of the investments.

Level 3. These are investments where inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Following is a description of the valuation methodology used for investments measured at fair value. There have been no changes in the methodologies used and there were no transfers between levels in the fair value hierarchy during the year ended March 31, 2022. Transfers between levels are recorded at the end of the reporting period, if applicable.

- *Money market funds* - The money market funds are open-end funds that are registered with the Securities and Exchange Commission (SEC) and is deemed to be actively traded.
- *Equities* - Valued at the closing price reported on the active market in which the individual securities are traded.
- *Fixed income* - Valued at the closing price reported on the active market in which the individual securities are traded.
- *Exchange traded funds* - Fair value is equal to the reported net asset value of the fund, which is the price at which additional shares can be obtained.

The table below summarizes, the investments measured at fair value on a recurring basis, by level within the fair value hierarchy as of March 31, 2022.

Asset Class:	Level 1	Level 2	Level 3	Total
Money market	\$ 9,801,549	\$ -	\$ -	\$ 9,801,549
Equities	2,467,889	-	-	2,467,889
Fixed income	3,047,456	-	-	3,047,456
Exchange traded funds	78,079	-	-	78,079
Other	<u>43,844</u>	<u>-</u>	<u>-</u>	<u>43,844</u>
TOTAL	<u>\$15,438,817</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,438,817</u>

Included in investment loss are the following:

Interest and dividends	\$ 52,663
Unrealized loss on investments	(362,786)
Net realized gain on sale of investments	<u>16,887</u>
TOTAL INVESTMENT LOSS, NET	<u>\$ (293,236)</u>

THE MALALA FUND
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2022

3. PLEDGES RECEIVABLE

As of March 31, 2022, contributors to the Organization have made unconditional written promises to give, of which \$5,655,470 remained due and outstanding. Amounts due beyond one year of the Statement of Financial Position date have been recorded at the present value of the estimated cash flows, using a discount rate of approximately 0.33%.

Following is a schedule of amounts due, by year, as of March 31, 2022:

Less than one year	\$ 3,052,510
One to five years	<u>2,602,960</u>
Total	5,655,470
Less: Allowance to discount balance to present value	(17,912)
Less: Allowance for uncollectible amounts	<u>(7,328)</u>
TOTAL PLEDGES RECEIVABLE, NET	<u>\$ 5,630,230</u>

4. GRANTS PAYABLE

As of March 31, 2022, the Organization's outstanding obligations to its grantees totaled \$9,451,422. Grants authorized and expensed during the year ended March 31, 2022 totaled \$12,315,867.

Following is a schedule of future grant payments:

<u>Year Ending March 31,</u>	
2023	\$ 6,574,104
2024	2,157,206
2025	686,806
2026	<u>33,306</u>
TOTAL GRANTS PAYABLE	<u>\$ 9,451,422</u>

5. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at March 31, 2022:

Subject to expenditure for specified purpose	\$ 621,334
Subject to passage of time	<u>5,218,614</u>
NET ASSETS WITH DONOR RESTRICTIONS	<u>\$ 5,839,948</u>

The following net assets with donor restrictions were released from donor restrictions by incurring expenses (or through the passage of time) which satisfied the restricted purposes specified by the donors:

Purpose restrictions accomplished	\$ 2,150,653
Timing restrictions accomplished	<u>6,387,780</u>
NET ASSETS RELEASED FROM DONOR RESTRICTIONS	<u>\$ 8,538,433</u>

THE MALALA FUND
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2022

6. LIQUIDITY AND AVAILABILITY

Financial assets available for use for general expenditures within one year of the Statement of Financial Position date comprise the following:

Cash and cash equivalents	\$ 17,467,662
Investments	15,438,817
Accounts receivable	130,581
Pledges receivable	<u>5,630,230</u>
Subtotal financial assets available within one year	38,667,290
Less: Board designated funds	(4,454,748)
Less: Donor restricted funds	<u>(3,224,293)</u>
TOTAL FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR	<u>\$ 30,988,249</u>

The Organization has a policy to structure its financial assets to be available and liquid as its obligations become due. Board designated funds can be drawn upon if the Board of Directors approves such action.

7. LEASE COMMITMENTS

The Organization leased various month-to-month work-station office spaces in Washington, D.C. The agreements terminated August 31, 2021.

During May 2021, the Organization signed a lease agreement for office space in Washington, D.C. that commenced on September 1, 2021 and extends through September 30 2029. Base rent is \$23,276 per month, increasing by a factor of 2.5% per year. Under the terms of the lease agreement, the landlord granted the Organization nine months of abated rent.

The Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2019-01 related to *Leases* (Topic 842), in order to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the Statement of Financial Position and disclosing key information about leasing arrangements for operating leases that are greater than one year in duration. The ASU specifically requires an organization to recognize a right-of-use asset and lease liability, initially measured at the present value of the lease payments in the Statement of Financial Position and recognize a single lease cost, calculated so the cost of the lease is allocated over the lease term on a generally straight line basis. During the year ended March 31, 2022, the Organization implemented the ASU and elected the practical expedient that allows lessees to choose to not separate lease and non-lease components by class of underlying asset and are applying this expedient to all relevant asset classes. As a result, the Organization recorded a right-of-use asset in the amount of \$1,773,005. The Organization recorded an operating lease liability in the amount of \$1,773,005 by calculating the present value using a discount rate of 5.25%. As of March 31, 2022, the right-of-use asset totaled \$1,667,112 and the operating lease liability totaled \$1,794,615.

The Organization also has various short-term lease agreements in New York and Islamabad, Pakistan.

THE MALALA FUND
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2022

7. LEASE COMMITMENTS (Continued)

The following is a schedule of the future minimum lease payments:

Year Ending March 31,

2023		\$ 259,528
2024		266,016
2025		272,666
2026		279,483
2027		313,447
Thereafter		<u>804,630</u>
		<u>\$ 2,195,770</u>

Rent expense for the year ended March 31, 2022 was \$256,621.

8. RETIREMENT PLAN

The Organization provides retirement benefits to its employees through a 403(b) plan covering all full-time employees upon hire. The Organization provides up to a 3% match of each eligible employee's contribution. Contributions to the Plan during the year ended March 31, 2022 totaled \$92,010.

9. RELATED PARTY TRANSACTIONS

The Organization supports the operations of The Malala Fund UK, a member organization registered as a charity in the United Kingdom. The financial statements of the Organization are not consolidated with The Malala Fund UK because there is no common control (i.e. major voting interest) between the organizations. During the year ended March 31, 2022, the Organization made grant payments to The Malala Fund UK totaling \$2,425,713 which is included in grant expenses in the accompanying Statement of Functional Expenses.

On March 12, 2021, a corporation registration was approved in Nigeria for The Malala Fund Nigeria LTD/GTE ("Malala Fund Nigeria"). The creation of The Malala Fund Nigeria will allow for hiring of local staff in Nigeria and expansion of work in that country. The Organization and The Malala Fund UK are the sole members of The Malala Fund Nigeria. The Malala Fund Nigeria had no financial activity during the year ended March 31, 2022.

10. SUBSEQUENT EVENTS

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through August 24, 2022, the date the financial statements were issued.