

THE AMERICAN INDIA FOUNDATION

**FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION**

MARCH 31, 2014 AND 2013

THE AMERICAN INDIA FOUNDATION

TABLE OF CONTENTS

	Page
Independent Auditors' Report	1-2
Financial Statements	
Statements of Financial Position	3
Statements of Activities	4
Statements of Cash Flows	5
Notes to Financial Statements	6-15
Supplementary Information	
Independent Auditors' Report on Supplementary Information	17
Schedule of Functional Expenses	18



INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
The American India Foundation

We have audited the accompanying financial statements of The American India Foundation (a not-for-profit organization), which comprise the statements of financial position as of March 31, 2014 and 2013, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The American India Foundation as of March 31, 2014 and 2013, 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.

Lotz + Carr, LLP

New York, New York
July 11, 2014

THE AMERICAN INDIA FOUNDATION
STATEMENTS OF FINANCIAL POSITION
MARCH 31, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
Assets		
Cash and cash equivalents (Notes 1c and 3)	\$1,612,466	\$1,841,457
Investments (Notes 1e, 1f and 4)	4,050,450	3,808,532
Unconditional promises to give (Notes 1d and 5)	1,117,517	534,734
Prepaid expenses and other assets	135,722	213,270
Property and equipment, net of accumulated depreciation (Notes 1g and 6)	<u>61,837</u>	<u>74,121</u>
Total Assets	<u><u>\$6,977,992</u></u>	<u><u>\$6,472,114</u></u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 352,676	\$ 163,716
Accounts payable - AIFT (Note 1b)	-	1,100
Refundable event receipts	220,500	-
Refundable deposits held	<u>15,250</u>	<u>14,250</u>
Total Liabilities	<u>588,426</u>	<u>179,066</u>
Commitments (Note 8)		
Net Assets		
Unrestricted	3,103,409	2,594,379
Temporarily restricted (Note 2a)	2,686,157	3,098,669
Permanently restricted (Note 2b)	<u>600,000</u>	<u>600,000</u>
Total Net Assets	<u>6,389,566</u>	<u>6,293,048</u>
Total Liabilities and Net Assets	<u><u>\$6,977,992</u></u>	<u><u>\$6,472,114</u></u>

See notes to financial statements.

THE AMERICAN INDIA FOUNDATION
STATEMENTS OF ACTIVITIES
YEARS ENDED MARCH 31, 2014 AND 2013

	2014			2013				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Changes in Net Assets								
Support and Revenue								
Contributions and grants	\$ 1,237,155	\$ 615,751	\$ -	\$1,852,906	\$ 1,878,678	\$ 807,216	\$ -	\$2,685,894
Benefit income	5,233,261	-	-	5,233,261	4,770,198	-	-	4,770,198
Less: Direct benefit expenses	(891,321)	-	-	(891,321)	(561,963)	-	-	(561,963)
Unrealized gain (loss) on investments	(5,866)	-	-	(5,866)	4,461	-	-	4,461
Interest and dividend income	15,802	-	-	15,802	43,793	-	-	43,793
Other income	41,434	-	-	41,434	51,769	-	-	51,769
Gain on foreign currency exchange	-	-	-	-	1,500	-	-	1,500
Reversal of prior year grants payable (Note 7)	-	-	-	-	37,180	-	-	37,180
	<u>5,630,465</u>	<u>615,751</u>	<u>-</u>	<u>6,246,216</u>	<u>6,225,616</u>	<u>807,216</u>	<u>-</u>	<u>7,032,832</u>
Net assets released from restrictions								
Satisfaction of time and program restrictions	<u>1,028,263</u>	<u>(1,028,263)</u>	<u>-</u>	<u>-</u>	<u>836,901</u>	<u>(836,901)</u>	<u>-</u>	<u>-</u>
Total Support and Revenue	<u>6,658,728</u>	<u>(412,512)</u>	<u>-</u>	<u>6,246,216</u>	<u>7,062,517</u>	<u>(29,685)</u>	<u>-</u>	<u>7,032,832</u>
Expenses								
Program Services	<u>4,723,075</u>	<u>-</u>	<u>-</u>	<u>4,723,075</u>	<u>5,628,311</u>	<u>-</u>	<u>-</u>	<u>5,628,311</u>
Supporting Services								
Management and general	516,468	-	-	516,468	430,658	-	-	430,658
Fundraising	910,155	-	-	910,155	963,389	-	-	963,389
Total Supporting Services	<u>1,426,623</u>	<u>-</u>	<u>-</u>	<u>1,426,623</u>	<u>1,394,047</u>	<u>-</u>	<u>-</u>	<u>1,394,047</u>
Total Expenses	<u>6,149,698</u>	<u>-</u>	<u>-</u>	<u>6,149,698</u>	<u>7,022,358</u>	<u>-</u>	<u>-</u>	<u>7,022,358</u>
Increase (decrease) in net assets	509,030	(412,512)	-	96,518	40,159	(29,685)	-	10,474
Net assets, beginning of year	<u>2,594,379</u>	<u>3,098,669</u>	<u>600,000</u>	<u>6,293,048</u>	<u>2,554,220</u>	<u>3,128,354</u>	<u>600,000</u>	<u>6,282,574</u>
Net Assets, End of Year	<u>\$ 3,103,409</u>	<u>\$ 2,686,157</u>	<u>\$ 600,000</u>	<u>\$6,389,566</u>	<u>\$ 2,594,379</u>	<u>\$ 3,098,669</u>	<u>\$ 600,000</u>	<u>\$6,293,048</u>

See notes to financial statements.

THE AMERICAN INDIA FOUNDATION

STATEMENTS OF CASH FLOWS

YEARS ENDED MARCH 31, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
Cash Flows From Operating Activities		
Increase in net assets	\$ 96,518	\$ 10,474
Adjustments to reconcile increase in net assets to net cash provided (used) by operating activities:		
Depreciation	27,739	11,103
Donated securities	(228,793)	(226,574)
Unrealized (gain) loss on investments	5,866	(4,461)
Reversal of prior year grants payable	-	(38,680)
(Increase) decrease in:		
Unconditional promises to give	(582,783)	126,952
Prepaid expenses and other assets	77,548	(97,638)
Accounts receivable - AIFT	-	308,388
Increase (decrease) in:		
Accounts payable and accrued expenses	188,960	88,684
Accounts payable - AIFT	(1,100)	1,100
Refundable event receipts	220,500	-
Refundable deposits held	1,000	2,750
Net Cash Provided (Used) By Operating Activities	<u>(194,545)</u>	<u>182,098</u>
Cash Flows From Investing Activities		
Purchase of property and equipment	(15,455)	(60,170)
Purchases of investments	(909,270)	(813,734)
Proceeds from sale of investments	890,279	767,004
Net Cash Used By Investing Activities	<u>(34,446)</u>	<u>(106,900)</u>
Net increase (decrease) in cash and cash equivalents	(228,991)	75,198
Cash and cash equivalents, beginning of year	<u>1,841,457</u>	<u>1,766,259</u>
Cash and Cash Equivalents, End of Year	<u>\$1,612,466</u>	<u>\$1,841,457</u>

See notes to financial statements.

THE AMERICAN INDIA FOUNDATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2014 AND 2013

Note 1 - Organization and Summary of Significant Accounting Policies

a - Organization

The American India Foundation (“AIF” or the “Organization”) 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” or “AIFT”) 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.

Grants to the Trust from AIF, to support program related expenses, totaled \$2,182,743 and \$1,784,086 for the years ended March 31, 2014 and 2013, respectively. At March 31, 2013 there was a balance payable to the Trust of \$1,100.

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 AMERICAN INDIA FOUNDATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2014 AND 2013

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

d - Contributions and Unconditional Promises to Give (continued)

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

e - Fair Value Measurements

Fair value is an estimate of the exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants (i.e., the exit price at the measurement date). Fair value measurements are not adjusted for transaction costs. The fair value hierarchy prioritizes inputs to valuation techniques used to measure fair value into three levels.

Unadjusted quoted prices in active markets for identical assets and liabilities are referred to as Level 1 inputs. Inputs other than quoted market prices that are observable, either directly or indirectly and reasonably available are referred to as Level 2 inputs. Observable inputs reflect the assumptions market participants would use in pricing the asset or liability and are developed based on market data obtained from sources independent of the Organization. Unobservable inputs reflect the assumptions developed based on available information about what market participants would use in valuing the asset or liability and are referred to as Level 3 inputs.

An asset or liability's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Availability of observable inputs can vary and is affected by a variety of factors. The investment managers use judgment in determining fair value of assets and liabilities. Level 3 assets and liabilities involve greater judgment than Level 1 or Level 2 assets or liabilities.

All of the Organization's marketable investments are classified within Level 1 (prices in active markets for identical assets or liabilities) of the fair value hierarchy.

f - Investments

The Organization reflects its marketable investments at fair value in the statement of financial position. Restricted stock is reflected at the appraised value at the time of donation. Interest, dividends, and 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.

THE AMERICAN INDIA FOUNDATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2014 AND 2013

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

- f - Investments (continued)
Purchases and sales of investments reflected in the statement of cash flows are reported net of short-term investments with maturities of three months or less.

- g - Property and Equipment
Property and equipment acquired are recorded at cost and are depreciated using the straight-line method over the estimated useful life of the related asset.

- h - 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.

- i - 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.

- j - 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. Management evaluated all income tax positions, including the position that AIF is exempt from income taxes or not subject to income taxes on unrelated business income, and concluded that no disclosures relating to uncertain tax positions are required in the financial statements. The Organization's tax returns are generally subject to examination by taxing authorities for a period of three years from the date of filing.

- k - Subsequent Events
The Organization has evaluated subsequent events through July 11, 2014, the date that the financial statements are considered available to be issued.

THE AMERICAN INDIA FOUNDATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2014 AND 2013

Note 2 - Restrictions on Assets

a - Temporarily Restricted Net Assets

Temporarily restricted net assets are restricted for the following purposes:

	<u>2014</u>	<u>2013</u>
Donor advised funds	\$ 958,723	\$ 954,948
Digital equalizer	797,601	890,219
Gender program	361,955	404,074
Livelihood	186,865	193,048
Future periods	162,969	248,538
Education	100,000	16,044
Uttarakhand relief fund	74,040	-
Public health	43,004	-
O3 program	1,000	45,881
Future events	-	275,200
Clinton Fellows	-	59,664
Hurricane relief fund	-	11,053
	<u>\$2,686,157</u>	<u>\$3,098,669</u>

b - Endowment Funds

The Organization's endowment consists of two funds established for general support. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Consistent with New York Prudent Management of Institutional Funds Act (NYPMIFA), 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 remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization.

THE AMERICAN INDIA FOUNDATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2014 AND 2013

Note 2 - Restrictions on Assets (continued)

b - Endowment Funds (continued)

In accordance with NYPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (i) the duration and preservation of the endowment fund;
- (ii) the purposes of the Organization and the endowment fund;
- (iii) general economic conditions;
- (iv) the possible effect of inflation or deflation;
- (v) the expected total return from income and the appreciation of investments;
- (vi) other resources of the Organization;
- (vii) where appropriate and circumstances would otherwise warrant, alternatives to expenditure of the endowment fund, giving due consideration to the effect that such alternatives may have on the Organization; and
- (viii) the investment policy of the Organization

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

Changes in the Organization's endowment funds for the years ended March 31, 2014 and 2013 are summarized as follows:

	2014		
	<u>Unrestricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment funds, beginning of year	\$ -	\$600,000	\$600,000
Investment Return:			
Investment income	3,109	-	3,109
Net unrealized loss on investments	<u>(1,404)</u>	<u>-</u>	<u>(1,404)</u>
Total Investment Return	<u>1,705</u>	<u>-</u>	<u>1,705</u>
Appropriation of endowment assets to operations	<u>(1,705)</u>	<u>-</u>	<u>(1,705)</u>
Endowment Funds, End of Year	<u>\$ -</u>	<u>\$600,000</u>	<u>\$600,000</u>

THE AMERICAN INDIA FOUNDATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2014 AND 2013

Note 2 - Restrictions on Assets (continued)

b - Endowment Funds (continued)

	2013		
	<u>Unrestricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment funds, beginning of year	\$ -	\$600,000	\$600,000
Investment Return:			
Investment income	8,658	-	8,658
Net unrealized loss on investments	<u>(3,882)</u>	<u>-</u>	<u>(3,882)</u>
Total Investment Return	<u>4,776</u>	<u>-</u>	<u>4,776</u>
Appropriation of endowment assets to operations	<u>(4,776)</u>	<u>-</u>	<u>(4,776)</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.

Cash/Cash equivalents - The quality rating of commercial paper must be A-1, as rated by Standard & Poor's, P-1, as rated by Moody's, or better. The assets of any money market mutual funds must comply with rule 2a-7.

As with implementation of the new guidelines set by the Finance Committee, AIF has taken a conservative view of protecting capital and has been primarily investing in Money Markets, Treasuries and FDIC insured CD's.

The Organization has a policy of appropriating 100% of endowment earnings.

THE AMERICAN INDIA FOUNDATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2014 AND 2013

Note 3 - Concentration of Credit Risk

The Organization maintains cash and cash equivalent balances in financial institutions, which from time to time exceed the Federal Depository Insurance Corporation limit and subject the Organization to concentration of credit risk.

Note 4 - Investments

Investments are reflected at the carrying value and consist of the following at March 31:

	<u>2014</u>		<u>2013</u>	
	<u>Cost</u>	<u>Carrying Value</u>	<u>Cost</u>	<u>Carrying Value</u>
Cash and money market funds	\$3,892,410	\$3,892,410	\$3,002,627	\$3,002,627
Certificates of deposit and auction instruments	-	-	442,000	445,251
Corporate bonds	100,000	100,680	300,000	303,080
Equities	<u>5,304</u>	<u>20</u>	<u>5,303</u>	<u>234</u>
Investments, Level 1, carried at fair value	3,997,714	3,993,110	3,749,930	3,751,192
Restricted stock, valued at appraised value at time of donation	<u>57,340</u>	<u>57,340</u>	<u>57,340</u>	<u>57,340</u>
	<u>\$4,055,054</u>	<u>\$4,050,450</u>	<u>\$3,807,270</u>	<u>\$3,808,532</u>

In fiscal year 2012, The American India Foundation received a donation of stock in a privately held company, which is not marketable. The shares are reflected at the appraisal value at the date of donation. Sale of this stock is subject to restrictions.

Net investment income is summarized as follows for the years ended March 31:

	<u>2014</u>	<u>2013</u>
Interest and dividend income	\$15,802	\$43,793
Unrealized gain (loss) on investments	<u>(5,866)</u>	<u>4,461</u>
	<u>\$ 9,936</u>	<u>\$48,254</u>

THE AMERICAN INDIA FOUNDATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2014 AND 2013

Note 5 - Unconditional Promises to Give

Unconditional promises to give at March 31, 2014 and 2013 are summarized as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>		<u>2014</u>	<u>2013</u>
		<u>Future</u>	<u>Future</u>	<u>Total</u>	<u>Total</u>
		<u>Programs</u>	<u>Periods</u>		
Less than one year	\$954,548	\$ -	\$ 77,001	\$1,031,549	\$367,396
One to five years	-	-	92,077	92,077	181,233
Less: Discount to present value	-	-	(6,109)	(6,109)	(13,895)
2014 Total	<u>\$954,548</u>	<u>\$ -</u>	<u>\$162,969</u>	<u>\$1,117,517</u>	
2013 Total	<u>\$205,000</u>	<u>\$81,196</u>	<u>\$248,538</u>		<u>\$534,734</u>

Uncollectible promises are expected to be insignificant. Unconditional promises to give that are due in more than one year are discounted to net present value using a rate of 3%.

Note 6 - Property and Equipment

Property and equipment consist of the following:

	<u>Life</u>	<u>2014</u>	<u>2013</u>
Computer equipment	3-5 years	\$ 62,770	\$ 47,315
Website	3 years	50,507	50,507
Furniture, fixtures and equipment	5-7 years	-	19,350
		<u>113,277</u>	<u>117,172</u>
Less: Accumulated depreciation		<u>(51,440)</u>	<u>(43,051)</u>
		<u>\$ 61,837</u>	<u>\$ 74,121</u>

Depreciation expense for the years ended March 31, 2014 and 2013 was \$27,739 and \$11,103, respectively.

THE AMERICAN INDIA FOUNDATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2014 AND 2013

Note 7 - Grant Making Activities

AIF provides grants to reputable Indian non-governmental organizations (NGO's) that are executing development projects in India. The initial focus of the grant making activities was to provide relief and rehabilitation assistance to victims of the Gujarat earthquake. The grant making activities have since expanded to focus on accelerating social and economic development in all of India.

AIF entered into various Memorandums of Understanding ("MOU") with the NGO's. These organizations are responsible for carrying out developmental activities with funds provided by AIF, and, if applicable, with matching contributions provided by other organizations. The amounts due to the NGO's are generally payable in installments based on certain criteria and/or milestones achieved as contained within the MOU. If at any stage AIF is not satisfied with the quantity or quality of the work on the project, it can withhold payment. During the year, AIF reviewed its unpaid grants and modified agreements which did not meet the annual obligation of the MOU. These modifications are summarized by area below.

AIF awarded grants and incurred expenses in administrating such grants. The grants were awarded in the following areas:

	<u>2014</u>	<u>2013</u>
Grants awarded (including Donor Advised Fund Awards)		
Education	\$ 481,067	\$ 588,769
Livelihood	350,955	1,491,366
Public Health	<u>105,081</u>	<u>260,465</u>
	<u>937,103</u>	<u>2,340,600</u>
Less: Modified grant agreements		
Public Health	-	(37,180)
	<u>-</u>	<u>(37,180)</u>
Grants awarded to AIF Trust		
Education	339,398	159,898
Livelihood	302,877	322,079
Public Health	69,430	172,638
Digital Equalizer	1,353,536	822,004
Clinton Fellows	85,383	43,148
Awareness and Engagement	<u>42,119</u>	<u>47,102</u>
	<u>2,192,743</u>	<u>1,566,869</u>
	<u>\$3,129,846</u>	<u>\$3,870,289</u>

THE AMERICAN INDIA FOUNDATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2014 AND 2013

Note 7 - Grant Making Activities (continued)

New MOUs were written in which each installment to be paid to a NGO is contingent upon the NGO's compliance with the requirements. The contingent balance of these MOU's as of March 31, 2014 and 2013, which has not been accrued, amounted to:

	<u>2014</u>	<u>2013</u>
Education	\$ 177,201	\$ 310,778
Livelihood	983,032	1,022,370
Public Health	<u>206,585</u>	<u>201,513</u>
	<u>\$1,366,818</u>	<u>\$1,534,661</u>

Note 8 - Commitments

a - AIF has offices in California and New York. AIF's minimum obligation under the New York lease agreement through the year ending March 31, 2015 is \$184,960.

Rent expense for the years ended March 31, 2014 and 2013 was \$244,621 and \$226,956, respectively.

b - AIF entered into a severance agreement with a former executive employee. The terms of the agreement include annual payments to the employee for the period December 31, 2012 through January 15, 2015. The payment for the period ending January 15, 2015, totaling approximately \$38,000, is not reflected in these financial statements since the payment is conditional upon the former employee not obtaining comparable employment during the severance period.

Note 9 - Functional Allocation of Expenses

The cost of providing the various program and supporting services has been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and the supporting services benefited.

SUPPLEMENTARY INFORMATION



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**INDEPENDENT AUDITORS' REPORT
ON SUPPLEMENTARY INFORMATION**

To the Board of Directors of
The American India Foundation

We have audited the financial statements of The American India Foundation as of and for the years ended March 31, 2014 and 2013, and our report thereon dated July 11, 2014, which expressed an unmodified opinion on those financial statements, appears on pages 1 and 2. Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Functional Expenses for the year ended March 31, 2014 with comparative totals for 2013 is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

Lutz + Carr, LLP

New York, New York
July 11, 2014

THE AMERICAN INDIA FOUNDATION

SCHEDULE OF FUNCTIONAL EXPENSES

YEAR ENDED MARCH 31, 2014 WITH COMPARATIVE TOTALS FOR 2013

	Program Services						Supporting Services			2014	2013	
	Education	Livelihood	Public Health	Digital Equalizer	Clinton Fellows	Education: Awareness and Engagement	Total	Management and General	Fundraising	Total	Total Expenses	Total Expenses
Grants - direct to non-governmental organizations	\$ 409,797	\$ 345,955	\$ 89,881	\$ -	\$ -	\$ -	\$ 845,633	\$ -	\$ -	\$ -	\$ 845,633	\$1,943,147
Grants - Donor Advised Funds	71,270	5,000	15,200	-	-	-	91,470	-	-	-	91,470	397,453
Program related expenses	339,398	302,877	69,430	1,353,536	85,382	42,119	2,192,742	-	-	-	2,192,742	1,566,869
Specific programs related expenses	65,500	11,053	-	97,700	168,482	-	342,735	-	-	-	342,735	377,096
Salaries	60,295	35,410	29,427	94,720	76,981	252,702	549,535	207,985	171,370	379,355	928,890	1,008,295
Fringe benefits	21,250	12,480	10,371	33,382	27,131	82,435	187,049	73,299	67,022	140,321	327,370	261,918
Occupancy	16,672	9,791	8,137	26,191	21,286	64,676	146,753	57,510	52,584	110,094	256,847	240,764
Professional fees	4,223	2,480	2,061	6,635	5,392	16,385	37,176	14,568	13,321	27,889	65,065	95,154
Consulting fees	2,499	4,827	1,219	14,736	35,787	13,243	72,311	68,149	28,714	96,863	169,174	105,609
Telephone and internet	2,233	1,311	1,090	3,640	2,969	16,795	28,038	7,702	7,042	14,744	42,782	39,949
Office supplies and related expenses	752	441	367	1,261	7,035	2,916	12,772	2,593	20,348	22,941	35,713	64,306
Repairs and maintenance	1,164	683	568	1,828	1,485	4,514	10,242	4,014	3,670	7,684	17,926	15,556
Travel, entertainment and lodging	454	267	222	4,095	79,538	2,106	86,682	1,862	2,889	4,751	91,433	153,104
Cultivation, digital and Young Professional events	1,780	869	723	2,326	1,890	5,743	13,331	5,107	186,017	191,124	204,455	189,320
Leadership retreat - travel and lodging	-	-	-	-	-	21,718	21,718	-	-	-	21,718	87,860
Indirect benefit expenses	-	-	-	-	-	-	-	-	320,232	320,232	320,232	345,228
Depreciation	5,777	1,728	1,040	2,829	2,299	2,089	15,762	6,300	5,677	11,977	27,739	11,103
Bad debts	-	-	-	-	-	-	-	50,000	-	50,000	50,000	-
Miscellaneous	5,003	2,938	2,442	15,132	12,279	31,332	69,126	17,379	31,269	48,648	117,774	119,627
Total Expenses, 2014	\$1,008,067	\$ 738,110	\$232,178	\$1,658,011	\$527,936	\$ 558,773	\$4,723,075	\$ 516,468	\$ 910,155	\$1,426,623	\$6,149,698	
Total Expenses, 2013	\$ 858,252	\$1,891,548	\$633,700	\$1,354,502	\$471,594	\$ 418,715	\$5,628,311	\$ 430,658	\$ 963,389	\$1,394,047		\$7,022,358

See independent auditors' report on supplementary information.