

FINANCIAL STATEMENTS



**FOR THE YEAR ENDED MARCH 31, 2021
WITH SUMMARIZED FINANCIAL
INFORMATION FOR 2020**

MALALA FUND

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CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the Malala Fund (the Organization), which comprise the statement of financial position as of March 31, 2021, 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.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of March 31, 2021, 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.

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Report on Summarized Comparative Information

We have previously audited the Organization's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 11, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended March 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Gelman Rosenberg & Friedman

August 10, 2021

MALALA FUND
STATEMENT OF FINANCIAL POSITION
AS OF MARCH 31, 2021
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 17,532,053	\$ 13,384,431
Investments	748,548	1,499,628
Accounts receivable	171,914	102,991
Pledges receivable	6,030,487	6,055,988
Prepaid expenses	<u>41,548</u>	<u>57,765</u>
Total current assets	<u>24,524,550</u>	<u>21,100,803</u>
OTHER ASSETS		
Security deposit	5,513	34,605
Pledges receivable, net of current portion and discount	<u>3,456,358</u>	<u>1,149,523</u>
Total other assets	<u>3,461,871</u>	<u>1,184,128</u>
TOTAL ASSETS	<u>\$ 27,986,421</u>	<u>\$ 22,284,931</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 604,528	\$ 379,502
Accrued salaries and related benefits	291,846	178,084
Grants payable	<u>5,133,684</u>	<u>3,215,235</u>
Total current liabilities	<u>6,030,058</u>	<u>3,772,821</u>
LONG-TERM LIABILITIES		
Grants payable, net of current portion	<u>1,097,000</u>	<u>2,938,000</u>
Total liabilities	<u>7,127,058</u>	<u>6,710,821</u>
NET ASSETS		
Without donor restrictions	11,184,639	8,912,302
With donor restrictions	<u>9,674,724</u>	<u>6,661,808</u>
Total net assets	<u>20,859,363</u>	<u>15,574,110</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 27,986,421</u>	<u>\$ 22,284,931</u>

MALALA FUND

**STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2021
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2020**

	2021			2020
	Without Donor Restrictions	With Donor Restrictions	Total	Total
REVENUE AND SUPPORT				
Contributions and grants	\$ 6,767,186	\$ 9,293,119	\$ 16,060,305	\$ 11,269,991
Investment income, net	277,737	-	277,737	16,795
Contributed services and materials	120,650	-	120,650	21,663
Net assets released from donor restrictions	<u>6,280,203</u>	<u>(6,280,203)</u>	<u>-</u>	<u>-</u>
Total revenue and support	<u>13,445,776</u>	<u>3,012,916</u>	<u>16,458,692</u>	<u>11,308,449</u>
EXPENSES				
Program Services:				
Programs and Advocacy	7,766,078	-	7,766,078	7,554,919
Communication and Digital	<u>1,213,847</u>	<u>-</u>	<u>1,213,847</u>	<u>825,698</u>
Total program services	<u>8,979,925</u>	<u>-</u>	<u>8,979,925</u>	<u>8,380,617</u>
Supporting Services:				
Management and General	1,104,182	-	1,104,182	1,259,500
Fundraising	<u>1,089,332</u>	<u>-</u>	<u>1,089,332</u>	<u>888,299</u>
Total supporting services	<u>2,193,514</u>	<u>-</u>	<u>2,193,514</u>	<u>2,147,799</u>
Total expenses	<u>11,173,439</u>	<u>-</u>	<u>11,173,439</u>	<u>10,528,416</u>
Change in net assets	2,272,337	3,012,916	5,285,253	780,033
Net assets at beginning of year	<u>8,912,302</u>	<u>6,661,808</u>	<u>15,574,110</u>	<u>14,794,077</u>
NET ASSETS AT END OF YEAR	<u>\$ 11,184,639</u>	<u>\$ 9,674,724</u>	<u>\$ 20,859,363</u>	<u>\$ 15,574,110</u>

MALALA FUND

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED MARCH 31, 2021
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2020**

	2021						2020	
	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	\$ 885,390	\$ 914,349	\$ 1,799,739	\$ 771,433	\$ 848,648	\$ 1,620,081	\$ 3,419,820	\$ 2,524,150
Grant expenses	5,733,586	-	5,733,586	-	-	-	5,733,586	5,737,267
Professional services	1,000,086	190,494	1,190,580	126,465	66,741	193,206	1,383,786	1,186,400
Contributed services and materials	67,900	23,445	91,345	-	29,305	29,305	120,650	21,663
Office equipment and software	23,154	27,781	50,935	38,487	23,048	61,535	112,470	87,677
Financial fees	301	-	301	57,326	46,952	104,278	104,579	70,337
Occupancy	21,253	31,889	53,142	25,028	21,253	46,281	99,423	236,604
Office expenses	23,870	13,079	36,949	57,274	3,871	61,145	98,094	61,974
Honorariums and other expenses	3,477	5,444	8,921	8,417	45,002	53,419	62,340	40,721
Insurance	1,167	287	1,454	26,661	165	26,826	28,280	22,519
Communications	5,342	8,740	14,082	7,799	4,674	12,473	26,555	23,713
Meetings and events, net of refunds	-	(600)	(600)	(14,963)	-	(14,963)	(15,563)	59,805
Travel, net of refunds	552	(1,061)	(509)	255	(327)	(72)	(581)	455,586
TOTAL	\$ 7,766,078	\$ 1,213,847	\$ 8,979,925	\$ 1,104,182	\$ 1,089,332	\$ 2,193,514	\$ 11,173,439	\$ 10,528,416

See accompanying notes to financial statements.

MALALA FUND

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2021
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2020**

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 5,285,253	\$ 780,033
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Unrealized loss on investments	1,638	182,108
Change in discount on long-term receivables	3,998	(4,234)
Donated securities received	(1,047,968)	(1,979,747)
Proceeds from sale of donated securities received	2,044,455	1,038,896
Realized gain on donated securities	(247,045)	(5,316)
(Increase) decrease in:		
Accounts receivable	(68,923)	(42,824)
Pledges receivable	(2,285,332)	1,969,453
Prepaid expenses	16,217	(19,082)
Security deposit	29,092	(2,505)
Increase in:		
Accounts payable and accrued liabilities	225,026	110,265
Accrued salaries and related benefits	113,762	20,535
Grants payable	77,449	1,144,216
Net cash provided by operating activities	4,147,622	3,191,798
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	-	(2,086,910)
Proceeds from sale of investments	-	6,752,624
Net cash provided by investing activities	-	4,665,714
Net increase in cash and cash equivalents	4,147,622	7,857,512
Cash and cash equivalents at beginning of year	13,384,431	5,526,919
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 17,532,053	\$ 13,384,431

MALALA FUND

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2021

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 and London, United Kingdom. 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, 2021 was \$4,002,167, 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, 2020, from which the summarized information was derived.

New accounting pronouncements adopted -

During 2021, the Organization adopted Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606), as amended. The ASU provides a framework for recognizing revenue and is intended to improve comparability of revenue recognition practices across for-profit and non-profit entities. Analysis of the various provisions of this standard resulted in no significant changes in the way the Organization recognized revenue. The Organization elected a modified retrospective approach for implementation.

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 \$748,426 for the year ended March 31, 2021.

MALALA FUND

**NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2021**

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

Cash and cash equivalents (continued) -

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 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.

All pledges are considered by management to be fully collectible. Accordingly, an allowance for doubtful accounts has not been established.

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.

Uncertain tax positions -

For the year ended March 31, 2021, 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.

MALALA FUND

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2021

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

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 from obligation provision that limits the Organization on how funds transferred should be spent. Additionally, a barrier is present that is related to the purpose of the agreement. Revenue is recognized when the condition or conditions on which they depend are substantially met. Some grant awards from foundations and other entities are for direct and indirect program costs. These transactions are nonreciprocal and classified as conditional and are therefore recognized as contributions when the revenue becomes unconditional. The Organization recognizes revenue for these conditional contributions when the related barrier has been overcome (generally, when qualifying expenditures are incurred). 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, 2021.

Grants classified as exchange transactions follow ASU 2014-09, *Revenue from Contracts With Customers* and are recorded as revenue at a point in time when the performance obligations are met. The Organization has elected to opt out of all (or certain) disclosures not required for nonpublic entities. Transaction price is based on cost.

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.

MALALA FUND

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2021

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

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.

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 -

The FASB issued ASU 2019-01, *Leases* (Topic 842). The ASU changes the accounting treatment for operating leases by recognizing a lease asset and lease liability at the present value of the lease payments in the Statement of Financial Position and disclosing key information about leasing arrangements. During 2020, the FASB issued ASU 2020-05 and delayed the implementation date by one year. The ASU is effective for non public entities beginning after December 15, 2021. Early adoption is still permitted. The ASU can be applied at the beginning of the earliest period presented using a modified retrospective approach or applied at the beginning of the period of adoption recognizing a cumulative-effect adjustment.

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.

Economic uncertainties -

On March 11, 2020, the World Health Organization declared the Coronavirus disease (COVID-19) a global pandemic. As a result of the spread of COVID-19, economic uncertainties have arisen which may negatively impact the Organization's operations. The overall potential impact is unknown at this time.

MALALA FUND

**NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2021**

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). 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 were no transfers between levels in the fair value hierarchy during the year ended March 31, 2021.

Transfers between levels are recorded at the end of the reporting period, if applicable.

- *Money market funds* - The money market fund is an open-end funds that is registered with the Securities and Exchange Commission (SEC) and is deemed to be actively 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.
- *Certificates of deposit* - Generally valued at original cost plus accrued interest, which approximates fair value.

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, 2021.

	Level 1	Level 2	Level 3	Total
Asset Class:				
Money market	\$ 748,426	\$ -	\$ -	\$ 748,426
Equities	122	-	-	122
TOTAL	\$ 748,548	\$ -	\$ -	\$ 748,548

Included in investment income are the following:

Interest and dividends	\$ 32,330
Unrealized loss on investments	(1,638)
Net realized gain on sale of investments	247,045
TOTAL INVESTMENT INCOME, NET	\$ 277,737

MALALA FUND

**NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2021**

3. PLEDGES RECEIVABLE

As of March 31, 2021, contributors to the Organization have made unconditional written promises to give, of which \$9,492,843 remained due and outstanding. All outstanding pledges are to be collected within two years. 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 0.7%.

Following is a schedule of amounts due, by year, as of March 31, 2021:

Less than one year	\$ 6,030,487
One to five years	<u>3,462,356</u>
Total	9,492,843
Less: Allowance to discount balance to present value	<u>(5,998)</u>
PLEDGES RECEIVABLE, NET	<u>\$ 9,486,845</u>

4. GRANTS PAYABLE

As of March 31, 2021, the Organization committed funds to various grantees payable at various times, totaling \$6,230,684. Grants authorized and expensed during the year ended March 31, 2021 totaled \$5,733,586.

Following is a schedule of future grant payments:

<u>Year Ending March 31,</u>	
2022	\$ 5,133,684
2023	1,071,000
2024	<u>26,000</u>
	<u>\$ 6,230,684</u>

5. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at March 31, 2021:

Subject to expenditure for specified purpose	\$ 858,961
Subject to passage of time	<u>8,815,763</u>
NET ASSETS WITH DONOR RESTRICTIONS	<u>\$ 9,674,724</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	\$ 1,715,357
Timing restrictions accomplished	<u>4,564,846</u>
NET ASSETS RELEASED FROM DONOR RESTRICTIONS	<u>\$ 6,280,203</u>

MALALA FUND

**NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2021**

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	\$ 17,532,053
Investments	748,548
Accounts receivable	171,914
Pledges receivable, current	<u>6,030,487</u>
Subtotal financial assets available within one year	24,483,002
Less: Board designated funds	(4,002,167)
Less: Donor restricted funds	<u>(858,961)</u>

**TOTAL FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS
FOR GENERAL EXPENDITURES WITHIN ONE YEAR** **\$ 19,621,874**

The Organization has a policy to structure its financial assets to be available and liquid as its obligations become due. As of March 31, 2021, the Organization has financial assets equal to approximately 21 months of operating expenses. Board designated funds can be drawn upon if the Board of Directors approves such action.

7. LEASE COMMITMENTS

The Organization leases various month-to-month work-station office spaces in Washington, D.C. and New York. Rent expense for the year ended March 31, 2021 was \$99,423.

Subsequent to year-end, the Organization signed a lease agreement for office space in Washington, D.C. that commences on July 1, 2021 and terminates on July 31, 2029. Base rent under this agreement is \$23,276 per month, increasing by a factor of 2.5% per year. Under the lease agreement, the Organization will receive rent abatement for nine months of the lease.

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

Year Ending March 31,

2022	\$ 209,484
2023	284,550
2024	291,663
2025	298,955
2026	306,429
Thereafter	<u>1,077,385</u>
	<u>\$ 2,468,466</u>

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, 2021 totaled \$81,238.

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NOTES TO FINANCIAL STATEMENTS MARCH 31, 2021

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, 2021, the Organization made grant payments to The Malala Fund UK totaling \$1,573,424 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, 2021.

10. SUBSEQUENT EVENTS

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through August 10, 2021, the date the financial statements were issued.