

THE AMERICAN INDIA FOUNDATION

**FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION**

MARCH 31, 2013 AND 2012

THE AMERICAN INDIA FOUNDATION

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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, 2013 and 2012, 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.

LUTZ AND CARR

CERTIFIED PUBLIC ACCOUNTANTS, LLP

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, 2013 and 2012, 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.

Lutz + Carr, LLP

New York, New York
July 11, 2013

THE AMERICAN INDIA FOUNDATION
STATEMENTS OF FINANCIAL POSITION
MARCH 31, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
Assets		
Cash and cash equivalents (Notes 1c and 3)	\$1,841,457	\$1,766,259
Investments (Notes 1e, 1f and 4)	3,808,532	3,530,767
Unconditional promises to give (Notes 1d and 5)	534,734	661,686
Prepaid expenses and other assets	213,270	115,632
Accounts receivable - AIFT (Note 1b)	-	308,388
Property and equipment, net of accumulated depreciation (Notes 1g and 6)	<u>74,121</u>	<u>25,054</u>
Total Assets	<u><u>\$6,472,114</u></u>	<u><u>\$6,407,786</u></u>
Liabilities and Net Assets		
Accounts payable and accrued expenses	\$ 163,716	\$ 75,032
Accounts payable - AIFT (Note 1b)	1,100	-
Refundable deposits held	14,250	11,500
Grants payable (Note 7)	-	38,680
Total Liabilities	<u>179,066</u>	<u>125,212</u>
Commitments (Note 8)		
Net Assets		
Unrestricted	2,594,379	2,554,220
Temporarily restricted (Note 2a)	3,098,669	3,128,354
Permanently restricted (Note 2b)	600,000	600,000
Total Net Assets	<u>6,293,048</u>	<u>6,282,574</u>
Total Liabilities and Net Assets	<u><u>\$6,472,114</u></u>	<u><u>\$6,407,786</u></u>

See notes to financial statements.

THE AMERICAN INDIA FOUNDATION
STATEMENTS OF ACTIVITIES
YEARS ENDED MARCH 31, 2013 AND 2012

	2013			2012				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Changes in Net Assets								
Support and Revenue								
Contributions and grants	\$ 1,878,678	\$ 807,216	\$ -	\$2,685,894	\$ 2,054,045	\$ 1,230,183	\$ -	\$3,284,228
Benefit income	4,770,198	-	-	4,770,198	4,201,709	-	-	4,201,709
Less: Direct benefit expenses	(561,963)	-	-	(561,963)	(656,113)	-	-	(656,113)
Realized loss on investments	-	-	-	-	(5,723)	-	-	(5,723)
Unrealized gain (loss) on investments	4,461	-	-	4,461	(3,856)	-	-	(3,856)
Interest and dividend income	43,793	-	-	43,793	67,221	-	-	67,221
Other income	51,769	-	-	51,769	42,014	-	-	42,014
Gain on foreign currency exchange	1,500	-	-	1,500	8,427	-	-	8,427
Reversal of prior year grants payable (Note 7)	37,180	-	-	37,180	186,016	-	-	186,016
	<u>6,225,616</u>	<u>807,216</u>	<u>-</u>	<u>7,032,832</u>	<u>5,893,740</u>	<u>1,230,183</u>	<u>-</u>	<u>7,123,923</u>
Net assets released from restrictions								
Satisfaction of time and program restrictions	836,901	(836,901)	-	-	1,885,131	(1,885,131)	-	-
	<u>7,062,517</u>	<u>(29,685)</u>	<u>-</u>	<u>7,032,832</u>	<u>7,778,871</u>	<u>(654,948)</u>	<u>-</u>	<u>7,123,923</u>
Expenses								
Program Services	5,628,311	-	-	5,628,311	5,916,757	-	-	5,916,757
Supporting Services								
Management and general	430,658	-	-	430,658	401,237	-	-	401,237
Fundraising	963,389	-	-	963,389	858,923	-	-	858,923
Total Supporting Services	<u>1,394,047</u>	<u>-</u>	<u>-</u>	<u>1,394,047</u>	<u>1,260,160</u>	<u>-</u>	<u>-</u>	<u>1,260,160</u>
Total Expenses	<u>7,022,358</u>	<u>-</u>	<u>-</u>	<u>7,022,358</u>	<u>7,176,917</u>	<u>-</u>	<u>-</u>	<u>7,176,917</u>
Increase (decrease) in net assets	40,159	(29,685)	-	10,474	601,954	(654,948)	-	(52,994)
Net assets, beginning of year	<u>2,554,220</u>	<u>3,128,354</u>	<u>600,000</u>	<u>6,282,574</u>	<u>1,952,266</u>	<u>3,783,302</u>	<u>600,000</u>	<u>6,335,568</u>
Net Assets, End 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>

See notes to financial statements.

THE AMERICAN INDIA FOUNDATION
STATEMENTS OF CASH FLOWS
YEARS ENDED MARCH 31, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
Cash Flows From Operating Activities		
Increase (decrease) in net assets	\$ 10,474	\$ (52,994)
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities:		
Depreciation	11,103	10,095
Reversal of prior year grants payable	(38,680)	(186,016)
Donated securities	(226,574)	(207,920)
Realized loss on investments	-	5,723
Unrealized (gain) loss on investments	(4,461)	3,856
(Increase) decrease in:		
Unconditional promises to give	126,952	(614,895)
Prepaid expenses and other assets	(97,638)	(19,412)
Accounts receivable - AIFT	308,388	(308,388)
Increase (decrease) in:		
Accounts payable and accrued expenses	88,684	16,314
Accounts payable - AIFT	1,100	(882,310)
Refundable deposits held	2,750	(6,000)
Grants payable	-	(84,063)
Net Cash Provided (Used) By Operating Activities	<u>182,098</u>	<u>(2,326,010)</u>
Cash Flows From Investing Activities		
Purchase of property and equipment	(60,170)	(12,332)
Purchases of investments	(813,734)	(120,249)
Proceeds from sale of investments	767,004	2,168,198
Net Cash Provided (Used) By Investing Activities	<u>(106,900)</u>	<u>2,035,617</u>
Net increase (decrease) in cash and cash equivalents	75,198	(290,393)
Cash and cash equivalents, beginning of year	<u>1,766,259</u>	<u>2,056,652</u>
Cash and Cash Equivalents, End of Year	<u><u>\$1,841,457</u></u>	<u><u>\$1,766,259</u></u>

See notes to financial statements.

THE AMERICAN INDIA FOUNDATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2013 AND 2012

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 \$1,784,086 and \$2,034,218 for the years ended March 31, 2013 and 2012, respectively. The balance receivable (payable) from/to the Trust was (\$1,100) and \$308,388 at March 31, 2013 and 2012, respectively.

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, 2013 AND 2012

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. 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, 2013 AND 2012

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 for years prior to 2009 are generally no longer subject to examination by taxing authorities.

k - Subsequent Events

The Organization has evaluated subsequent events through July 11, 2013, the date that the financial statements are considered available to be issued.

THE AMERICAN INDIA FOUNDATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2013 AND 2012

Note 2 - Restrictions on Assets

a - Temporarily Restricted Net Assets

Temporarily restricted net assets are restricted for the following purposes:

	<u>2013</u>	<u>2012</u>
Donor advised funds	\$ 954,948	\$1,075,986
Digital equalizer	890,219	810,197
Future periods	248,538	347,747
Future events	275,200	-
Gender program	404,074	404,074
Livelihood	193,048	354,957
Clinton Fellows	59,664	38,589
O3 program	45,881	34,348
Education	16,044	15,210
Hurricane relief fund	11,053	-
Public health	-	39,674
Operations	-	<u>7,572</u>
	<u>\$3,098,669</u>	<u>\$3,128,354</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, 2013 AND 2012

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, 2013 and 2012 are summarized as follows:

	<u>2013</u>		
	<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 AMERICAN INDIA FOUNDATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2013 AND 2012

Note 2 - Restrictions on Assets (continued)

b - Endowment Funds (continued)

	<u>2012</u>		
	<u>Unrestricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment funds, beginning of year	\$ -	\$600,000	\$600,000
Investment Return:			
Investment income	13,399	-	13,399
Net realized and unrealized loss on investments	<u>(510)</u>	<u>-</u>	<u>(510)</u>
Total Investment Return	<u>12,889</u>	<u>-</u>	<u>12,889</u>
Appropriation of endowment assets to operations	<u>(12,889)</u>	<u>-</u>	<u>(12,889)</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, 2013 AND 2012

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>2013</u>		<u>2012</u>	
	<u>Cost</u>	<u>Carrying Value</u>	<u>Cost</u>	<u>Carrying Value</u>
Certificates of deposit and auction instruments	\$ 442,000	\$ 445,251	\$ 886,000	\$ 898,610
Cash	3,002,627	3,002,627	1,941,892	1,941,892
Corporate bonds	300,000	303,080	700,771	689,725
Equities	<u>5,303</u>	<u>234</u>	<u>5,303</u>	<u>540</u>
Investments, Level 1, carried at fair value	3,749,930	3,751,192	3,533,966	3,530,767
Restricted stock, valued at appraised value at time of donation	<u>57,340</u>	<u>57,340</u>	-	-
	<u>\$3,807,270</u>	<u>\$3,808,532</u>	<u>\$3,533,966</u>	<u>\$3,530,767</u>

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>2013</u>	<u>2012</u>
Interest and dividend income	\$43,793	\$67,221
Net unrealized gain (loss)	4,461	(3,856)
Net realized loss	<u>-</u>	<u>(5,723)</u>
	<u>\$48,254</u>	<u>\$57,642</u>

THE AMERICAN INDIA FOUNDATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2013 AND 2012

Note 5 - Unconditional Promises to Give

Unconditional promises to give at March 31, 2013 and 2012 are summarized as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>		<u>2013</u>	<u>2012</u>
		<u>Future</u>	<u>Future</u>	<u>Total</u>	<u>Total</u>
		<u>Programs</u>	<u>Periods</u>		
Less than one year	\$205,000	\$81,196	\$ 81,200	\$367,396	\$399,471
One to five years	-	-	181,233	181,233	287,600
Less: Discount to present value	-	-	(13,895)	(13,895)	(25,385)
2013 Total	<u>\$205,000</u>	<u>\$ 81,196</u>	<u>\$248,538</u>	<u>\$534,734</u>	
2012 Total	<u>\$166,076</u>	<u>\$147,863</u>	<u>\$347,747</u>		<u>\$661,686</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>2013</u>	<u>2012</u>
Furniture, fixtures and equipment	5-7 years	\$ 19,350	\$ 30,908
Computer equipment	3-5 years	47,315	77,470
Website (in process)	3 years	<u>50,507</u>	-
		117,172	108,378
Less: Accumulated depreciation		<u>(43,051)</u>	<u>(83,324)</u>
		<u>\$ 74,121</u>	<u>\$ 25,054</u>

Depreciation expense for the years ended March 31, 2013 and 2012 was \$11,103 and \$10,095, respectively.

THE AMERICAN INDIA FOUNDATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2013 AND 2012

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 administering such grants. The grants were awarded in the following areas:

	<u>2013</u>	<u>2012</u>
Grants awarded (including Donor Advised Fund Awards)		
Education	\$ 588,769	\$ 749,514
Livelihood	1,491,366	1,746,587
Public Health	<u>260,465</u>	<u>239,379</u>
	<u>2,340,600</u>	<u>2,735,480</u>
Less: Modified grant agreements		
Education	-	(5,239)
Livelihood	-	(167,983)
Public Health	<u>(37,180)</u>	<u>(12,794)</u>
	<u>(37,180)</u>	<u>(186,016)</u>
Grants awarded to AIF Trust		
Education	159,898	214,903
Livelihood	322,079	162,128
Public Health	172,638	59,906
Digital Equalizer	1,049,220	1,543,963
Clinton Fellows	196,645	7,961
Awareness and Engagement	<u>47,102</u>	<u>45,357</u>
	<u>1,947,582</u>	<u>2,034,218</u>
	<u>\$4,251,002</u>	<u>\$4,583,682</u>

THE AMERICAN INDIA FOUNDATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2013 AND 2012

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, 2013, which has not been accrued, amounted to:

Education	\$ 310,778
Livelihood	1,022,370
Public Health	<u>201,513</u>
	<u>\$1,534,661</u>

Note 8 - Commitments

a - AIF has offices in California and New York. AIF's minimum annual obligation under the lease agreements is as follows:

<u>Year Ending March 31,</u>	
2014	\$230,777
2015	184,960

Rent expense for the years ended March 31, 2013 and 2012 was \$226,956 and \$216,247, 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 each of the next three years through January 2015. The payments for 2014 and 2015, totaling approximately \$77,000, are not reflected in these financial statements since the payments are 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, 2013 and 2012, and our report thereon dated July 11, 2013, 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, 2013 with comparative totals for 2012 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, 2013

THE AMERICAN INDIA FOUNDATION

SCHEDULE OF FUNCTIONAL EXPENSES

YEAR ENDED MARCH 31, 2013 WITH COMPARATIVE TOTALS FOR 2012

	Program Services						Supporting Services			2013	2012	
	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	\$ 491,366	\$1,306,366	\$145,415	\$ -	\$ -	\$ -	\$1,943,147	\$ -	\$ -	\$ -	\$1,943,147	\$1,625,681
Grants - Donor Advised Funds	97,403	185,000	115,050	-	-	-	397,453	-	-	-	397,453	1,109,799
Program related expenses	159,898	322,079	172,638	1,049,220	196,645	47,102	1,947,582	-	-	-	1,947,582	2,034,218
Salaries	59,723	42,643	109,233	149,765	86,859	160,434	608,657	235,135	164,503	399,638	1,008,295	884,475
Fringe benefits	15,514	11,077	28,375	38,904	22,563	41,675	158,108	61,080	42,730	103,810	261,918	275,091
Occupancy	14,261	10,182	26,083	35,761	20,741	38,309	145,337	56,146	39,281	95,427	240,764	237,165
Professional fees	5,636	4,024	10,309	14,134	8,197	15,139	57,439	22,190	15,525	37,715	95,154	68,750
Consulting fees	2,333	1,666	4,268	11,614	3,394	66,720	89,995	9,187	6,427	15,614	105,609	63,553
Telephone and internet	2,138	1,527	3,911	5,426	3,271	9,368	25,641	8,419	5,889	14,308	39,949	67,755
Office supplies and related expenses	1,782	1,130	2,893	3,969	3,977	15,209	28,960	6,228	29,118	35,346	64,306	64,712
Repairs and maintenance	922	658	1,686	2,308	1,340	2,476	9,390	3,628	2,538	6,166	15,556	8,217
Travel, entertainment and lodging	1,481	1,058	2,710	27,110	111,403	5,976	149,738	5,833	4,552	10,385	160,123	152,601
Cultivation, digital and Young Professional events	-	-	-	-	-	-	-	-	189,320	189,320	189,320	155,417
Leadership retreat - travel and lodging	-	-	-	-	-	-	-	-	87,860	87,860	87,860	-
Indirect benefit expenses	-	-	-	-	-	-	-	-	345,228	345,228	345,228	300,864
Depreciation	658	470	1,203	1,650	957	1,766	6,704	2,588	1,811	4,399	11,103	10,095
Miscellaneous	5,137	3,668	9,926	14,641	12,247	14,541	60,160	20,224	28,607	48,831	108,991	118,524
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	
Total Expenses, 2012	\$1,059,129	\$1,942,003	\$352,376	\$1,681,830	\$241,544	\$ 639,875	\$5,916,757	\$ 401,237	\$ 858,923	\$1,260,160		\$7,176,917

See independent auditors' report on supplementary information.