

*Financial Statements*

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**KODAI FRIENDS INTERNATIONAL, INC.**

**FOR THE YEARS ENDED  
JUNE 30, 2025 AND 2024  
AND  
INDEPENDENT AUDITORS' REPORT**

*Leone,  
McDonnell  
& Roberts*  
PROFESSIONAL ASSOCIATION

CERTIFIED PUBLIC ACCOUNTANTS

**KODAL FRIENDS INTERNATIONAL, INC.**  
**FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2025 AND 2024**

**TABLE OF CONTENTS**

	<b><u>Page(s)</u></b>
Independent Auditors' Report	1 - 2
Financial Statements:	
Statements of Financial Position	3
Statements of Activities	4 - 5
Statements of Functional Expenses	6 - 7
Statements of Cash Flows	8
Notes to Financial Statements	9 - 19

## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors of  
Kodai Friends International, Inc.

### **Opinion**

We have audited the accompanying financial statements of Kodai Friends International, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2025 and 2024, and the related statements of activities, functional expenses, and cash flows for the years 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 Kodai Friends International, Inc. as of June 30, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Kodai Friends International, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **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 Kodai Friends International, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## **Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements 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 Kodai Friends International, Inc.'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 Kodai Friends International, Inc.'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.

*Leone McDonnell & Roberts  
Professional Association*

Dover, New Hampshire  
December 5, 2025

**KODAI FRIENDS INTERNATIONAL, INC.**

**STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2025 AND 2024**

	<b><u>2025</u></b>	<b><u>2024</u></b>
<b><u>ASSETS</u></b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 80,609	\$ 157,829
Accounts receivable	<u>245</u>	<u>3,459</u>
Total current assets	<u>80,854</u>	<u>161,288</u>
<b>NONCURRENT ASSETS</b>		
Investments	4,144,438	3,858,394
Beneficial interest in charitable trust	87,583	82,243
Cash surrender value of life insurance	<u>-</u>	<u>16,753</u>
Total noncurrent assets	<u>4,232,021</u>	<u>3,957,390</u>
Total assets	<u>\$ 4,312,875</u>	<u>\$ 4,118,678</u>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 3,319	\$ 468
Related party grants payable	-	33,500
Accrued expenses	<u>905</u>	<u>2,205</u>
Total liabilities	<u>4,224</u>	<u>36,173</u>
<b>NET ASSETS</b>		
Without donor restrictions	3,994,269	3,680,430
With donor restrictions	<u>314,382</u>	<u>402,075</u>
Total net assets	<u>4,308,651</u>	<u>4,082,505</u>
Total liabilities and net assets	<u>\$ 4,312,875</u>	<u>\$ 4,118,678</u>

See Notes to Financial Statements

**KODAI FRIENDS INTERNATIONAL, INC.**

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2025**

	<b><u>Without Donor Restrictions</u></b>	<b><u>With Donor Restrictions</u></b>	<b><u>Total</u></b>
<b>REVENUES, GAINS, AND OTHER PUBLIC SUPPORT</b>			
Contributions	\$ 31,290	\$ 55,071	\$ 86,361
Investment income	391,877	-	391,877
Gain on beneficial interest in charitable trust	5,340	-	5,340
Gain on donated life insurance policy	<u>1,972</u>	<u>-</u>	<u>1,972</u>
Total revenues, gains, and other public support	430,479	55,071	485,550
Net assets released from restrictions	<u>142,764</u>	<u>(142,764)</u>	<u>-</u>
Total revenues, gains, other public support, and net assets released from restrictions	<u>573,243</u>	<u>(87,693)</u>	<u>485,550</u>
<b>EXPENSES</b>			
Program	196,169	-	196,169
General and administrative	42,471	-	42,471
Fundraising	<u>20,764</u>	<u>-</u>	<u>20,764</u>
Total expenses	<u>259,404</u>	<u>-</u>	<u>259,404</u>
<b>CHANGES IN NET ASSETS</b>	<u>313,839</u>	<u>(87,693)</u>	<u>226,146</u>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>3,680,430</u>	<u>402,075</u>	<u>4,082,505</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 3,994,269</u>	<u>\$ 314,382</u>	<u>\$ 4,308,651</u>

See Notes to Financial Statements

**KODAI FRIENDS INTERNATIONAL, INC.**

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2024**

	<b><u>Without Donor Restrictions</u></b>	<b><u>With Donor Restrictions</u></b>	<b><u>Total</u></b>
<b>REVENUES, GAINS, AND OTHER PUBLIC SUPPORT</b>			
Contributions	\$ 36,031	\$ 191,927	\$ 227,958
Investment income	439,653	-	439,653
Gain on beneficial interest in charitable trust	992	-	992
Gain on donated life insurance policy	<u>360</u>	<u>-</u>	<u>360</u>
Total revenues, gains, and other public support	477,036	191,927	668,963
Net assets released from restrictions	<u>54,929</u>	<u>(54,929)</u>	<u>-</u>
Total revenues, gains, other public support, and net assets released from restrictions	<u>531,965</u>	<u>136,998</u>	<u>668,963</u>
<b>EXPENSES</b>			
Program	23,091	-	23,091
General and administrative	40,656	-	40,656
Fundraising	<u>8,872</u>	<u>-</u>	<u>8,872</u>
Total expenses	<u>72,619</u>	<u>-</u>	<u>72,619</u>
<b>CHANGES IN NET ASSETS</b>	<u>459,346</u>	<u>136,998</u>	<u>596,344</u>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>3,221,084</u>	<u>265,077</u>	<u>3,486,161</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 3,680,430</u>	<u>\$ 402,075</u>	<u>\$ 4,082,505</u>

See Notes to Financial Statements

**KODAI FRIENDS INTERNATIONAL, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2025**

	<b><u>PROGRAM</u></b>	<b><u>GENERAL AND ADMINISTRATIVE</u></b>	<b><u>FUNDRAISING</u></b>	<b><u>TOTAL</u></b>
Salaries and wages	\$ 5,197	\$ 10,393	\$ 5,197	\$ 20,787
Grants paid	175,405	-	-	175,405
Professional fees	8,625	17,248	8,625	34,498
Printing and postage	5	959	5	969
Travel and meetings	127	254	127	508
Office expense	81	160	81	322
Other	<u>6,729</u>	<u>13,457</u>	<u>6,729</u>	<u>26,915</u>
Total functional expenses	<u>\$ 196,169</u>	<u>\$ 42,471</u>	<u>\$ 20,764</u>	<u>\$ 259,404</u>

See Notes to Financial Statements

**KODAI FRIENDS INTERNATIONAL, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2024**

	<b><u>PROGRAM</u></b>	<b><u>GENERAL AND ADMINISTRATIVE</u></b>	<b><u>FUNDRAISING</u></b>	<b><u>TOTAL</u></b>
Salaries and wages	\$ 5,824	\$ 11,649	\$ 5,824	\$ 23,297
Professional fees	258	22,471	258	22,987
Grants paid	14,216	-	-	14,216
Printing and postage	16	982	16	1,014
Travel and meetings	144	289	144	577
Office expense	34	68	34	136
Other	<u>2,599</u>	<u>5,197</u>	<u>2,596</u>	<u>10,392</u>
Total functional expenses	<u>\$ 23,091</u>	<u>\$ 40,656</u>	<u>\$ 8,872</u>	<u>\$ 72,619</u>

See Notes to Financial Statements

**KODAI FRIENDS INTERNATIONAL, INC.**

**STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024**

	<b><u>2025</u></b>	<b><u>2024</u></b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Changes in net assets	\$ 226,146	\$ 596,344
Adjustments to reconcile changes in net assets to net cash from operating activities:		
Net realized and unrealized gain on investments	(331,284)	(376,758)
Gain on beneficial interest in charitable trust	(5,340)	(992)
Gain on donated life insurance policy value	(1,972)	(360)
Life insurance proceeds	18,725	-
(Increase) decrease in assets:		
Accounts receivable	3,214	78
Increase (decrease) in liabilities:		
Accounts payable	2,851	164
Related party grants payable	(33,500)	(92,637)
Accrued expenses	<u>(1,300)</u>	<u>(692)</u>
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<u>(122,460)</u>	<u>125,147</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of investments	(1,643,374)	(3,611,070)
Proceeds from sale of investments	<u>1,688,614</u>	<u>3,456,670</u>
<b>NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES</b>	<u>45,240</u>	<u>(154,400)</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(77,220)	(29,253)
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>157,829</u>	<u>187,082</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 80,609</u>	<u>\$ 157,829</u>
<b>NONCASH INVESTING ACTIVITIES</b>		
Receipt of donated life insurance cash surrender value	<u>\$ -</u>	<u>\$ 360</u>

See Notes to Financial Statements

**KODAI FRIENDS INTERNATIONAL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2025 AND 2024**

**1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**General**

Kodai Friends International, Inc. (the "Organization") is a nonprofit Delaware corporation that receives donations from alumni and friends of Kodaikanal International School ("KIS") in India, and makes grants to fund scholarships and a variety of projects at KIS. The Organization is one of two successor organizations of Kodaikanal Woodstock International, Inc. ("KWI"). KWI was organized on May 15, 1972, to provide financial and administrative aid and support for two schools in India, KIS and Woodstock School. In mid-June 2005, the KWI Council of Members approved the motion to split KWI into two separate 501(c)(3) organizations. On July 1, 2006, KWI changed its name to Friends of Woodstock School, Inc. ("FWS"). Funds that had been held by KWI on behalf of both schools were divided between FWS and the Organization. The Organization was created to receive the net asset balances raised on behalf of KIS by KWI and to continue supporting KIS. The Organization is primarily funded by donations received from KIS alumni and the return on its investments.

**Basis of Accounting**

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

**Basis of Presentation**

The financial statements of the Organization have been prepared in accordance with U.S. Generally Accepted Accounting Principles (US GAAP), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and board of directors.

Net assets with donor restrictions – Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When these restrictions expire, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities. See **Note 8**.

**KODAI FRIENDS INTERNATIONAL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2025 AND 2024**

**Use of Estimates**

The preparation of 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Fair Value of Financial Instruments**

Cash, accounts receivable, accounts payable, accrued expenses and other liabilities are carried in the financial statements at amounts which approximate fair value. The fair values determined for financial instruments are estimates, which for certain accounts may differ significantly from the amounts that could be realized upon immediate liquidations. See **Note 3** regarding fair value of investments.

**Cash and Cash Equivalents**

The Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

**Accounts Receivable**

Receivables are valued at management's estimate of the amount that will ultimately be collected. Management's policy is to establish an allowance for doubtful accounts based on the specific identification of uncollectible accounts and the Organization's historical collection experience. All receivables are considered fully collectible at June 30, 2025 and 2024, and no allowance for doubtful accounts has been provided.

**Revenue Recognition Policy**

Contributions without donor restrictions are recorded when unconditionally pledged by the donors or upon receipt. Grants and contributions with donor restrictions (donations with time or purpose restrictions) are recognized as revenues and net assets with donor restrictions when received or unconditionally pledged. When a stipulated time restriction ends or a purpose restriction is accomplished, the amounts are shown as net assets released from restrictions in the accompanying statements of activities. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. Conditional contributions are recognized when the conditions are substantially met.

**Performance Obligations and Contract Assets and Liabilities**

All the performance obligations of contracts for the Organization are satisfied at a point in time. Revenue from performance obligations satisfied at a point in time consist of certain grants. There were no contract assets or liabilities for the years ended June 30, 2025 and 2024.

**KODAI FRIENDS INTERNATIONAL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2025 AND 2024**

**Investments**

Investments are initially reported at cost, if purchased, or at fair value, if donated. Thereafter, investments are reported at their fair values in the statements of financial position, and changes in fair value are reported as investment return in the statements of activities.

Purchases and sales of securities are reflected on a trade-date basis. Gains and losses on sales of securities are based on average cost and are recorded in the statements of activities in the period in which the securities are sold. Interest is recorded when earned. Dividends are accrued as of the ex-dividend date.

**Fair Value Measurements**

FASB ASC 820, "Fair Value Measurements and Disclosures" establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements), and the lowest priority to unobservable inputs (level 3 measurements).

The three levels of the fair value hierarchy under ASC 820 are described as follows:

- Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.
- Level 2: Significant other observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, and other inputs that are observable or can be corroborated by observable market data.
- Level 3: Significant unobservable inputs that reflect an entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

**KODAI FRIENDS INTERNATIONAL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2025 AND 2024**

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2025 and 2024.

Mutual Funds – Valued at the daily closing price as reported by the fund. Mutual funds held by the Organization are open-ended mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Organization are deemed to be actively traded.

Beneficial Interest in Charitable Trust – Consists of the Muysken Family Endowment Fund established by the donor in an account held and managed by the Presbyterian Church Foundation (the "Foundation"). The Organization's investment in the Muysken Family Endowment represents an interest in the investment pool held by the Foundation. The fair value of the beneficial interest in the Muysken Family Endowment is based on the value of the underlying assets owned, minus its liabilities, and then divided by the number of shares outstanding. Quantitative information about significant unobservable inputs is not readily available.

Cash Surrender Value of Life Insurance – The Organization is the owner and beneficiary of a life insurance policy that covers the life of a donor. The policy has a cash surrender value which is reported on the statements of financial position at the surrender value provided to the Organization by the insurance carrier.

At June 30, 2025 and 2024, the Organization's investments were classified as Level 1 and Level 3. For the years ended June 30, 2025 and 2024, the Organization classified \$4,144,438 and \$3,858,394 as Level 1, respectively. For the years ended June 30, 2025 and 2024, the Organization classified \$87,583 and \$98,996 as Level 3, respectively.

**Grants Payable**

The Organization records a liability for grants when they have been approved by the Board of Directors. Grants payable within one year are recorded at fair value at the date of approval. Grants payable in more than one year are recorded at the present value of their cash outflows using a risk-free rate of return. The Organization reports no grants payable at June 30, 2025 and \$33,500 at June 30, 2024. See **Note 9** regarding the grants payable balances at June 30, 2025 and 2024.

**KODAI FRIENDS INTERNATIONAL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2025 AND 2024**

**In-Kind Contributions**

The Organization recognizes donated services, if any, that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. No amounts have been recorded for contributed services for the years ended June 30, 2025 and 2024.

The Organization records the value of contributed goods when there is an objective basis available to measure their value. Contributed materials and equipment are recorded at their estimated values at the date of receipt. No amounts have been recorded for contributed materials and equipment for the years ended June 30, 2025 and 2024.

**Functional Allocation of Expenses**

Directly identifiable expenses are charged to programs and supporting services as incurred. Expenses related to more than one function are charged to programs and supporting services on the basis of expense analysis. General and administrative expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

**2. LIQUIDITY AND AVAILABILITY**

The following represents the Organization's financial assets as of June 30, 2025 and 2024:

	<b><u>2025</u></b>	<b><u>2024</u></b>
Financial assets at year-end:		
Cash and cash equivalents	\$ 80,609	\$ 157,829
Accounts receivable	245	3,459
Investments	4,144,438	3,858,394
Beneficial interest in charitable trust	87,583	82,243
Cash surrender value of life insurance	<u>-</u>	<u>16,753</u>
Total financial assets	<b><u>\$ 4,312,875</u></b>	<b><u>\$ 4,118,678</u></b>
Less amounts not available to be used within one year:		
Net assets with donor restrictions	\$ 314,382	\$ 402,075
Beneficial interest in charitable trust	87,583	82,243
Less net assets with purpose and time restrictions to be met in less than a year	<u>(68,539)</u>	<u>(142,764)</u>
Amounts not available within one year	<u>333,426</u>	<u>341,554</u>
Financial assets available to meet general expenditures over the next twelve months	<b><u>\$ 3,979,449</u></b>	<b><u>\$ 3,777,124</u></b>

**KODAI FRIENDS INTERNATIONAL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2025 AND 2024**

The Organization has a goal to maintain financial assets, which consist of cash and short-term investments, on hand to meet 60 days of normal operating expenses. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. To help manage unanticipated liquidity needs, the Organization has committed to having a substantial long-term investment portfolio, which it could draw upon.

**3. FAIR VALUE MEASUREMENTS**

The following table sets forth by level, within the fair value hierarchy, the Organization's financial instruments carried at fair value:

	<b>June 30, 2025</b>		
	<b><u>Level 1</u></b>	<b><u>Level 3</u></b>	<b><u>Total</u></b>
Mutual funds:			
Equity	\$ 3,093,227	\$ -	\$ 3,093,227
Fixed income	<u>1,051,211</u>	<u>-</u>	<u>1,051,211</u>
Total investments at fair value	4,144,438	-	4,144,438
Beneficial interest in charitable trust	<u>-</u>	<u>87,583</u>	<u>87,583</u>
Total assets at fair value	<u>\$ 4,144,438</u>	<u>\$ 87,583</u>	<u>\$ 4,232,021</u>
	<b>June 30, 2024</b>		
	<b><u>Level 1</u></b>	<b><u>Level 3</u></b>	<b><u>Total</u></b>
Mutual funds:			
Equity	\$ 2,856,284	\$ -	\$ 2,856,284
Fixed income	<u>1,002,110</u>	<u>-</u>	<u>1,002,110</u>
Total investments at fair value	3,858,394	-	3,858,394
Beneficial interest in charitable trust	-	82,243	82,243
Cash surrender value of life insurance	<u>-</u>	<u>16,753</u>	<u>16,753</u>
Total assets at fair value	<u>\$ 3,858,394</u>	<u>\$ 98,996</u>	<u>\$ 3,957,390</u>

**KODAI FRIENDS INTERNATIONAL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2025 AND 2024**

The following table summarizes the changes in the fair value of the Organization's Level 3 financial instruments for the years ended June 30, 2025 and 2024:

	<b><u>Beneficial Interest in Charitable Trust</u></b>
Balance, beginning of year July 1, 2023	\$ 81,251
Interest and dividends	3,186
Purchases	2,380
Unrealized gain	6,560
Sales	(5,132)
Other disbursements of cash	<u>(6,002)</u>
Balance, end of year, June 30, 2024	82,243
Interest and dividends	3,171
Purchases	2,379
Unrealized gain	5,889
Sales	(2,666)
Other disbursements of cash	<u>(3,433)</u>
Balance, end of year, June 30, 2025	<u>\$ 87,583</u>

**4. INVESTMENTS**

	<b>June 30, 2025</b>		<b>June 30, 2024</b>	
	<b><u>Cost</u></b>	<b><u>Fair Value</u></b>	<b><u>Cost</u></b>	<b><u>Fair Value</u></b>
Mutual funds	\$ 3,480,226	\$ 4,144,438	\$ 3,631,519	\$ 3,858,394
Total investments	<u>\$ 3,480,226</u>	<u>\$ 4,144,438</u>	<u>\$ 3,631,519</u>	<u>\$ 3,858,394</u>

The following summarizes the components of the investment gain for the years ended June 30:

	<b><u>2025</u></b>	<b><u>2024</u></b>
Interest and dividend income	\$ 89,545	\$ 87,316
Net unrealized gain (loss)	411,789	(53,520)
Net realized gain (loss)	(80,505)	430,278
Investment expenses	<u>(28,952)</u>	<u>(24,421)</u>
Total investment gain	<u>\$ 391,877</u>	<u>\$ 439,653</u>

**KODAI FRIENDS INTERNATIONAL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2025 AND 2024**

**5. CASH SURRENDER VALUE OF LIFE INSURANCE**

The Organization was the beneficiary of a donated life insurance policy. The cash surrender value of the policy was recognized in the statements of financial position. The policy was terminated during the year ended June 30, 2025.

**6. ENDOWMENT FUND**

Accounting standards for the classification and disclosure of endowments of not-for-profit organizations provide guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) and require additional disclosures about an organization’s endowment funds. The state of Delaware has adopted UPMIFA. The following disclosures are made as required by accounting standards:

- The endowment of Kodai Friends International, Inc. consists of five funds established in an account with the Presbyterian Church Foundation (the “Foundation”) by the Muysken family. The Foundation will distribute annually, within the first quarter of each year, a payment equal to all increases in the market value of the fund which exceed the consumer price index percentage increase for the previous calendar year. However, if in any year there is no increase in the market value of this fund as detailed above, no payment will be made to the Organization.

As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence of donor-imposed restrictions.

- The investment purpose of the endowment is to generate income to support the donor-imposed purpose. The Organization’s spending policy of the distributions from the Foundation is primarily demand driven. The funds are invested at the sole discretion of the Foundation, as required by the donor, in a fund which seeks long term growth of capital.

Endowment net assets composition by type of fund as of June 30, 2025 is as follows:

	<b><u>Without Donor</u></b> <b><u>Restrictions</u></b>	<b><u>With Donor</u></b> <b><u>Restrictions</u></b>	<b><u>Total</u></b>
Beneficial Interest in Charitable Trust	\$ <u>(15,742)</u>	\$ <u>103,325</u>	\$ <u>87,583</u>

**KODAI FRIENDS INTERNATIONAL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2025 AND 2024**

Changes in endowment net assets for the year ended June 30, 2025 are as follows:

	<b><u>Without Donor</u></b> <b><u>Restrictions</u></b>	<b><u>With Donor</u></b> <b><u>Restrictions</u></b>	<b><u>Total</u></b>
Endowment net assets, beginning of year	\$ (21,082)	\$ 103,325	\$ 82,243
Gain on beneficial interest in charitable trust	3,171	-	3,171
Purchases	2,379	-	2,379
Unrealized gain	5,889	-	5,889
Sales	(2,666)	-	(2,666)
Other disbursements of cash	<u>(3,433)</u>	<u>-</u>	<u>(3,433)</u>
Endowment net assets, end of year	<u>\$ (15,742)</u>	<u>\$ 103,325</u>	<u>\$ 87,583</u>

Endowment net assets composition by type of fund as of June 30, 2024 is as follows:

	<b><u>Without Donor</u></b> <b><u>Restrictions</u></b>	<b><u>With Donor</u></b> <b><u>Restrictions</u></b>	<b><u>Total</u></b>
Beneficial Interest in Charitable Trust	<u>\$ (21,082)</u>	<u>\$ 103,325</u>	<u>\$ 82,243</u>

Changes in endowment net assets for the year ended June 30, 2024 are as follows:

	<b><u>Without Donor</u></b> <b><u>Restrictions</u></b>	<b><u>With Donor</u></b> <b><u>Restrictions</u></b>	<b><u>Total</u></b>
Endowment net assets, beginning of year	\$ (22,074)	\$ 103,325	\$ 81,251
Gain on beneficial interest in charitable trust	3,186	-	3,186
Purchases	2,380	-	2,380
Unrealized gain	6,560	-	6,560
Sales	(5,132)	-	(5,132)
Other cash disbursements of cash	<u>(6,002)</u>	<u>-</u>	<u>(6,002)</u>
Endowment net assets, end of year	<u>\$ (21,082)</u>	<u>\$ 103,325</u>	<u>\$ 82,243</u>

**Funds with Deficiencies**

At times, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or applicable law requires the Organization to retain as a fund of perpetual duration. In accordance with United States generally accepted accounting principles, deficiencies of this nature that are reported in net assets without donor restrictions were \$15,742 and \$21,082 as of June 30, 2025 and 2024, respectively. These deficiencies resulted from unfavorable market fluctuations that occurred after the investment of new contributions with donor restrictions and continued appropriation for certain programs that were deemed appropriate by the Board of Directors.

**KODAI FRIENDS INTERNATIONAL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2025 AND 2024**

**7. INCOME TAXES**

The Organization is exempt from income taxes under code section 501(c)(3) of the Internal Revenue Code. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

Accounting Standard Codification No. 740, "Accounting for Income Taxes," established the minimum threshold for recognizing, and a system for measuring, the benefits of tax return positions in financial statements. The Organization has analyzed its tax position taken on its exempt purpose information returns for the previous three years and has concluded that no provision for income taxes is necessary in the Organization's financial statements.

**8. NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions are restricted for the following purposes and amounts for the years ended June 30:

	<b><u>2025</u></b>	<b><u>2024</u></b>
Scholarships	\$ 66,117	\$ 136,123
Social and environmental learning projects	90,263	81,554
Department projects	54,677	39,320
Other projects	-	41,753
Muysken Family Endowment Fund	<u>103,325</u>	<u>103,325</u>
Total net assets with donor restrictions	<b><u>\$ 314,382</u></b>	<b><u>\$ 402,075</u></b>

**9. RELATED PARTY TRANSACTIONS**

During the year ended June 30, 2024, the amounts outstanding in the previous year related to the KIS Center for Environment and Humanity, the Smokeless Stove program, and the Faculty Subject Awards, were paid in full. Partial payments were made related to KIS Development Office and no payments were made related to the STEM Scholarship, resulting in total outstanding related party grants payable at June 30, 2024, of \$33,500. During the year ended June 30, 2025, all amounts outstanding in the previous year were paid in full. In addition, there were no outstanding related party grants payable at June 30, 2025.

**10. RECLASSIFICATION**

Certain amounts and accounts from the prior year financial statements have been reclassified for comparative purposes to conform with the current year's presentation.

**KODAI FRIENDS INTERNATIONAL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2025 AND 2024**

**11. SUBSEQUENT EVENTS**

The Organization has evaluated events through December 5, 2025, which is the date that the financial statements were available to be issued.