

THE AMERICAN INDIA FOUNDATION

FINANCIAL STATEMENTS

MARCH 31, 2020 AND 2019



LUTZ AND GARR

CERTIFIED PUBLIC ACCOUNTANTS, LLP

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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, 2020 and 2019, and the related statements of activities, functional expenses 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, 2020 and 2019, 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.

Emphasis of Matter

As discussed in Note 11 to the financial statements, in March 2020, the United States declared the global pandemic novel coronavirus COVID-19 outbreak a national emergency. As a result, The American India Foundation has suspended or adapted some of its activities at the direction of state and local governmental authorities. Our opinion is not modified with respect to this matter.

Lotz + Carr, LLP

New York, New York
October 22, 2020

THE AMERICAN INDIA FOUNDATION
STATEMENTS OF FINANCIAL POSITION

MARCH 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Assets		
Cash and cash equivalents (Notes 1b and 4)	\$2,157,844	\$1,888,475
Investments (Notes 1d, 1e and 5)	6,187,339	4,879,932
Unconditional promises to give (Notes 1c and 6)	1,257,750	1,908,885
Advance to AIFT (Note 1a)	-	88,593
Prepaid expenses and other assets	266,057	336,269
Property and equipment, net of accumulated depreciation (Notes 1f and 7)	<u>22,738</u>	<u>17,674</u>
 Total Assets	 <u><u>\$9,891,728</u></u>	 <u><u>\$9,119,828</u></u>
 Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 345,981	\$ 449,622
Refundable event receipts	439,126	591,500
Refundable grant	200,000	-
Deposits held	<u>35,524</u>	<u>31,150</u>
Total Liabilities	<u>1,020,631</u>	<u>1,072,272</u>
 Commitments (Notes 9 and 10)		
Net Assets		
Without Donor Restrictions	<u>4,708,515</u>	<u>3,455,876</u>
With Donor Restrictions		
Time and purpose restrictions (Note 3a)	3,562,582	3,991,680
Perpetual in nature (Note 3b)	<u>600,000</u>	<u>600,000</u>
Total With Donor Restrictions	<u>4,162,582</u>	<u>4,591,680</u>
Total Net Assets	<u>8,871,097</u>	<u>8,047,556</u>
 Total Liabilities and Net Assets	 <u><u>\$9,891,728</u></u>	 <u><u>\$9,119,828</u></u>

See notes to financial statements.

THE AMERICAN INDIA FOUNDATION
STATEMENTS OF ACTIVITIES
YEARS ENDED MARCH 31, 2020 AND 2019

	2020				2019			
	Without Donor Restrictions	With Donor Restrictions Time and Purpose Restrictions	Perpetual in Nature	Total	Without Donor Restrictions	With Donor Restrictions Time and Purpose Restrictions	Perpetual in Nature	Total
Changes in Net Assets								
Support and Revenue								
Contributions and grants (Note 1c)	\$ 903,427	\$ 2,748,428	\$ -	\$3,651,855	\$ 752,899	\$ 1,689,745	\$ -	\$2,442,644
Benefit income	4,683,624	93,000	-	4,776,624	4,314,930	532,853	-	4,847,783
Less: Direct benefit expenses	(379,558)	-	-	(379,558)	(626,878)	-	-	(626,878)
Net investment income (Note 5)	169,599	-	-	169,599	116,024	-	-	116,024
Other income	91,661	-	-	91,661	103,497	-	-	103,497
	<u>5,468,753</u>	<u>2,841,428</u>	<u>-</u>	<u>8,310,181</u>	<u>4,660,472</u>	<u>2,222,598</u>	<u>-</u>	<u>6,883,070</u>
Net assets released from restrictions								
Satisfaction of time and program restrictions	<u>3,270,526</u>	<u>(3,270,526)</u>	<u>-</u>	<u>-</u>	<u>2,878,999</u>	<u>(2,878,999)</u>	<u>-</u>	<u>-</u>
Total Support and Revenue	<u>8,739,279</u>	<u>(429,098)</u>	<u>-</u>	<u>8,310,181</u>	<u>7,539,471</u>	<u>(656,401)</u>	<u>-</u>	<u>6,883,070</u>
Expenses								
Program Services	<u>6,041,867</u>	<u>-</u>	<u>-</u>	<u>6,041,867</u>	<u>4,664,475</u>	<u>-</u>	<u>-</u>	<u>4,664,475</u>
Supporting Services								
Management and general	490,814	-	-	490,814	419,339	-	-	419,339
Fundraising	953,959	-	-	953,959	747,753	-	-	747,753
Total Supporting Services	<u>1,444,773</u>	<u>-</u>	<u>-</u>	<u>1,444,773</u>	<u>1,167,092</u>	<u>-</u>	<u>-</u>	<u>1,167,092</u>
Total Expenses	<u>7,486,640</u>	<u>-</u>	<u>-</u>	<u>7,486,640</u>	<u>5,831,567</u>	<u>-</u>	<u>-</u>	<u>5,831,567</u>
Increase (decrease) in net assets	1,252,639	(429,098)	-	823,541	1,707,904	(656,401)	-	1,051,503
Net assets, beginning of year	<u>3,455,876</u>	<u>3,991,680</u>	<u>600,000</u>	<u>8,047,556</u>	<u>1,747,972</u>	<u>4,648,081</u>	<u>600,000</u>	<u>6,996,053</u>
Net Assets, End of Year	<u>\$ 4,708,515</u>	<u>\$ 3,562,582</u>	<u>\$600,000</u>	<u>\$8,871,097</u>	<u>\$ 3,455,876</u>	<u>\$ 3,991,680</u>	<u>\$600,000</u>	<u>\$8,047,556</u>

See notes to financial statements.

THE AMERICAN INDIA FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED MARCH 31, 2020 WITH COMPARATIVE TOTALS FOR 2019

	Program Services						Supporting Services			2020	2019	
	Education	Livelihood	Public Health	Digital Equalizer	Clinton Fellows	Engage, Educate, Inform and Involve (EEII)	Total	Management and General	Fundraising	Total	Total Expenses	Total Expenses
Grants - program related - AIFT	\$1,044,441	\$1,492,176	\$ 840,628	\$399,009	\$194,142	\$ -	\$3,970,396	\$ -	\$ -	\$ -	\$3,970,396	\$1,518,820
Grants - direct to non-governmental organizations	36,070	-	-	-	-	9,000	45,070	-	-	-	45,070	1,055,388
Grants - Donor Advised Funds	-	25,700	-	-	-	-	25,700	-	-	-	25,700	88,120
Program and donor communications	37,226	53,172	29,954	14,220	6,919	-	141,491	-	44,042	44,042	185,533	60,839
Stipends	-	-	-	-	70,582	-	70,582	-	-	-	70,582	77,366
Salaries	174,344	171,159	160,973	163,130	212,590	190,316	1,072,512	174,164	189,228	363,392	1,435,904	1,378,790
Payroll taxes and fringe benefits	58,097	57,160	49,664	52,475	60,908	71,216	349,520	58,699	56,597	115,296	464,816	409,533
Occupancy	26,864	26,431	22,965	24,265	28,757	32,930	162,212	28,165	94,845	123,010	285,222	272,917
Professional fees	-	-	-	-	-	-	-	82,788	69,261	152,049	152,049	117,188
Consulting fees	6,150	6,150	9,225	9,225	9,225	9,225	49,200	10,700	127,560	138,260	187,460	24,978
Telephone and internet	1,910	1,879	1,633	1,725	2,211	2,342	11,700	6,470	11,667	18,137	29,837	29,302
Office supplies and related expenses	1,435	-	-	-	19,804	-	21,239	5,310	27,302	32,612	53,851	61,203
Repairs and maintenance	2,312	2,275	1,977	2,089	2,424	2,835	13,912	2,425	2,312	4,737	18,649	20,500
Travel, entertainment and lodging	645	800	552	583	57,344	791	60,715	676	19,814	20,490	81,205	67,373
Cultivation, digital and Young Professional events	2,018	2,018	3,027	3,027	3,027	3,027	16,144	2,015	61,430	63,445	79,589	151,310
Indirect benefit expenses	-	-	-	-	-	-	-	-	235,687	235,687	235,687	314,071
Depreciation	242	239	207	219	254	297	1,458	1,331	2,742	4,073	5,531	5,447
Miscellaneous	5,581	2,221	1,929	2,039	15,479	2,767	30,016	118,071	11,472	129,543	159,559	139,976
Leadership retreat - travel and lodging	-	-	-	-	-	-	-	-	-	-	-	38,446
Total Expenses	\$1,397,335	\$1,841,380	\$1,122,734	\$672,006	\$683,666	\$ 324,746	\$6,041,867	\$ 490,814	\$ 953,959	\$1,444,773	\$7,486,640	\$5,831,567

See notes to financial statements.

THE AMERICAN INDIA FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED MARCH 31, 2019

	Program Services						Supporting Services			Total Expenses	
	Education	Livelihood	Public Health	Digital Equalizer	Clinton Fellows	Engage, Educate, Inform and Involve (EII)	Total	Management and General	Fundraising		Total
Grants - program related - AIFT	\$136,398	\$190,989	\$336,337	\$502,375	\$352,721	\$ -	\$1,518,820	\$ -	\$ -	\$ -	\$1,518,820
Grants - direct to non-governmental organizations	315,348	352,681	387,359	-	-	-	1,055,388	-	-	-	1,055,388
Grants - Donor Advised Funds	29,222	58,898	-	-	-	-	88,120	-	-	-	88,120
Donor communications	-	-	-	-	-	-	-	-	60,839	60,839	60,839
Specific programs related expenses	-	-	-	-	77,366	-	77,366	-	-	-	77,366
Salaries	179,874	151,803	152,261	159,544	207,011	190,690	1,041,183	163,707	173,900	337,607	1,378,790
Payroll taxes and fringe benefits	52,140	47,142	43,329	45,975	59,931	54,688	303,205	44,564	61,764	106,328	409,533
Occupancy	27,073	22,723	22,859	23,953	31,457	87,261	215,326	25,045	32,546	57,591	272,917
Professional fees	-	-	-	-	-	-	-	95,906	21,282	117,188	117,188
Consulting fees	2,261	1,898	1,909	2,001	4,346	2,239	14,654	2,093	8,231	10,324	24,978
Telephone and internet	2,501	2,099	2,112	2,213	4,163	2,477	15,565	2,315	11,422	13,737	29,302
Office supplies and related expenses	2,133	1,240	1,247	1,307	22,912	2,313	31,152	1,364	28,687	30,051	61,203
Repairs and maintenance	2,618	2,198	2,211	2,317	3,006	2,593	14,943	2,422	3,135	5,557	20,500
Travel, entertainment and lodging	227	151	227	227	48,911	2,948	52,691	2,663	12,019	14,682	67,373
Cultivation, digital and Young Professional events	6,420	4,280	6,420	6,420	6,420	114,930	144,890	2,140	4,280	6,420	151,310
Indirect benefit expenses	-	-	-	-	-	-	-	-	314,071	314,071	314,071
Depreciation	696	584	588	616	799	689	3,972	642	833	1,475	5,447
Miscellaneous	6,699	6,075	5,656	9,708	10,103	10,513	48,754	76,478	14,744	91,222	139,976
Leadership retreat - travel and lodging	-	-	-	-	-	38,446	38,446	-	-	-	38,446
Total Expenses	<u>\$763,610</u>	<u>\$842,761</u>	<u>\$962,515</u>	<u>\$756,656</u>	<u>\$829,146</u>	<u>\$ 509,787</u>	<u>\$4,664,475</u>	<u>\$ 419,339</u>	<u>\$ 747,753</u>	<u>\$1,167,092</u>	<u>\$5,831,567</u>

THE AMERICAN INDIA FOUNDATION
STATEMENTS OF CASH FLOWS
YEARS ENDED MARCH 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Cash Flows From Operating Activities		
Increase in net assets	\$ 823,541	\$1,051,503
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	5,531	5,447
Unrealized gain on investments	(39,094)	(31,894)
Donated securities on hand	(29,876)	(82,554)
(Increase) decrease in:		
Unconditional promises to give	651,135	(18,454)
Advance to AIFT	88,593	(88,593)
Prepaid expenses and other assets	70,212	(141,174)
Increase (decrease) in:		
Accounts payable and accrued expenses	(103,641)	(236,590)
Grant payable - AIFT	-	(55,688)
Refundable event receipts	(152,374)	348,200
Refundable grant	200,000	-
Deposits held	4,374	(2,000)
Net Cash Provided By Operating Activities	<u>1,518,401</u>	<u>748,203</u>
Cash Flows From Investing Activities		
Purchase of property and equipment	(10,595)	(4,544)
Purchases of investments	(1,295,523)	(270,792)
Proceeds from sale of investments	57,086	90,612
Net Cash Used By Investing Activities	<u>(1,249,032)</u>	<u>(184,724)</u>
Net increase in cash and cash equivalents	269,369	563,479
Cash and cash equivalents, beginning of year	<u>1,888,475</u>	<u>1,324,996</u>
Cash and Cash Equivalents, End of Year	<u><u>\$2,157,844</u></u>	<u><u>\$1,888,475</u></u>

See notes to financial statements.

THE AMERICAN INDIA FOUNDATION**NOTES TO FINANCIAL STATEMENTS****MARCH 31, 2020 AND 2019****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.

AIF has a memorandum of understanding (“MOU”) with The American India Foundation Trust (“the Trust” or “AIFT”) located in India. The MOU includes licensing and general grant administration agreements. 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 Boards 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 \$3,970,396 and \$1,518,820 for the years ended March 31, 2020 and 2019, respectively (see Note 8). The outstanding advance to the Trust was \$88,593 at March 31, 2019. In addition, \$45,070 and \$1,055,388 was awarded to non-governmental organizations during the years ended March 31, 2020 and 2019, respectively.

b - 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.

c - Contributions and Unconditional Promises to Give

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 net assets with donor restrictions. When a restriction is met, net assets with donor restrictions are reclassified to net assets without donor restrictions. Conditional promises to give, that have a measurable performance or other barrier and a right of return, are not recognized as support until the conditions have been met.

AIF received 13% of its contributions from one donor during the year ended March 31, 2019.

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.

THE AMERICAN INDIA FOUNDATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2020 AND 2019

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

d - 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.

The classification of investments in the fair value hierarchy is not necessarily an indication of the risks, liquidity, or degree of difficulty in estimating the fair value of each investment's underlying assets and 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.

e - 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 net assets without donor restrictions, unless their use is restricted by explicit donor stipulations or by law.

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.

THE AMERICAN INDIA FOUNDATION**NOTES TO FINANCIAL STATEMENTS****MARCH 31, 2020 AND 2019****Note 1 - Organization and Summary of Significant Accounting Policies (continued)****f - 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.

g - Grants Awarded

Unconditional grants are recorded when awarded to the grantee organization.

h - Financial Statement Presentation

The financial statements of the Organization have been prepared in accordance with U.S. generally accepted accounting principles, 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 the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

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.

k - Subsequent Events

The Organization has evaluated subsequent events through October 22, 2020, the date that the financial statements are considered available to be issued.

THE AMERICAN INDIA FOUNDATION**NOTES TO FINANCIAL STATEMENTS****MARCH 31, 2020 AND 2019****Note 1 - Organization and Summary of Significant Accounting Policies (continued)****l - Functional Allocation of Expenses**

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Expenses are applied directly to programs where applicable or allocated on a reasonable and consistent basis. A substantial portion of the Organization's expenses are directly related to program activities. The expenses that are allocated include payroll and benefits, occupancy, consulting fees, telephone and internet, office supplies, repairs and maintenance, depreciation, and certain miscellaneous expenses which are allocated on the basis of staff time and effort.

m - New Accounting Pronouncements

In 2020, the Organization adopted Accounting Standards Update (ASU) No 2014-09, *Revenue from Contracts with Customers (Topic 606)*, and ASU 2018-08, *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 605)*. Analysis of the various provisions of these standards resulted in no significant changes in the way the Organization recognizes revenue, and therefore no changes to the previously issued audited financial statements were required on a retrospective basis.

Note 2 - Information Regarding Liquidity and Availability

The Organization operates with a balanced budget for each fiscal year based on the revenues expected to be available to fund anticipated expenses. A substantial portion of annual revenue is comprised of contribution revenue raised during the current year, and revenue from other sources earned during the year. The Organization considers general expenditures to consist of all expenses related to its ongoing program activities, and the expenses related to general and administrative and fundraising activities undertaken to support those services.

The Organization regularly monitors liquidity to meet its operating needs and other commitments and obligations, while seeking to maximize the investment of its available funds. Management prepares regular cash flow projections to determine liquidity needs, and has a policy to maintain liquid financial assets on an ongoing basis sufficient to cover ninety days of general expenditures. Financial assets in excess of daily cash requirements are invested in money market funds and certificates of deposit.

THE AMERICAN INDIA FOUNDATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2020 AND 2019

Note 2 - Information Regarding Liquidity and Availability (continued)

The Organization's financial assets as of March 31, 2020 and 2019 and those available within one year to meet cash needs for general expenditures are summarized as follows:

	<u>2020</u>	<u>2019</u>
Financial Assets at Year End:		
Cash and cash equivalents	\$2,157,844	\$1,888,475
Investments	6,187,339	4,879,932
Unconditional promises to give	<u>1,257,750</u>	<u>1,908,885</u>
Total Financial Assets	9,602,933	8,677,292
Less: Amounts not Available to be Used within One Year:		
Net assets with donor restrictions, subject to expenditure for specific purposes or passage of time	(3,562,582)	(3,991,680)
Plus: Net assets with donor restrictions expected to be met in less than one year	2,015,289	1,940,026
Net assets with donor restrictions for endowment, subject to spending policy and appropriation	<u>(600,000)</u>	<u>(600,000)</u>
Financial Assets Available to Meet General Expenditures within One Year	<u>\$7,455,640</u>	<u>\$6,025,638</u>

Note 3 - Net Assets With Donor Restrictions

a - Time and Purpose Restrictions

Net assets with time and purpose restrictions at March 31, 2020 and 2019 are restricted for the following purposes:

	<u>2020</u>	<u>2019</u>
Public health	\$1,292,301	\$1,674,512
LAMP- learning and migration program	615,463	703,934
Livelihood	530,920	750,432
Clinton fellows	455,961	117,719
Digital equalizer	306,197	267,064
Donor advised funds	197,165	278,769
Gender program	58,789	58,789
Advocacy	51,128	24,161
Uttarakhand relief fund	28,947	28,947
Chennai flood fund	13,668	26,292
Kashmir flood fund	5,237	5,237
Taplin friend's fund	4,450	2,450
Future periods and gala	1,501	3,001
Kerala rehabilitation	855	48,873
IIMPACT	-	1,500
	<u>\$3,562,582</u>	<u>\$3,991,680</u>

THE AMERICAN INDIA FOUNDATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2020 AND 2019

Note 3 - Net Assets With Donor Restrictions (continued)

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 net assets with donor restrictions (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 that is not for investment in perpetuity is classified as endowment subject to spending policy and appropriation until those amounts are appropriated for expenditure by the Organization.

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

Changes in the Organization's endowment funds for the years ended March 31, 2020 and 2019 are summarized as follows:

	<u>2020</u>		
	<u>Without Donor Restrictions</u>	<u>Investment in Perpetuity</u>	<u>Total</u>
Endowment funds, beginning of year	\$ -	\$600,000	\$600,000
Investment return	17,503	-	17,503
Appropriation of endowment assets to operations	<u>(17,503)</u>	<u>-</u>	<u>(17,503)</u>
Endowment Funds, End of Year	<u>\$ -</u>	<u>\$600,000</u>	<u>\$600,000</u>

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NOTES TO FINANCIAL STATEMENTS
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Note 3 - Restrictions on Assets (continued)

b - Endowment Funds (continued)

	<u>2019</u>		
	<u>Without Donor Restrictions</u>	<u>Investment in Perpetuity</u>	<u>Total</u>
Endowment funds, beginning of year	\$ -	\$600,000	\$600,000
Investment return	5,813	-	5,813
Appropriation of endowment assets to operations	<u>(5,813)</u>	<u>-</u>	<u>(5,813)</u>
Endowment Funds, End of Year	<u>\$ -</u>	<u>\$600,000</u>	<u>\$600,000</u>

Return Objective and Risk Parameters

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.

Strategies Employed for Achieving Objectives and Spending Policy

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.

AIF has taken a conservative view of protecting capital and has been primarily investing in money markets, corporate bonds and FDIC insured CD's based on the guidelines set by the Finance Committee.

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

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Note 4 - Concentration of Credit Risk

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

Note 5 - Investments

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

	<u>2020</u>		<u>2019</u>	
	<u>Cost</u>	<u>Carrying Value</u>	<u>Cost</u>	<u>Carrying Value</u>
Cash and money market funds	\$ 266,239	\$ 266,239	\$ 37,909	\$ 37,909
Certificates of deposit	3,911,000	3,918,571	2,863,000	2,863,183
Government securities	809,244	852,289	771,173	776,373
Municipal bonds	256,689	271,962	246,945	251,836
Corporate bonds	412,203	420,688	442,263	444,355
Mutual funds	396,699	379,427	369,535	369,110
Equities	<u>29,876</u>	<u>20,823</u>	<u>82,812</u>	<u>79,826</u>
Investments, Level 1, carried at fair value	6,081,950	6,129,999	4,813,637	4,822,592
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>\$6,139,290</u>	<u>\$6,187,339</u>	<u>\$4,870,977</u>	<u>\$4,879,932</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>2020</u>	<u>2019</u>
Interest and dividend income	\$130,505	\$ 84,130
Unrealized gain on investments	<u>39,094</u>	<u>31,894</u>
	<u>\$169,599</u>	<u>\$116,024</u>

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Note 6 - Promises to Give

a - Unconditional Promises to Give

Unconditional promises to give at March 31, 2020 and 2019 are due as follows:

	2020		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Less than one year	\$339,791	\$726,570	\$1,066,361
One to three years	-	203,209	203,209
Less: Discount to present value	<u>-</u>	<u>(11,820)</u>	<u>(11,820)</u>
Total	<u>\$339,791</u>	<u>\$917,959</u>	<u>\$1,257,750</u>
	2019		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Less than one year	\$893,459	\$ 803,545	\$1,697,004
One to three years	-	224,785	224,785
Less: Discount to present value	<u>-</u>	<u>(12,904)</u>	<u>(12,904)</u>
Total	<u>\$893,459</u>	<u>\$1,015,426</u>	<u>\$1,908,885</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%.

b - Conditional Promises to Give

As of March 31, 2020, the Organization received approximately \$1,263,000 of contributions that have barriers that have not been met by year end, and accordingly have not been recognized as support in the accompanying financial statements.

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Note 7 - Property and Equipment

Property and equipment consist of the following:

	<u>Life</u>	<u>2020</u>	<u>2019</u>
Computer equipment	3-5 years	\$104,637	\$ 94,042
Website	3 years	<u>50,507</u>	<u>50,507</u>
		155,144	144,549
Less: Accumulated depreciation		<u>(132,406)</u>	<u>(126,875)</u>
		<u>\$ 22,738</u>	<u>\$ 17,674</u>

Note 8 - Grant Making Activities

AIF awards grants to AIFT in support of its programs for Education, Livelihood and Public Health in India. AIF also awards grants to reputable Indian non-governmental organizations that were executing development projects in India.

Note 9 - Commitments

a - AIF leases office space in New York. The lease provides for minimum annual payments as follows:

Year ending March 31, 2021	\$196,173
Thereafter, through June 30, 2021	49,043

Rent expense for the years ended March 31, 2020 and 2019 was \$202,846 and \$195,330, respectively.

b - AIF sublets part of its office space in New York. Rental income under sub-leases is expected to be received as follows:

Year ending March 31, 2021	\$59,402
Thereafter, through June 30, 2021	5,400

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Note 10 - Pension Plan

AIF maintains a defined contribution pension plan for all eligible employees. The Organization contributes 6% of annual compensation after one year of service. The total contribution to the plan for the years ended March 31 2020 and 2019 was \$59,550 and \$59,676, respectively.

Note 11 - Risks and Uncertainties

In March 2020, the United States declared the global pandemic novel coronavirus COVID-19 outbreak a national emergency. AIF believes that its current financial assets are sufficient to support its operations on an ongoing basis.

In May 2020, AIF received a \$326,000 Paycheck Protection Program loan having an interest rate of 1% and a maturity of 2 years. The loan and any accrued interest can be forgiven in its entirety if the loan proceeds are applied towards applicable payroll and occupancy costs, as defined by the Coronavirus Aid, Relief and Economic Security Act. AIF expects the entire loan and all accrued interest will be forgiven.