

THE AMERICAN INDIA FOUNDATION

FINANCIAL STATEMENTS

MARCH 31, 2023 AND 2022



LUTZ AND GARR

CERTIFIED PUBLIC ACCOUNTANTS, LLP

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
The American India Foundation

Opinion

We have audited the accompanying financial statements of The American India Foundation (a nonprofit organization), which comprise the statements of financial position as of March 31, 2023 **and 2022**, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

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, 2023 **and 2022**, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The American India Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The American India Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 American India Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The American India Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Lotz + Carr, LLP

THE AMERICAN INDIA FOUNDATION
STATEMENTS OF FINANCIAL POSITION
MARCH 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
Assets		
Cash and cash equivalents (Notes 1b and 4)	\$ 2,737,809	\$10,531,208
Investments (Notes 1d, 1e and 5)	27,958,909	17,218,552
Contributions receivable (Notes 1c and 6)	240,000	10,000
Advance to AIFT (Note 1a)	2,788,314	6,974,329
Prepaid expenses and other assets	254,488	130,037
Operating lease right-of-use asset (Note 1g)	550,407	-
Property and equipment, net of accumulated depreciation (Notes 1f and 7)	4,953	9,007
Security deposit	<u>33,686</u>	<u>33,686</u>
Total Assets	<u>\$34,568,566</u>	<u>\$34,906,819</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 372,406	\$ 419,326
Deposits held	17,775	14,275
Refundable event receipts	1,530,541	879,703
Refundable contributions (Note 6b)	2,771,665	4,191,200
Operating lease liability (Notes 1g and 9)	564,123	-
Total Liabilities	<u>5,256,510</u>	<u>5,504,504</u>
Commitments (Notes 8 and 10)		
Net Assets		
Without Donor Restrictions	<u>13,718,379</u>	<u>9,108,758</u>
With Donor Restrictions		
Time and purpose restrictions (Note 3a)	14,993,677	19,693,557
Perpetual in nature (Note 3b)	600,000	600,000
Total With Donor Restrictions	<u>15,593,677</u>	<u>20,293,557</u>
Total Net Assets	<u>29,312,056</u>	<u>29,402,315</u>
Total Liabilities and Net Assets	<u>\$34,568,566</u>	<u>\$34,906,819</u>

See notes to financial statements.

THE AMERICAN INDIA FOUNDATION
STATEMENTS OF ACTIVITIES
YEARS ENDED MARCH 31, 2023 AND 2022

	2023				2022			
	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)	\$ 2,925,345	\$ 6,294,188	\$ -	\$ 9,219,533	\$ 4,466,257	\$37,922,249	\$ -	\$42,388,506
Return of prior year grant funds	-	-	-	-	-	(112,975)	-	(112,975)
Benefit income	6,152,840	-	-	6,152,840	2,653,631	-	-	2,653,631
Less: Direct benefit expenses	(760,906)	-	-	(760,906)	(6,970)	-	-	(6,970)
Net investment income (Note 5)	530,482	-	-	530,482	41,022	-	-	41,022
Other income	17,420	-	-	17,420	10,868	-	-	10,868
	<u>8,865,181</u>	<u>6,294,188</u>	<u>-</u>	<u>15,159,369</u>	<u>7,164,808</u>	<u>37,809,274</u>	<u>-</u>	<u>44,974,082</u>
Net assets released from restrictions and reclassifications								
Satisfaction of time and program restrictions	11,066,853	(11,066,853)	-	-	22,383,054	(22,383,054)	-	-
Reclassification of prior year restricted funding	(72,785)	72,785	-	-	-	-	-	-
Total Net Assets Released From Restrictions and Reclassifications	<u>10,994,068</u>	<u>(10,994,068)</u>	<u>-</u>	<u>-</u>	<u>22,383,054</u>	<u>(22,383,054)</u>	<u>-</u>	<u>-</u>
Total Support and Revenue	<u>19,859,249</u>	<u>(4,699,880)</u>	<u>-</u>	<u>15,159,369</u>	<u>29,547,862</u>	<u>15,426,220</u>	<u>-</u>	<u>44,974,082</u>
Expenses								
Program Services	13,132,624	-	-	13,132,624	24,910,886	-	-	24,910,886
Supporting Services								
Management and general	825,575	-	-	825,575	825,108	-	-	825,108
Fundraising	1,291,429	-	-	1,291,429	672,718	-	-	672,718
Total Supporting Services	<u>2,117,004</u>	<u>-</u>	<u>-</u>	<u>2,117,004</u>	<u>1,497,826</u>	<u>-</u>	<u>-</u>	<u>1,497,826</u>
Total Expenses	<u>15,249,628</u>	<u>-</u>	<u>-</u>	<u>15,249,628</u>	<u>26,408,712</u>	<u>-</u>	<u>-</u>	<u>26,408,712</u>
Increase (decrease) in net assets	4,609,621	(4,699,880)	-	(90,259)	3,139,150	15,426,220	-	18,565,370
Net assets, beginning of year	9,108,758	19,693,557	600,000	29,402,315	5,969,608	4,267,337	600,000	10,836,945
Net Assets, End of Year	<u><u>\$13,718,379</u></u>	<u><u>\$14,993,677</u></u>	<u><u>\$600,000</u></u>	<u><u>\$29,312,056</u></u>	<u><u>\$ 9,108,758</u></u>	<u><u>\$19,693,557</u></u>	<u><u>\$600,000</u></u>	<u><u>\$29,402,315</u></u>

See notes to financial statements.

THE AMERICAN INDIA FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED MARCH 31, 2023 WITH COMPARATIVE TOTALS FOR 2022

	2023											2022		
	Program Services							Supporting Services				Total Expenses	Total Expenses	
	Education	Livelihood	Public Health	Digital Equalizer	Clinton Fellows	Banyan Impact Fellowship	COVID Relief	Engage, Educate, Inform and Involve (EII)	Total	Management and General	Fundraising			Total
Grants - program related - AIFT	\$ 78,845	\$ 407,362	\$ 214,597	\$1,721,040	\$ -	\$ -	\$ 442,074	\$ -	\$ 2,863,918	\$ -	\$ -	\$ -	\$ 2,863,918	\$10,533,668
Grants - direct to non-governmental organizations	224,410	257,866	704,702	-	100,000	-	809,192	-	2,096,170	-	-	-	2,096,170	12,018,968
Grants - Donor Advised Funds	-	41,000	3,085	-	-	-	-	-	44,085	-	-	-	44,085	18,000
Grants - COVID related	-	1,150,000	2,122,745	-	58,157	-	2,643,308	-	5,974,210	-	-	-	5,974,210	139,096
Stipends	-	-	-	-	94,374	-	-	-	94,374	-	-	-	94,374	-
Salaries	186,884	256,498	245,871	256,498	117,179	-	85,444	142,479	1,290,853	245,881	260,109	505,990	1,796,843	1,885,895
Payroll taxes and fringe benefits	60,296	80,451	76,878	80,451	22,952	-	27,622	41,295	389,945	93,089	79,566	172,655	562,600	468,348
Occupancy	15,122	20,756	19,896	20,756	9,482	-	6,914	11,529	104,455	19,896	21,048	40,944	145,399	162,891
Professional fees	-	-	-	-	-	-	-	-	-	427,024	90,217	517,241	517,241	333,762
Consulting fees	5,247	7,201	6,903	7,201	4,280	-	2,399	4,000	37,231	6,903	158,735	165,638	202,869	115,260
Telephone and internet	1,272	1,746	1,674	1,746	868	-	582	970	8,858	1,674	11,180	12,854	21,712	50,946
Office supplies and related expenses	8,178	11,225	10,759	11,225	19,929	-	3,739	6,235	71,290	10,760	75,464	86,224	157,514	129,398
Repairs and maintenance	74	101	97	101	46	-	34	56	509	97	102	199	708	15,853
Travel, entertainment and lodging	-	-	-	-	54,676	-	-	1,819	56,495	1,819	62,157	63,976	120,471	44,153
Cultivation, digital and Young Professional events	530	728	698	728	332	-	242	404	3,662	698	235,639	236,337	239,999	132,524
Indirect benefit expenses	-	-	-	-	-	-	-	-	-	-	268,250	268,250	268,250	133,154
Depreciation	422	579	555	579	264	-	193	321	2,913	555	586	1,141	4,054	5,474
Bank charges and credit card fees	8,733	11,986	11,489	11,986	5,476	-	3,993	6,656	60,319	11,490	12,155	23,645	83,964	168,482
Miscellaneous	4,323	5,934	5,688	5,934	6,184	-	1,977	3,297	33,337	5,689	16,221	21,910	55,247	52,840
Total Expenses, 2023	\$594,336	\$2,253,433	\$3,425,637	\$2,118,245	\$494,199	\$ -	\$ 4,027,713	\$ 219,061	\$13,132,624	\$ 825,575	\$ 1,291,429	\$2,117,004	\$15,249,628	
Total Expenses, 2022	\$640,086	\$ 529,289	\$1,164,013	\$ 484,820	\$ -	\$281,643	\$21,488,700	\$ 322,335	\$24,910,886	\$ 825,108	\$ 672,718	\$1,497,826	\$26,408,712	

See notes to financial statements.

THE AMERICAN INDIA FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED MARCH 31, 2022

	Program Services							Supporting Services			Total Expenses	
	Education	Livelihood	Public Health	Digital Equalizer	Banyan Impact Fellowship	COVID Relief	Engage, Educate, Inform and Involve (EII)	Total	Management and General	Fundraising		Total
Grants - program related - AIFT	\$ 34,717	\$ 46,967	\$ 465,753	\$203,993	\$ 23,588	\$ 9,758,650	\$ -	\$10,533,668	\$ -	\$ -	\$ -	\$10,533,668
Grants - direct to non-governmental organizations	353,049	178,325	410,620	-	24,000	11,052,974	-	12,018,968	-	-	-	12,018,968
Grants - Donor Advised Funds	-	18,000	-	-	-	-	-	18,000	-	-	-	18,000
Grants - program related shipping costs	-	-	-	-	-	139,096	-	139,096	-	-	-	139,096
Salaries	166,919	193,199	193,696	189,067	151,155	372,796	170,756	1,437,588	245,302	203,005	448,307	1,885,895
Payroll taxes and fringe benefits	46,627	48,444	47,818	46,617	32,665	81,031	45,374	348,576	62,499	57,273	119,772	468,348
Occupancy	14,417	16,687	16,730	16,330	13,056	32,200	14,749	124,169	21,188	17,534	38,722	162,891
Professional fees	-	-	-	-	-	-	-	-	288,616	45,146	333,762	333,762
Consulting fees	1,974	2,285	2,291	2,236	1,788	4,410	2,020	17,004	2,902	95,354	98,256	115,260
Telephone and internet	4,313	4,992	5,005	4,885	3,905	9,632	4,412	37,144	6,338	7,464	13,802	50,946
Office supplies and related expenses	8,576	9,927	9,952	9,714	25,908	19,154	8,773	92,004	12,605	24,789	37,394	129,398
Repairs and maintenance	1,403	1,624	1,628	1,589	1,271	3,134	1,435	12,084	2,063	1,706	3,769	15,853
Travel, entertainment and lodging	-	-	-	-	-	-	5,882	5,882	4,701	33,570	38,271	44,153
Cultivation, digital and Young Professional events	3,335	3,335	5,002	5,002	-	5,002	64,069	85,745	3,334	43,445	46,779	132,524
Indirect benefit expenses	-	-	-	-	-	-	-	-	-	133,154	133,154	133,154
Depreciation	485	561	562	549	439	1,082	496	4,174	711	589	1,300	5,474
Bank charges and credit card fees	-	-	-	-	-	-	-	-	168,482	-	168,482	168,482
Miscellaneous	4,271	4,943	4,956	4,838	3,868	9,539	4,369	36,784	6,367	9,689	16,056	52,840
Total Expenses	<u>\$640,086</u>	<u>\$529,289</u>	<u>\$1,164,013</u>	<u>\$484,820</u>	<u>\$281,643</u>	<u>\$21,488,700</u>	<u>\$ 322,335</u>	<u>\$24,910,886</u>	<u>\$ 825,108</u>	<u>\$ 672,718</u>	<u>\$1,497,826</u>	<u>\$26,408,712</u>

See notes to financial statements.

THE AMERICAN INDIA FOUNDATION
STATEMENTS OF CASH FLOWS
YEARS ENDED MARCH 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
Cash Flows From Operating Activities		
Increase (decrease) in net assets	\$ (90,259)	\$18,565,370
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Non-cash operating lease expense	121,481	-
Depreciation	4,054	5,474
Bad debt expense	10,000	-
Realized gain on investments	(148,969)	(3,179)
Unrealized gain on investments	(87,332)	(977)
(Increase) decrease in:		
Contributions receivable	(240,000)	492,885
Advance to AIFT	4,186,015	(6,974,329)
Prepaid expenses and other assets	(124,451)	(97,180)
Security deposit	-	(33,686)
Increase (decrease) in:		
Accounts payable and accrued expenses	(46,920)	105,775
Deposits held	3,500	(4,750)
Refundable event receipts	650,838	879,703
Refundable contributions	(1,419,535)	4,191,200
Operating lease liability	(107,765)	-
Net Cash Provided By Operating Activities	<u>2,710,657</u>	<u>17,126,306</u>
 Cash Flows From Investing Activities		
Purchases of investments	(11,722,284)	(10,897,604)
Proceeds from sale of investments	<u>1,218,228</u>	<u>537,763</u>
Net Cash Used By Investing Activities	<u>(10,504,056)</u>	<u>(10,359,841)</u>
 Net increase (decrease) in cash and cash equivalents	(7,793,399)	6,766,465
Cash and cash equivalents, beginning of year	<u>10,531,208</u>	<u>3,764,743</u>
 Cash and Cash Equivalents, End of Year	<u><u>\$ 2,737,809</u></u>	<u><u>\$10,531,208</u></u>
 Supplemental disclosure of non-cash investing activities:		
Operating lease right-of-use asset obtained in exchange for lease liability	<u><u>\$ 671,888</u></u>	<u><u>\$ -</u></u>

See notes to financial statements.

THE AMERICAN INDIA FOUNDATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023 AND 2022

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 \$8,838,128 and \$10,533,668 for the years ended March 31, 2023 and 2022, respectively (Note 8). In addition, \$2,096,170 and \$12,018,968 was awarded to non-governmental organizations during the years ended March 31, 2023 and 2022, respectively. The outstanding advance to the Trust was \$2,788,314 and 6,974,329 at March 31, 2023 and 2022, 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 Contributions Receivable

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.

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.

AIF received 20% of its contributions from one donor during the year ended March 31, 2022.

THE AMERICAN INDIA FOUNDATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023 AND 2022

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, 2023 AND 2022

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 - Operating Lease Right-of-Use Asset and Operating Lease Liability

For leases with an initial term greater than twelve months, the Organization's operating lease liability is initially recorded at the present value of the unpaid lease payments as of April 1, 2022. The Organization's operating lease right-of-use asset is initially recorded at the carrying amount of the lease liability adjusted for initial direct costs, accruals, deferred rent liability and lease incentives, if any. Operating lease cost is recognized on a straight-line basis over the lease term.

h - Grants Awarded

Unconditional grants are recorded when awarded to the grantee organization.

i - Financial Statement Presentation

The financial statements of the Organization have been prepared in accordance with accounting principles generally accepted in the United States, 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.

j - 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.

THE AMERICAN INDIA FOUNDATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023 AND 2022

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

k - 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.

l - Subsequent Events

The Organization has evaluated subsequent events through October 31, 2023, the date that the financial statements are considered available to be issued.

m - 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.

n - New Accounting Standard

During 2023, the Organization adopted Accounting Standards Update ("ASU") 2016-02, *Leases (Topic 842)*. The core principles of ASU 2016-02 change the way organizations account for their leases by recognizing lease assets and related liabilities on the statement of financial position for all leases with terms longer than twelve months and disclosing key information about leasing arrangements. As such, results for 2023 are presented under Topic 842, while results for 2022 continue to be reported in accordance with historical accounting practices. The adoption of the ASU did not have a significant impact on the Organization's net assets as of April 1, 2022.

As part of the adoption of the ASU, the Organization elected to apply the modified retrospective transition approach as of the date of initial application without restating comparative period financial statements, to use a risk-free rate, equal to the five-year Treasury Bill rate for the discount of the operating lease and to apply the practical expedients which allows the Organization to not reassess (i) whether any expired or existing contracts are leases or contain leases (ii) the lease classification for any expired or existing leases (iii) initial direct costs for any existing leases.

THE AMERICAN INDIA FOUNDATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023 AND 2022

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 Organization's financial assets as of March 31, 2023 and 2022 available to meet cash needs for general expenditures within one year are summarized as follows:

	<u>2023</u>	<u>2022</u>
Financial Assets at Year End:		
Cash and cash equivalents	\$ 2,737,809	\$10,531,208
Investments	27,958,909	17,218,552
Contributions receivable	<u>240,000</u>	<u>10,000</u>
Total Financial Assets	30,936,718	27,759,760
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	(14,993,677)	(19,693,557)
Plus: Net assets with donor restrictions expected to be met in less than one year	6,863,677	12,702,630
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>\$22,206,718</u>	<u>\$20,168,833</u>

THE AMERICAN INDIA FOUNDATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023 AND 2022

Note 3 - Net Assets With Donor Restrictions

a - Time and Purpose Restrictions

Net assets with time and purpose restrictions at March 31, 2023 and 2022 are restricted for the following purposes:

	<u>2023</u>	<u>2022</u>
COVID relief	\$ 8,182,622	\$15,724,628
Public health	1,554,646	940,798
Digital equalizer	1,516,082	392,947
Education	1,282,052	949,428
Livelihood	1,173,193	507,201
Relief programs	447,641	175,100
Banyan Impact Fellowship	425,283	494,139
Donor advised funds	272,857	441,310
Circle of Hope	<u>139,301</u>	<u>68,006</u>
	<u>\$14,993,677</u>	<u>\$19,693,557</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 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:

THE AMERICAN INDIA FOUNDATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023 AND 2022

Note 3 - Net Assets With Donor Restrictions (continued)

b - Endowment Funds (continued)

- (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, 2023 and 2022 are summarized as follows:

	<u>2023</u>		
	<u>Investment Income Above Original Gift Amount</u>	<u>Investment in Perpetuity</u>	<u>Total</u>
Endowment funds, beginning of year	\$ -	\$600,000	\$600,000
Investment return	13,760	-	13,760
Appropriation of endowment assets to operations	(13,760)	-	(13,760)
Endowment Funds, End of Year	<u>\$ -</u>	<u>\$600,000</u>	<u>\$600,000</u>
	<u>2022</u>		
	<u>Investment Income Above Original Gift Amount</u>	<u>Investment in Perpetuity</u>	<u>Total</u>
Endowment funds, beginning of year	\$ -	\$600,000	\$600,000
Investment return	153	-	153
Appropriation of endowment assets to operations	(153)	-	(153)
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, 2023 AND 2022

Note 3 - Net Assets With Donor Restrictions (continued)

b - Endowment Funds (continued)

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 to operations.

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.

THE AMERICAN INDIA FOUNDATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023 AND 2022

Note 5 - Investments

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

	<u>2023</u>		<u>2022</u>	
	<u>Cost</u>	<u>Carrying Value</u>	<u>Cost</u>	<u>Carrying Value</u>
Cash and money market funds	\$15,687,956	\$15,687,956	\$15,724,952	\$15,724,952
Government securities	11,133,486	11,179,941	363,569	353,421
Corporate bonds	303,963	291,826	320,912	307,803
Mutual funds	319,644	339,381	365,753	368,317
Equities	223,149	262,278	245,019	272,813
REIT	111,416	140,187	106,384	133,906
Investments, Level 1, carried at fair value	<u>27,779,614</u>	<u>27,901,569</u>	<u>17,126,589</u>	<u>17,161,212</u>
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>\$27,836,954</u>	<u>\$27,958,909</u>	<u>\$17,183,929</u>	<u>\$17,218,552</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>2023</u>	<u>2022</u>
Interest and dividend income	\$301,338	\$44,692
Realized gain on investments	148,969	3,179
Unrealized gain on investments	87,332	977
Investment fees	<u>(7,157)</u>	<u>(7,826)</u>
	<u>\$530,482</u>	<u>\$41,022</u>

Note 6 - Contributions Receivable

a - Contributions Receivable

Contributions receivable to give at March 31, 2023 and 2022 are with donor restrictions and due within one year.

THE AMERICAN INDIA FOUNDATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023 AND 2022

Note 6 - Contributions Receivable (continued)

a - Contributions Receivable (continued)

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

b - Conditional Contributions

- 1) At March 31, 2023, the Organization was awarded approximately \$8,770,000 of contributions that have barriers that were not met by year end and, accordingly, have not been recognized as support in the accompanying financial statements.
- 2) At March 31, 2023 and 2022, the Organization received funding of \$2,771,665 and \$4,191,200, respectively, that has barriers that were not met by year end and, accordingly, are recorded as liabilities in the accompanying financial statements.

Note 7 - Property and Equipment

Property and equipment consist of the following:

	<u>Life</u>	<u>2023</u>	<u>2022</u>
Computer equipment	3-5 years	\$106,535	\$106,535
Website	3 years	<u>50,507</u>	<u>50,507</u>
		157,042	157,042
Less: Accumulated depreciation		<u>(152,089)</u>	<u>(148,035)</u>
		<u>\$ 4,953</u>	<u>\$ 9,007</u>

Note 8 - Grant Making Activities

AIF awards grants to AIFT in support of its programs for Education, Livelihood, Public Health, Digital Equalizer, Banyan Impact Fellowship, and COVID relief (during the pandemic).

THE AMERICAN INDIA FOUNDATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023 AND 2022

Note 8 - Grant Making Activities (continued)

During the years ended March 31, 2023 and 2022, AIF also provided grants to Indian non-governmental organizations (NGO's) that are executing development projects in India. AIF is committed to improving the lives of India's underprivileged, with a special focus on women, children, and youth. AIF does this through high impact interventions in education, health, and livelihoods, because poverty is multidimensional. During fiscal year 2022, AIF undertook major COVID relief efforts given the pandemic.

AIF enters into Memorandums of Understanding ("MOU") with the NGO's. The NGO's 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. Therefore, the unpaid balance is not reflected in these financial statements.

MOUs are 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, 2023, which has not been accrued in the accompanying financial statements, amounted to:

Public Health	\$ 635,223
COVID relief	419,826
Livelihood	162,578
Education	63,626
Digital Equalizer	<u>54,300</u>
	<u>\$1,335,553</u>

Note 9 - Operating Lease Liability

AIF occupies office space in New York under an operating lease agreement expiring June 30, 2027.

Operating lease expense for the year ended March 31, 2023 was \$143,629. There were no variable lease costs incurred. As of March 31, 2023, the remaining term of AIF's operating lease is 51 months and the discount rate is 2.55%.

THE AMERICAN INDIA FOUNDATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023 AND 2022

Note 9 - Operating Lease Liability (continued)

Maturities of AIF's operating lease liability as of March 31, 2023 are as follows:

<u>Year Ending March 31,</u>	
2024	\$127,219
2025	131,035
2026	147,604
2027	152,032
Thereafter, through June 30, 2027	<u>39,051</u>
	596,941
Less: Amount attributable to interest	<u>(32,818)</u>
	<u>\$564,123</u>

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 2023 and 2022 was \$83,847 and \$90,722, respectively.