

CONSOLIDATED FINANCIAL STATEMENTS

THE MALALA FUND

**FOR THE YEAR ENDED MARCH 31, 2024
WITH SUMMARIZED FINANCIAL
INFORMATION FOR 2023**

THE MALALA FUND

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CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying consolidated financial statements of The Malala Fund US and The Malala Fund Nigeria (collectively, "the Organization"), which comprise the consolidated statement of financial position as of March 31, 2024, and the related consolidated statements of activities and change in net assets, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Organization as of March 31, 2024, and the consolidated change in its net assets and its consolidated 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 Consolidated 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated 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 consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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.

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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 consolidated 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 consolidated 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 consolidated 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 consolidated 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 2023 financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated September 29, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended March 31, 2023, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating schedule of financial position and consolidating schedule of activities and change in net assets on pages 17 and 18 are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.



September 10, 2024

THE MALALA FUND
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF MARCH 31, 2024
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2023

ASSETS		<u>2024</u>	<u>2023</u>
CURRENT ASSETS			
Cash and cash equivalents	\$	13,825,899	\$ 15,681,554
Investments		28,421,681	29,964,863
Contributions receivable		51,145	175,238
Pledges receivable		8,845,389	8,965,266
Prepaid expenses		<u>194,889</u>	<u>151,344</u>
Total current assets		<u>51,339,003</u>	<u>54,938,265</u>
FIXED ASSETS			
Furniture and fixtures		19,172	19,172
Leasehold improvements		154,283	154,283
Less: Accumulated depreciation and amortization		<u>(53,918)</u>	<u>(29,159)</u>
Net fixed assets		<u>119,537</u>	<u>144,296</u>
LONG-TERM ASSETS			
Pledges receivable, net		11,445,652	14,997,303
Right-of-use assets, net		1,321,648	1,481,620
Security deposits		<u>50,138</u>	<u>51,128</u>
Total long-term assets		<u>12,817,438</u>	<u>16,530,051</u>
TOTAL ASSETS	\$	<u>64,275,978</u>	<u>71,612,612</u>
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accounts payable and accrued liabilities	\$	433,692	\$ 407,691
Accrued salaries and related benefits		518,660	307,300
Grants payable		9,060,316	9,263,764
Operating lease liabilities		<u>222,870</u>	<u>184,998</u>
Total current liabilities		<u>10,235,538</u>	<u>10,163,753</u>
LONG-TERM LIABILITIES			
Grants payable, net		2,962,116	2,947,300
Operating lease liabilities, net		<u>1,251,445</u>	<u>1,440,366</u>
Total long-term liabilities		<u>4,213,561</u>	<u>4,387,666</u>
Total liabilities		<u>14,449,099</u>	<u>14,551,419</u>
NET ASSETS			
Without donor restrictions		30,009,338	33,907,226
With donor restrictions		<u>19,817,541</u>	<u>23,153,967</u>
Total net assets		<u>49,826,879</u>	<u>57,061,193</u>
TOTAL LIABILITIES AND NET ASSETS	\$	<u>64,275,978</u>	<u>71,612,612</u>

See accompanying notes to financial statements.

THE MALALA FUND

**CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2024
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2023**

	2024			2023
	Without Donor Restrictions	With Donor Restrictions	Total	Total
REVENUE AND SUPPORT				
Grants and contributions	\$ 4,462,153	\$ 12,061,983	\$ 16,524,136	\$ 55,317,404
Net investment return	2,505,543	-	2,505,543	(366,842)
Contributed nonfinancial assets	489,488	-	489,488	186,035
Other revenue	2,322	-	2,322	3,203
Net assets released from donor restrictions	<u>15,398,409</u>	<u>(15,398,409)</u>	<u>-</u>	<u>-</u>
Total revenue and support	<u>22,857,915</u>	<u>(3,336,426)</u>	<u>19,521,489</u>	<u>55,139,800</u>
EXPENSES				
Program Services:				
Programs and Advocacy	20,730,852	-	20,730,852	21,340,080
Communication and Digital	<u>1,360,604</u>	<u>-</u>	<u>1,360,604</u>	<u>1,321,933</u>
Total program services	<u>22,091,456</u>	<u>-</u>	<u>22,091,456</u>	<u>22,662,013</u>
Supporting Services:				
Management and General	3,021,900	-	3,021,900	2,536,535
Fundraising	<u>1,642,447</u>	<u>-</u>	<u>1,642,447</u>	<u>1,587,389</u>
Total supporting services	<u>4,664,347</u>	<u>-</u>	<u>4,664,347</u>	<u>4,123,924</u>
Total expenses	<u>26,755,803</u>	<u>-</u>	<u>26,755,803</u>	<u>26,785,937</u>
Change in net assets	(3,897,888)	(3,336,426)	(7,234,314)	28,353,863
Net assets at beginning of year	<u>33,907,226</u>	<u>23,153,967</u>	<u>57,061,193</u>	<u>28,707,330</u>
NET ASSETS AT END OF YEAR	<u>\$ 30,009,338</u>	<u>\$ 19,817,541</u>	<u>\$ 49,826,879</u>	<u>\$ 57,061,193</u>

THE MALALA FUND

**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED MARCH 31, 2024
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2023**

	2024						2023	
	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	\$ 2,953,646	\$ 941,848	\$ 3,895,494	\$ 1,005,046	\$ 1,357,625	\$ 2,362,671	\$ 6,258,165	\$ 4,461,515
Grant expenses	13,612,170	-	13,612,170	-	-	-	13,612,170	15,887,539
Professional services	2,679,052	175,190	2,854,242	996,007	53,192	1,049,199	3,903,441	3,482,905
Travel	1,004,185	22,261	1,026,446	132,049	23,323	155,372	1,181,818	1,338,941
Occupancy	137,572	144,622	282,194	103,761	16,546	120,307	402,501	430,937
Insurance	-	-	-	54,254	-	54,254	54,254	83,496
Office expenses	29,166	15,740	44,906	66,611	3,666	70,277	115,183	98,356
Office equipment and software	22,838	34,714	57,552	177,863	31,439	209,302	266,854	182,315
Financial fees	10,021	6,622	16,643	33,967	35,817	69,784	86,427	199,283
Meetings and events	239,565	-	239,565	10,396	3,823	14,219	253,784	337,421
Contributed nonfinancial assets	12,951	16,062	29,013	416,842	43,633	460,475	489,488	186,035
Honorariums and other expenses	29,686	3,545	33,231	25,104	73,383	98,487	131,718	97,194
TOTAL	\$ 20,730,852	\$ 1,360,604	\$ 22,091,456	\$ 3,021,900	\$ 1,642,447	\$ 4,664,347	\$ 26,755,803	\$ 26,785,937

See accompanying notes to financial statements.

THE MALALA FUND

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2024
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2023**

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (7,234,314)	\$ 28,353,863
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities:		
Depreciation and amortization	24,759	22,901
Unrealized (gain) loss on investments	(1,853,379)	842,471
Realized loss on investments	311,851	183,961
Donated securities received	(665,730)	(504,547)
Proceeds from sale of donated securities received	662,635	487,999
Realized loss on donated securities	3,095	16,548
Change in allowance for doubtful accounts	-	876
Change in discount on long-term receivables	(678,349)	2,234,785
Amortization of right-of-use assets	201,339	185,492
Decrease (increase) in:		
Contributions receivable	124,093	(44,657)
Pledges receivable	4,349,877	(20,568,000)
Prepaid expenses	(43,545)	(56,719)
Security deposits	990	(12,787)
Increase (decrease) in:		
Accounts payable and accrued liabilities	26,001	93,212
Accrued salaries and related benefits	211,360	17,675
Grants payable	(188,632)	2,759,642
Operating lease liabilities	<u>(192,416)</u>	<u>(169,251)</u>
Net cash (used) provided by operating activities	<u>(4,940,365)</u>	<u>13,843,464</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of fixed assets	-	(77,094)
Purchase of investments	(1,463,123)	(15,574,578)
Proceeds from sale of investments	<u>4,547,833</u>	<u>22,100</u>
Net cash provided (used) by investing activities	<u>3,084,710</u>	<u>(15,629,572)</u>
Net decrease in cash and cash equivalents	(1,855,655)	(1,786,108)
Cash and cash equivalents at beginning of year	<u>15,681,554</u>	<u>17,467,662</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 13,825,899</u>	<u>\$ 15,681,554</u>
SUPPLEMENTAL INFORMATION:		
Right-of-Use Assets	<u>\$ 41,367</u>	<u>\$ 1,773,005</u>
Operating Lease Liabilities for Right-of-Use Assets	<u>\$ 41,367</u>	<u>\$ 1,773,005</u>

See accompanying notes to financial statements.

THE MALALA FUND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Organization -

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

On March 12, 2021, a corporation registration was approved in Nigeria for The Malala Fund Nigeria. The creation of The Malala Fund Nigeria allows for hiring of local staff in Nigeria and expansion of work in that country. The Malala Fund US and The Malala Fund UK are the sole members of The Malala Fund Nigeria. The Malala Fund Nigeria is a legally registered organization located in Abuja, Nigeria.

Principles of consolidation -

The accounts of The Malala Fund US have been consolidated with The Malala Fund Nigeria (collectively, "the Organization") in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) which require that financially interrelated organizations be consolidated. All intercompany transactions and balances have been eliminated in consolidation.

Basis of presentation -

The accompanying consolidated financial statements are presented on the accrual basis of accounting, and in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) related to nonprofit 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, 2024 was \$6,982,173, which are to be used for an operating reserve.

Net Assets With Donor Restrictions - Net assets may be subject to donor-imposed stipulations that are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Donor imposed restrictions are released when the restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Other donor imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. 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 consolidated 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.

THE MALALA FUND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2024

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

Basis of presentation (continued) -

Accordingly, such information should be read in conjunction with the Organization's consolidated financial statements for the year ended March 31, 2023, from which the summarized information was derived.

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 \$147,351 for the year ended March 31, 2024. 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.

The Organization had \$237,113 of cash and cash equivalents held at financial institutions in foreign countries at March 31, 2024. The majority of funds invested in foreign countries are uninsured.

Investments -

Investments are recorded at their readily determinable fair value. Interest, dividends, realized and unrealized gains and losses are included in investment return, which is presented net of investment expenses paid to external investment advisors, in the accompanying Consolidated Statement of Activities and Change in Net Assets. 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.

Contributions and pledges receivable -

Contributions and pledges receivables include unconditional promises to give that are expected to be collected in future years. Contributions and pledges receivables are recorded at their fair value, which is measured as the present value of the future cash flows. The discount on long-term contributions and pledges receivables are computed using the risk-adjusted interest rates applicable to the years in which the promises to give were received. Amortization of the discount is included in grants and contributions revenue.

Fixed assets -

Fixed assets in excess of \$5,000 are capitalized and stated at cost. Fixed assets are depreciated on a straight-line basis over the estimated useful lives of the related assets, generally three to seven years. Leasehold improvements are amortized over the lesser of the useful life of the asset or the remaining life term of the lease. The cost of maintenance and repairs is recorded as expenses are incurred. Depreciation and amortization expense totaled \$24,759 for the year ended March 31, 2024.

THE MALALA FUND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2024

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

Grants payable -

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

Income taxes -

The Malala Fund US is exempt from Federal income taxes under Section 501(a) of the Internal Revenue Code ("IRC"), as an organization described in IRC Section 501(c)(3). Accordingly, no provision for income taxes has been made in the accompanying consolidated financial statements. The Malala Fund is not a private foundation.

The Malala Fund Nigeria is a company limited by guarantee registered under the laws and regulations of Nigeria. As long as its activities are exclusively for charitable purposes, its income is exempt from taxation in Nigeria.

Support from grants and contributions -

Contributions are recognized in the appropriate category of net assets in the period received. The Organization performs an analysis of the individual contribution agreement to determine if the funding stream follows the contribution rules or if it should be recorded as an exchange transaction depending upon whether the transaction is deemed reciprocal or nonreciprocal in accordance with ASC Topic 958.

Support from contributions is recognized upon notification of the award and satisfaction of all conditions, if applicable. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Contributions, including grants qualifying as contributions, that are unconditional but 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. Contributions with donor restrictions either in excess of expenses incurred or with time restrictions are shown as net assets with donor restrictions in the accompanying consolidated financial statements. Contributions that are both received and released from restrictions in the same year are classified as without donor restrictions.

Conditional contributions contain a right of return and a measurable barrier. Contributions are recognized when conditions have been satisfied. Conditional contributions received in advance of meeting specified conditions established by donors are recorded as refundable advances. However, the Organization had no refundable advances as of March 31, 2024.

In addition, the Organization may obtain funding source agreements related to conditional contributions, which will be received in future years. However, the Organization had no conditional contributions to be received in future years as of March 31, 2024.

Contributed nonfinancial assets -

Contributed nonfinancial assets are recorded at their fair value as of the date of the gift and consisted of contributed consultant services, investment management fees, software, and professional development.

THE MALALA FUND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2024

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

Contributed nonfinancial assets (continued) -

Contributed services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. None of the contributed nonfinancial assets were restricted by donors and none of the donated goods were monetized through sale.

Foreign currency translation -

The U.S. Dollar is the functional currency for the Organization's worldwide operations. Transactions in currencies other than U.S. Dollars are translated into dollars at the rate of exchange in effect during the month of the transaction. Assets and liabilities denominated in currencies other than U.S. Dollars are translated into Dollars at the exchange rate in effect at the date of the Consolidated Statement of Financial Position.

Use of estimates -

The preparation of the consolidated 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 consolidated 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.

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 consolidated 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 Consolidated 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.

Reclassification -

Certain amounts in the prior year's consolidated financial statements have been reclassified to conform to the current year's presentation. These reclassifications had no effect on the previously reported consolidated changes in net assets.

THE MALALA FUND

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2024**

2. INVESTMENTS AND FAIR VALUE MEASUREMENT

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 Consolidated 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, 2024. 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 are deemed to be actively traded.
- *Equities and Exchange Traded Funds (ETFs)* - Valued at the closing price reported on the active market in which the individual securities are traded.
- *Fixed Income* - Fair value is based upon current yields available on comparable securities of issuers with similar ratings, the security's terms and conditions, and interest rate and credit risk.

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, 2024:

Asset Class:	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market funds	\$ 147,351	\$ -	\$ -	\$ 147,351
Equities	4,340,716	-	-	4,340,716
Exchange traded funds	142,529	-	-	142,529
Fixed income	<u>23,791,085</u>	<u>-</u>	<u>-</u>	<u>23,791,085</u>
TOTAL INVESTMENTS	<u>\$ 28,421,681</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,421,681</u>

THE MALALA FUND

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2024**

2. INVESTMENTS AND FAIR VALUE MEASUREMENT (Continued)

Net investment return consisted of the following for the year ended March 31, 2024:

Interest and dividends	\$ 1,004,943
Unrealized gain	1,853,379
Realized loss	(314,946)
Investment fees	<u>(37,833)</u>
NET INVESTMENT RETURN	<u>\$ 2,505,543</u>

3. PLEDGES RECEIVABLE

As of March 31, 2024, contributors to the Organization have made unconditional written promises to give, of which \$21,873,593 remained due and outstanding. Amounts due beyond one year of the Consolidated Statement of Financial Position date have been recorded at the present value of the estimated cash flows, using a discount rate of approximately 5.33%. Following is a schedule of amounts due, by year, as of March 31, 2024:

Less than one year	\$ 8,853,593
One to five years	<u>13,020,000</u>
Total	21,873,593
Less: Allowance to discount balance to present value	(1,574,348)
Less: Allowance for uncollectable amounts	<u>(8,204)</u>
TOTAL PLEDGES RECEIVABLE, NET	<u>\$ 20,291,041</u>

4. GRANTS PAYABLE

As of March 31, 2024, the Organization's outstanding obligations to its grantees totaled \$12,022,432. Grants authorized and expensed during the year ended March 31, 2024 totaled \$13,612,170. Following is a schedule of future grant payments:

<u>Year Ending March 31,</u>	
2025	\$ 9,060,316
2026	1,879,116
2027	<u>1,083,000</u>
TOTAL GRANTS PAYABLE	<u>\$ 12,022,432</u>

5. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at March 31, 2024:

Subject to expenditure for specified purpose	\$ 582,300
Subject to passage of time	<u>19,235,241</u>
NET ASSETS WITH DONOR RESTRICTIONS	<u>\$ 19,817,541</u>

THE MALALA FUND

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2024**

5. NET ASSETS WITH DONOR RESTRICTIONS (Continued)

The following net assets with donor restrictions were released from donor restrictions either by incurring expenses which satisfied the restricted purposes specified by the donors or through the passage of time during the year ended March 31, 2024:

Purpose restrictions accomplished	\$ 5,061,578
Timing restrictions accomplished	<u>10,336,831</u>
NET ASSETS RELEASED FROM DONOR RESTRICTIONS	<u>\$ 15,398,409</u>

6. CONTRIBUTED NONFINANCIAL ASSETS

During the year ended March 31, 2024, the Organization was the beneficiary of donated goods and services which allowed the Organization to provide greater resources toward various programs. Contributed goods and services are based on values provided by the donor. There were no donor-imposed restrictions associated with the contributed nonfinancial assets during the year ended March 31, 2024. To properly reflect total program expenses, the following donations have been included in revenue and expense for the year ended March 31, 2024.

Donated consulting	\$ 310,990
Donated investment management fees	88,278
Donated software	51,520
Donated professional development	<u>38,700</u>
TOTAL	<u>\$ 489,488</u>

The following programs have benefited from these contributed nonfinancial assets:

Programs and Advocacy	\$ 12,951
Communication and Digital	16,062
Management and General	416,842
Fundraising	<u>43,633</u>
TOTAL	<u>\$ 489,488</u>

7. LIQUIDITY AND AVAILABILITY

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

Cash and cash equivalents	\$ 13,825,899
Investments	28,421,681
Contributions receivable	51,145
Pledges receivable	<u>20,291,041</u>
Subtotal financial assets available within one year	62,589,766
Less: Board designated funds	(6,982,173)
Less: Donor restricted funds	<u>(13,602,300)</u>
TOTAL FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR	<u>\$ 42,005,293</u>

THE MALALA FUND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2024

7. LIQUIDITY AND AVAILABILITY (Continued)

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.

8. LEASE COMMITMENTS

The Organization follows FASB ASC 842 for leases. The Organization has elected the practical expedient that allows lessees to choose to not separate lease and non-lease components by class of underlying asset and is applying this expedient to all relevant asset classes. The Organization has also elected to use a risk-free rate as the lease discount rate for all leases as allowed under FASB ASC 842.

Operating Leases:

In 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.

Additionally, the Organization leases office space in Islamabad, Pakistan under an agreement that originated on October 21, 2023 and terminates on October 21, 2025. Base rent is \$1,866 per month through the life of the lease.

The Organization also has various short-term lease agreements in New York and Nigeria.

For the year ended March 31, 2024, the total lease cost for all operating leases was \$379,639 which is included in occupancy expense in the accompanying Consolidated Statement of Functional Expenses. For the year ended March 31, 2024, the total cash paid for all operating leases was \$370,715. As of March 31, 2024, the weighted-average remaining lease term and rate for operating leases is 5.41 years and 5.25%.

The following is a schedule of the future minimum lease payments due under the operating leases, net of imputed interest, as of March 31, 2024:

<u>Year Ending March 31,</u>	
2025	\$ 295,058
2026	292,545
2027	313,447
2028	321,283
2029	329,315
Thereafter	<u>154,033</u>
Subtotal	1,705,681
Less: Imputed interest	(231,366)
Less: Current portion	<u>(222,870)</u>
LONG-TERM PORTION	<u>\$ 1,251,445</u>

THE MALALA FUND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2024

9. 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, 2024 totaled \$142,444 and are included in Personnel in the accompanying Consolidated Statement of Functional Expenses.

10. 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, 2024, the Organization made grant payments to The Malala Fund UK totaling \$2,974,631 which is included in grant expenses in the accompanying Consolidated Statement of Functional Expenses.

11. SUBSEQUENT EVENTS

As part of a strategic review of the Organization's programming, the Organization went through a restructuring process that was completed in March 2024. This resulted in some staff positions being considered redundant. The Organization and each of the impacted employees signed agreements in April 2024 outlining the terms of their termination and calculated severance payments. Total severance payments in the fiscal year ended March 31, 2025 are expected to be approximately \$238,000. No other legal liabilities are known related to the restructuring and the Organization considers the possibility of legal liability to be remote.

In preparing these consolidated financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through September 10, 2024, the date the consolidated financial statements were issued.

SUPPLEMENTAL INFORMATION

THE MALALA FUND US AND THE MALALA FUND NIGERIA
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
AS OF MARCH 31, 2024

	ASSETS			
	<u>The Malala Fund US</u>	<u>The Malala Fund Nigeria</u>	<u>Eliminations</u>	<u>Total</u>
CURRENT ASSETS				
Cash and cash equivalents	\$ 13,790,272	\$ 35,627	\$ -	\$ 13,825,899
Investments	28,421,681	-	-	28,421,681
Contributions receivable	51,145	-	-	51,145
Pledges receivable	8,845,389	-	-	8,845,389
Prepaid expenses	189,970	4,919	-	194,889
Total current assets	<u>51,298,457</u>	<u>40,546</u>	<u>-</u>	<u>51,339,003</u>
FIXED ASSETS				
Furniture and fixtures	19,172	-	-	19,172
Leasehold improvements	154,283	-	-	154,283
Less: Accumulated depreciation and amortization	<u>(53,918)</u>	<u>-</u>	<u>-</u>	<u>(53,918)</u>
Net fixed assets	<u>119,537</u>	<u>-</u>	<u>-</u>	<u>119,537</u>
LONG-TERM ASSETS				
Pledges receivable, net	11,445,652	-	-	11,445,652
Right-of-use assets, net	1,321,648	-	-	1,321,648
Security deposits	48,451	1,687	-	50,138
Total long-term assets	<u>12,815,751</u>	<u>1,687</u>	<u>-</u>	<u>12,817,438</u>
TOTAL ASSETS	<u>\$ 64,233,745</u>	<u>\$ 42,233</u>	<u>\$ -</u>	<u>\$ 64,275,978</u>
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts payable and accrued liabilities	\$ 417,518	\$ 16,174	\$ -	\$ 433,692
Accrued salaries and related benefits	481,129	37,531	-	518,660
Grants payable	9,060,316	-	-	9,060,316
Operating lease liabilities	222,870	-	-	222,870
Total current liabilities	<u>10,181,833</u>	<u>53,705</u>	<u>-</u>	<u>10,235,538</u>
LONG-TERM LIABILITIES				
Grants payable, net	2,962,116	-	-	2,962,116
Operating lease liabilities, net	1,251,445	-	-	1,251,445
Total long-term liabilities	<u>4,213,561</u>	<u>-</u>	<u>-</u>	<u>4,213,561</u>
Total Liabilities	<u>14,395,394</u>	<u>53,705</u>	<u>-</u>	<u>14,449,099</u>
NET ASSETS				
Without donor restrictions	30,020,810	(11,472)	-	30,009,338
With donor restrictions	19,817,541	-	-	19,817,541
Total net assets	<u>49,838,351</u>	<u>(11,472)</u>	<u>-</u>	<u>49,826,879</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 64,233,745</u>	<u>\$ 42,233</u>	<u>\$ -</u>	<u>\$ 64,275,978</u>

THE MALALA US FUND AND THE MALALA FUND NIGERIA
CONSOLIDATING SCHEDULE OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2024

	THE MALALA FUND US			THE MALALA FUND NIGERIA			Eliminations	Total
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total		
REVENUE AND SUPPORT								
Grants and contributions	\$ 4,462,153	\$ 12,061,983	\$ 16,524,136	\$ 450,000	\$ -	\$ 450,000	\$ (450,000)	\$ 16,524,136
Net investment return	2,505,543	-	2,505,543	-	-	-	-	2,505,543
Contributed nonfinancial assets	489,488	-	489,488	64,056	-	64,056	(64,056)	489,488
Other revenue	2,322	-	2,322	-	-	-	-	2,322
Net assets released from donor restrictions	15,398,409	(15,398,409)	-	-	-	-	-	-
Total revenue and support	<u>22,857,915</u>	<u>(3,336,426)</u>	<u>19,521,489</u>	<u>514,056</u>	<u>-</u>	<u>514,056</u>	<u>(514,056)</u>	<u>19,521,489</u>
EXPENSES								
Program Services:								
Programs and Advocacy	20,733,624	-	20,733,624	482,458	-	482,458	(485,230)	20,730,852
Communication and Digital	1,360,604	-	1,360,604	-	-	-	-	1,360,604
Total program services	<u>22,094,228</u>	<u>-</u>	<u>22,094,228</u>	<u>482,458</u>	<u>-</u>	<u>482,458</u>	<u>(485,230)</u>	<u>22,091,456</u>
Supporting Services:								
Management and General	2,986,178	-	2,986,178	64,548	-	64,548	(28,826)	3,021,900
Fundraising	1,642,447	-	1,642,447	-	-	-	-	1,642,447
Total supporting services	<u>4,628,625</u>	<u>-</u>	<u>4,628,625</u>	<u>64,548</u>	<u>-</u>	<u>64,548</u>	<u>(28,826)</u>	<u>4,664,347</u>
Total expenses	<u>26,722,853</u>	<u>-</u>	<u>26,722,853</u>	<u>547,006</u>	<u>-</u>	<u>547,006</u>	<u>(514,056)</u>	<u>26,755,803</u>
Change in net assets	(3,864,938)	(3,336,426)	(7,201,364)	(32,950)	-	(32,950)	-	(7,234,314)
Net assets at beginning of year	33,885,748	23,153,967	57,039,715	21,478	-	21,478	-	57,061,193
NET ASSETS AT END OF YEAR	<u>\$ 30,020,810</u>	<u>\$ 19,817,541</u>	<u>\$ 49,838,351</u>	<u>\$ (11,472)</u>	<u>\$ -</u>	<u>\$ (11,472)</u>	<u>\$ -</u>	<u>\$ 49,826,879</u>