

**THE AMERICAN INDIA FOUNDATION**

**FINANCIAL STATEMENTS  
AND  
ADDITIONAL INFORMATION**

**MARCH 31, 2009 AND 2008**



**LUTZ AND CARR**  
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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
The American India Foundation

We have audited the accompanying statements of financial position of The American India Foundation (a not-for-profit organization) as of March 31, 2009 and 2008, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The American India Foundation as of March 31, 2009 and 2008, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

*Lutz + Carr, LLP*

New York, New York  
June 30, 2009

**THE AMERICAN INDIA FOUNDATION**  
**STATEMENTS OF FINANCIAL POSITION**

**MARCH 31, 2009 AND 2008**

	<u>2009</u>	<u>2008</u>
<b>Assets</b>		
Cash and cash equivalents (Notes 1c and 3)	\$2,310,902	\$ 702,338
Investments (Notes 1e and 4)	6,262,634	7,808,870
Unconditional promises to give (Notes 1d and 5)	277,105	464,418
Prepaid expenses and other assets	80,473	205,113
Program loans and advances receivable	48,660	-
Property and equipment, net of accumulated depreciation) (Notes 1f and 6)	<u>17,267</u>	<u>4,135</u>
<b>Total Assets</b>	<u><u>\$8,997,041</u></u>	<u><u>\$9,184,874</u></u>
<b>Liabilities and Net Assets</b>		
Grants payable (Note 7)	\$2,344,737	\$3,494,058
Accounts payable and accrued expenses	111,586	52,413
Refundable deposits held	<u>15,000</u>	<u>20,800</u>
Total Liabilities	<u>2,471,323</u>	<u>3,567,271</u>
Commitments (Note 8)		
<b>Net Assets</b>		
Unrestricted	1,909,906	517,788
Temporarily restricted (Note 2a)	4,015,812	4,499,815
Permanently restricted (Note 2b)	<u>600,000</u>	<u>600,000</u>
Total Net Assets	<u>6,525,718</u>	<u>5,617,603</u>
<b>Total Liabilities and Net Assets</b>	<u><u>\$8,997,041</u></u>	<u><u>\$9,184,874</u></u>

See notes to financial statements.

## THE AMERICAN INDIA FOUNDATION

## STATEMENTS OF ACTIVITIES

YEARS ENDED MARCH 31, 2009 AND 2008

	2009			2008			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Changes in Net Assets</b>							
Support and Revenue							
Contributions and grants	\$ 1,312,776	\$ 1,726,430	\$ -	\$ 2,518,791	\$ 1,064,794	\$ -	\$ 3,583,585
Benefit income	4,807,841	727,222	-	5,109,767	1,701,631	-	6,811,398
Less: Direct benefit expenses	(854,177)	-	-	(804,133)	-	-	(804,133)
Realized gain (loss) on investments	13,301	-	-	(2,439)	-	-	(2,439)
Unrealized gain (loss) on investments	(288,505)	-	-	6,945	-	-	6,945
Gain (loss) on foreign currency exchange	720,565	-	-	(220,000)	-	-	(220,000)
Interest and other income	268,063	-	-	379,235	-	-	379,235
Reversal of prior year grants payable (Note 7)	1,150,546	-	-	-	-	-	-
	7,130,410	2,453,652	-	6,988,166	2,766,425	-	9,754,591
Net assets released from restrictions:							
Satisfaction of time and program restrictions	2,937,655	(2,937,655)	-	2,375,961	(2,375,961)	-	-
Change in terms of restricted grant	-	-	-	-	(503,320)	-	(503,320)
	10,068,065	(484,003)	-	9,364,127	(112,856)	-	9,251,271
<b>Total Support and Revenue</b>							
	7,035,522	-	-	8,304,670	-	-	8,304,670
<b>Expenses</b>							
Program Services							
Supporting Services							
Management and general	547,679	-	-	481,192	-	-	481,192
Fundraising	1,092,746	-	-	997,011	-	-	997,011
Total Supporting Services	1,640,425	-	-	1,478,203	-	-	1,478,203
Total Expenses	8,675,947	-	-	9,782,873	-	-	9,782,873
Increase (decrease) in net assets	1,392,118	(484,003)	-	(418,746)	(112,856)	-	(531,602)
Net assets, beginning of year	517,788	4,499,815	600,000	936,534	4,612,671	600,000	6,149,205
<b>Net Assets, End of Year</b>	<b>\$ 1,909,906</b>	<b>\$ 4,015,812</b>	<b>\$ 600,000</b>	<b>\$ 517,788</b>	<b>\$ 4,499,815</b>	<b>\$ 600,000</b>	<b>\$ 5,617,603</b>

See notes to financial statements.

**THE AMERICAN INDIA FOUNDATION**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED MARCH 31, 2009 AND 2008**

	<u>2009</u>	<u>2008</u>
<b>Cash Flows From Operating Activities</b>		
Increase (decrease) in net assets	\$ 908,115	\$ (531,602)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	6,219	2,705
Reversal of prior year grants payable	(1,150,546)	-
Donated securities	(190,757)	(1,139,090)
Realized (gain) loss on investments	(13,301)	2,439
Unrealized (gain) loss on investments	288,505	(6,945)
(Increase) decrease in:		
Unconditional promises to give	187,313	950,522
Prepaid expenses and other current assets	124,640	(133,181)
Program loans and advances receivable	(48,660)	-
Increase (decrease) in:		
Grants payable	1,225	1,005,487
Accounts payable and accrued expenses	59,173	4,291
Refundable deposits held	(5,800)	4,800
Net Cash Provided By Operating Activities	<u>166,126</u>	<u>159,426</u>
<b>Cash Flows From Investing Activities</b>		
Purchase of property and equipment	(19,351)	-
Purchases of investments	(6,811,772)	(4,396,475)
Proceeds from sale of investments	8,273,561	4,523,104
Net Cash Provided By Investing Activities	<u>1,442,438</u>	<u>126,629</u>
Net increase in cash and cash equivalents	1,608,564	286,055
Cash and cash equivalents, beginning of year	<u>702,338</u>	<u>416,283</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u><u>\$2,310,902</u></u>	<u><u>\$ 702,338</u></u>

See notes to financial statements.

**THE AMERICAN INDIA FOUNDATION****NOTES TO FINANCIAL STATEMENTS****MARCH 31, 2009 AND 2008****Note 1 - Organization and Summary of Significant Accounting Policies****a - Organization**

The American India Foundation ("AIF") is a not-for-profit organization formed to provide financial, technological, and managerial resources toward helping the people of India realize their full potential and strengthening the bonds between the United States of America and India.

**b - Related Organization**

In December 2003, AIF signed a memorandum of understanding ("MOU") with The American India Foundation Trust ("the Trust") located in India. The Trust will carry out developmental activities with funds provided by AIF. AIF and the Trust do not share any common members on their respective Board of Directors, and accordingly, the transactions of the Trust have not been included in the accompanying financial statements.

**c - Cash and Cash Equivalents**

For purposes of the statement of cash flows, the Organization considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents, except for those short-term investments and cash managed by AIF's investment managers as part of their long term investment strategies.

**d - Contributions and Unconditional Promises to Give**

The Organization reports contributions received as unrestricted, temporarily restricted, or permanently restricted depending on the existence and/or nature of any donor restrictions. Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction is met, temporarily restricted net assets are reclassified to unrestricted net assets.

The Organization uses the allowance method to determine uncollectible promises to give. The allowance is based on prior years experience and management's analysis of specific promises made.

**e - Investments**

The Organization reflects investments at fair value in the statement of financial position. Unrealized gains and losses on investments are reflected in the statement of activities. Interest, gains and losses on investments are reflected in the statement of activities as increases and decreases in unrestricted net assets unless their use is temporarily or permanently restricted by explicit donor stipulations or by law. Investment income restricted by the donor is reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the income is recognized.

**THE AMERICAN INDIA FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS**

**MARCH 31, 2009 AND 2008**

**Note 1 - Organization and Summary of Significant Accounting Policies (continued)**

g - Financial Statement Presentation

The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

h - Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

i - Income Taxes

The American India Foundation is a not-for-profit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and has been designated as an organization which is not a private foundation.

**Note 2 - Restrictions on Assets**

a - Temporarily Restricted Net Assets

Temporarily restricted net assets are restricted for the following purposes:

	<u>2009</u>	<u>2008</u>
Donor advised funds	\$1,984,416	\$1,967,927
Livelihood	939,025	694,207
Digital equalizer	711,881	485,676
Public health	160,149	655,213
Tsunami Relief	142,626	24,793
Service corps	25,000	-
Bihar Relief Fund	52,715	-
Future periods	-	615,191
Development	-	56,808
	<u>\$4,015,812</u>	<u>\$4,499,815</u>

b - Endowment Funds

The Organization's endowment consists of two funds established for general support. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

**THE AMERICAN INDIA FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2009 AND 2008**

**Note 2 - Restrictions on Assets (continued)**

b - Endowment Funds (continued)

Consistent with New York State Not-for-profit Corporation Law, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of any applicable donor gift instrument at the time the accumulation is added to the fund.

The Organization's endowment funds, consisting of donor-restricted endowment funds, are classified as permanently restricted net assets.

Changes in the Organization's endowment funds for the year ended March 31, 2009 are summarized as follows:

	<u>Unrestricted Endowment</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment funds, beginning of year	\$ -	\$600,000	\$600,000
Investment return:			
Investment income	24,120	-	24,120
Net realized and unrealized (loss) on investments	<u>(27,520)</u>	<u>-</u>	<u>(27,520)</u>
Total Investment Return	<u>(3,400)</u>	<u>-</u>	<u>(3,400)</u>
Transfer of unrealized endowment loss to unrestricted net assets	<u>3,400</u>	<u>-</u>	<u>3,400</u>
Endowment funds, end of year	<u>\$ -</u>	<u>\$600,000</u>	<u>\$600,000</u>

The primary investment objective of AIF is to preserve and protect its assets, by earning a total return for each fund appropriate to each fund's time horizon, liquidity needs, and risk tolerance. AIF seeks to eliminate any excess interest rate risk by limiting the type and the time horizons of its investments.

**Asset Quality**

Fixed income securities - The quality rating of bonds and notes must be "A" or better, as rated by Standard & Poor's and Moody's. The portfolio may consist of only transitional principal and interest obligations (no derivatives) with maturities of seven years or less.