

THE AMERICAN INDIA FOUNDATION

FINANCIAL STATEMENTS

DECEMBER 31, 2001

THE AMERICAN INDIA FOUNDATION

FINANCIAL STATEMENTS

DECEMBER 31, 2001

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INDEPENDENT AUDITORS' REPORT

TO THE BOARD OF DIRECTORS OF THE AMERICAN INDIA FOUNDATION

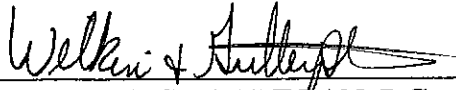
We have audited the accompanying statement of financial position of The American India Foundation (a nonprofit organization) as of December 31, 2001, and the related statements of activities, functional expenses, and cash flows for the period from inception (March 6, 2001) to December 31, 2001. These financial statements are the responsibility of the Board of Directors. 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 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 audit provides 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 December 31, 2001, and the changes in its net assets and its cash flows for the initial period then ended in conformity with accounting principles generally accepted in the United States of America.

(CONTINUED)

The proforma statement of financial position and proforma statement of activities on pages 10 and 11 is not a required part of the basic financial statements, and we did not audit and do not express an opinion on such information. However, we have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. As a result of such limited procedures, we believe that the proforma statement of financial position and proforma statement of activities are not in conformity with generally accepted accounting principles but has been presented in a format requested by management of The American India Foundation to provide, what management believes is a more comprehensive statement of The American India Foundation's fundraising efforts in 2001.



WILKIN & GUTTENPLAN, P.C.
Certified Public Accountants

THE AMERICAN INDIA FOUNDATION

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2001

ASSETS

Cash and cash equivalents	\$ 1,830,213
Marketable equity securities	<u>199,788</u>

TOTAL ASSETS

\$ 2,030,001

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts payable and accrued expenses	\$ 34,530
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NET ASSETS

Unrestricted net assets	\$ 191,305
Temporarily restricted net assets	<u>1,804,166</u>

TOTAL NET ASSETS

1,995,471

TOTAL LIABILITIES AND NET ASSETS

\$ 2,030,001

THE AMERICAN INDIA FOUNDATION

STATEMENT OF ACTIVITIES

FOR THE PERIOD FROM INCEPTION (MARCH 6, 2001)

TO DECEMBER 31, 2001

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u>
PUBLIC SUPPORT, REVENUES, AND RECLASSIFICATIONS:			
Contributions	\$ 621,320	\$ 3,090,812	\$ 3,712,132
Donated services and facilities	406,403	-	406,403
Other revenues	35,050	-	35,050
Investment return	3,109	-	3,109
Sub-Total	1,065,882	3,090,812	4,156,694
Less: Costs of direct benefits to donors	-	(293,700)	(293,700)
Net assets released from restriction due to satisfaction of purpose restrictions	992,946	(992,946)	-
TOTAL PUBLIC SUPPORT, REVENUES AND RECLASSIFICATIONS	<u>2,058,828</u>	<u>1,804,166</u>	<u>3,862,994</u>
EXPENSES:			
Program Services:			
Gujarat Earthquake Relief	67,946	-	67,946
Victims of September 11	925,000	-	925,000
Supporting Services:			
Fundraising	282,705	-	282,705
Management and general	591,872	-	591,872
TOTAL EXPENSES	<u>1,867,523</u>	<u>-</u>	<u>1,867,523</u>
INCREASE IN NET ASSETS AND NET ASSETS AT END OF YEAR	<u>\$ 191,305</u>	<u>\$ 1,804,166</u>	<u>\$ 1,995,471</u>

992,946
(67,946 .068
925,000 .932

The accompanying notes are an integral part of these financial statements.

THE AMERICAN INDIA FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE PERIOD FROM INCEPTION (MARCH 6, 2001)

TO DECEMBER 31, 2001

	<u>Program Services</u>		<u>Supporting Services</u>		
	<u>Gujarat</u>	<u>Victims of</u>		<u>General and</u>	
	<u>Earthquake</u>	<u>September 11</u>	<u>Fundraising</u>	<u>Administrative</u>	<u>Total</u>
	<u>Relief</u>				
Grants disbursed	\$ 51,432	\$ 925,000	\$ -	\$ 25,000	\$ 1,001,432
Salaries	-	-	-	341,642	341,642
Fundraising expenses	-	-	282,705	-	282,705
Professional fees	-	-	-	70,576	70,576
Travel and entertainment	-	-	-	45,631	45,631
Occupancy costs	-	-	-	55,338	55,338
Office expenses	-	-	-	34,234	34,234
Program expenses	16,514	-	-	5,700	22,214
Advertising, marketing and promotions	-	-	-	5,241	5,241
Insurance	-	-	-	3,750	3,750
Telephone	-	-	-	1,909	1,909
Bank charges	-	-	-	1,434	1,434
Printing and publications	-	-	-	1,195	1,195
Miscellaneous	-	-	-	175	175
Postage and shipping	-	-	-	47	47
TOTAL	<u>\$ 67,946</u>	<u>\$ 925,000</u>	<u>\$ 282,705</u>	<u>\$ 591,872</u>	<u>\$ 1,867,523</u>

The accompanying notes are an integral part of these financial statements.

THE AMERICAN INDIA FOUNDATION

STATEMENT OF CASH FLOWS

FOR THE PERIOD FROM INCEPTION (MARCH 6, 2001)

TO DECEMBER 31, 2001

CASH FLOWS FROM OPERATING ACTIVITIES:

Increase in net assets \$ 1,995,471

Adjustments to reconcile net increase in net assets to
net cash provided by operating activities:

Contribution of investments \$ (305,468)

Loss on sale of investment 5,113

Changes in assets and liabilities:

Accounts payable and accrued expenses 34,530

TOTAL ADJUSTMENTS (265,825)

**NET CASH PROVIDED BY OPERATING
ACTIVITIES** 1,729,646

CASH FLOWS FROM INVESTING ACTIVITIES:

Proceeds from sale of investments 100,567

**NET INCREASE IN CASH AND CASH EQUIVALENTS/
CASH AND CASH EQUIVALENTS - END OF PERIOD** \$ 1,830,213

THE AMERICAN INDIA FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2001

NOTE 1 - NATURE OF ACTIVITIES:

The mission of the The American India Foundation (AIF) is 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 (US) and India. An adjunct mission of AIF is to provide assistance within the US during times of need. AIF's support comes primarily from individual and corporate donors' contributions.

The Council is a nonprofit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires the Board (or management) to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent 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.

Basis of Presentation - AIF prepares their financial statements in accordance with Statement of Financial Accounting Standards (SFAS) No. 117 *Financial Statements of Not-for-Profit Organizations*, issued by the Financial Accounting Standards Board (FASB). As such, the financial statements are presented on the basis of unrestricted, temporarily restricted and permanently restricted net assets.

Revenue Recognition - Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions. AIF has not received any contributions with donor-imposed restrictions that would result in permanently restricted net assets.

Grants and other contributions of cash and other assets are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

(CONTINUED)

THE AMERICAN INDIA FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2001

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Income Taxes - AIF is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and did not conduct unrelated business activities. Therefore, AIF has made no provision for federal income taxes in the accompanying financial statements. In addition, AIF has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a) of the Internal Revenue Code and qualifies for deductible contributions.

Functional Expenses - The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Donated Services and Facilities - Contributions of donated services 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, are recorded at their fair values in the period received. Contributions of facilities (i.e., office space) is recorded at fair value.

In addition, AIF receives a significant amount of donated services from unpaid volunteers who assist in carrying out the mission of the Organization. These services have not been recognized in the statement of activities because the criteria for recognition under SFAS 116 noted above has not been satisfied.

Cash Equivalents - For the purpose of the statement of cash flows, the Organization considers money market funds to be cash equivalents.

NOTE 3 - OTHER MATTERS:

Prior to the legal formation of AIF, certain individuals, comprising of the current management of AIF, were instrumental in the fundraising activities for Gujarat Earthquake Relief Efforts. Such funds were contributed to the United Community Appeal of India (UCA), a donor advised fund for Gujarat Earthquake Relief efforts and are held by Community Foundation of Silicon Valley (the "Foundation"), a 501(c)(3) entity, who is an unrelated party of AIF.

Since the inception of UCA, AIF's management has identified, qualified and advised the Foundation as to which non-governmental organizations (NGO's) working on the rehabilitation of India should receive funding. AIF management was also instrumental in the efforts to manage the approval process and determine the appropriate grants. Approximately \$2,700,000 was raised for such purposes and approximately \$1,349,000 was disbursed to various non-governmental organizations in 2001.

THE AMERICAN INDIA FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2001

NOTE 4 - MARKETABLE EQUITY SECURITIES:

Marketable equity securities are stated at fair value which approximates cost and consist primarily of common stocks in two (2) publicly traded companies. These securities have been recorded at the fair value at time of donation. These stocks were donated to AIF in December 2001 and sold in 2002. The proceeds from the sale of the stocks can be utilized for general operating purposes.

NOTE 5 - TEMPORARILY RESTRICTED NET ASSETS:

Temporarily restricted net assets are available for the following purposes or periods:

Gujarat Earthquake Relief	\$1,788,908
Victims of September 11	<u>15,258</u>
	<u>\$1,804,166</u>

NOTE 6 - DONATED SERVICES AND FACILITIES:

Donated services and facilities consist of the following:

Salaries	-\$306,465
Rent - New York Facilities	38,538
Travel	29,600
Rent - California Facilities	16,800
Occupancy related	<u>15,000</u>
	<u>\$406,403</u>

The American India Foundation occupies part of a fully furnished building located in New York City. No rent is paid by The American India Foundation. The landlord has estimated the approximate fair value of the annual rental to be \$38,538. In addition, Citibank has designated two full-time employees to be utilized by The American India Foundation to act as Executive Director and Executive Assistant and one part-time employee. The salary expense of these employees are paid by Citibank. In addition, AIF utilizes a portion of an office located in California. The estimated fair value of the annual rental is \$16,800. These amounts have been reflected as donated services and facilities and expenses in the statement of activities.

NOTE 7 - CONCENTRATION OF CREDIT RISK:

The Organization maintains cash balances at one financial institution, which exceeds federally insured limits by approximately \$2,500,000 at December 31, 2001.

ADDITIONAL INFORMATION

THE AMERICAN INDIA FOUNDATION

PROFORMA STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2001

	<u>The American India Foundation</u>	<u>Funds held by United Community Appeal for India</u>	<u>TOTAL</u>
ASSETS			
Cash and cash equivalents	\$ 1,830,213	\$ -	\$ 1,830,213
Marketable equity securities	199,788	-	199,788
Funds held by other agencies	-	1,841,838	1,841,838
TOTAL ASSETS	<u>\$ 2,030,001</u>	<u>\$ 1,841,838</u>	<u>\$ 3,871,839</u>
LIABILITIES AND NET ASSETS			
LIABILITIES			
Accounts payable and accrued expenses	\$ 34,530	\$ -	\$ 34,530
Grants payable	-	492,543	492,543
TOTAL LIABILITIES	<u>34,530</u>	<u>492,543</u>	<u>527,073</u>
NET ASSETS			
Unrestricted net assets	191,305	-	191,305
Temporarily restricted net assets	1,804,166	1,349,295	3,153,461
TOTAL NET ASSETS	<u>1,995,471</u>	<u>1,349,295</u>	<u>3,344,766</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,030,001</u>	<u>\$ 1,841,838</u>	<u>\$ 3,871,839</u>

THE AMERICAN INDIA FOUNDATION

PROFORMA STATEMENT OF ACTIVITIES

FOR THE INITIAL PERIOD ENDED DECEMBER 31, 2001

(APPROXIMATELY 11 MONTHS)

	<u>UNRESTRICTED</u>			<u>TEMPORARILY RESTRICTED</u>			
	<u>UNITED</u>			<u>UNITED</u>			<u>TOTAL</u>
	<u>THE AMERICAN COMMUNITY</u>			<u>THE AMERICAN COMMUNITY</u>			
	<u>INDIA</u>	<u>APPEAL</u>	<u>TOTAL</u>	<u>INDIA</u>	<u>APPEAL</u>	<u>TEMPORARILY</u>	<u>GRAND</u>
<u>FOUNDATION</u>	<u>FOR INDIA</u>	<u>UNRESTRICTED</u>	<u>FOUNDATION</u>	<u>FOR INDIA</u>	<u>RESTRICTED</u>	<u>TOTAL</u>	
PUBLIC SUPPORT, REVENUES, AND RECLASSIFICATIONS:							
Contributions	\$ 621,320	\$ -	\$ 621,320	\$3,090,812	\$2,673,260	\$ 5,764,072	\$6,385,392
Donated services and facilities	406,403	-	406,403	-	-	-	406,403
Other revenues	35,050	-	35,050	-	-	-	35,050
Investment return	3,109	-	3,109	-	30,428	30,428	33,537
Sub-Total	<u>1,065,882</u>	<u>-</u>	<u>1,065,882</u>	<u>3,090,812</u>	<u>2,703,688</u>	<u>5,794,500</u>	<u>6,860,382</u>
Less: Costs of direct benefits to donors	<u>-</u>	<u>-</u>	<u>-</u>	<u>(293,700)</u>	<u>-</u>	<u>(293,700)</u>	<u>(293,700)</u>
Net assets released from restriction due to satisfaction of purpose restrictions	<u>992,946</u>	<u>1,354,393</u>	<u>2,347,339</u>	<u>(992,946)</u>	<u>(1,354,393)</u>	<u>(2,347,339)</u>	<u>-</u>
TOTAL PUBLIC SUPPORT, REVENUES AND RECLASSIFICATIONS	<u>2,058,828</u>	<u>1,354,393</u>	<u>3,413,221</u>	<u>1,804,166</u>	<u>1,349,295</u>	<u>3,153,461</u>	<u>6,566,682</u>
EXPENSES:							
Program Services:							
Gujarat Earthquake Relief	67,946	1,354,393	1,422,339	-	-	-	1,422,339
Victims of September 11	925,000	-	925,000	-	-	-	925,000
Supporting Services:							
Fundraising	282,705	-	282,705	-	-	-	282,705
Management and general	591,872	-	591,872	-	-	-	591,872
TOTAL EXPENSES	<u>1,867,523</u>	<u>1,354,393</u>	<u>3,221,916</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,221,916</u>
INCREASE IN NET ASSETS AND NET ASSETS AT END OF YEAR	<u>\$ 191,305</u>	<u>\$ -</u>	<u>\$ 191,305</u>	<u>\$1,804,166</u>	<u>\$1,349,295</u>	<u>\$ 3,153,461</u>	<u>\$3,344,766</u>