



DAVISKELLY CERTIFIED
PUBLIC
ACCOUNTANTS
CREATING VALUE FROM NUMBERS

THE AKSHAYA PATRA FOUNDATION (USA)

Financial Statements

Year Ended December 31, 2016

THE AKSHAYA PATRA FOUNDATION (USA)

Financial Statements

December 31, 2016

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DAVISKELLY CERTIFIED
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Independent Auditors' Report

To the Board of Directors of
The Akshaya Patra Foundation (USA)
Stoneham, Massachusetts

We have audited the accompanying financial statements of The Akshaya Patra Foundation (USA) (a nonprofit organization), which comprise the statement of financial position as of December 31, 2016 and 2015, and the related statements of activities, functional expenses, and cash flows for the year 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 auditor's 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 Akshaya Patra Foundation (USA) as of December 31, 2016 and 2015, 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.

DavisKelly LLC

Boston, Massachusetts
April 14, 2017

THE AKSHAYA PATRA FOUNDATION (USA)

Statement of Financial Position

As of December 31, 2016

(with comparative totals as of December 31, 2015)

	<u>2016</u>	<u>2015</u>
<i>Assets</i>		
<i>Current assets:</i>		
Cash and cash equivalents	\$ 1,043,671	\$ 862,605
Accounts and pledges receivable	927,066	540,417
Prepaid expenses	<u>4,275</u>	<u>10,247</u>
<i>Total current assets</i>	1,975,012	1,413,269
Equipment, net	437	787
Other assets:		
Pledges receivable- non-current, net	<u>836,156</u>	<u>340,220</u>
<i>Total assets</i>	<u>\$ 2,811,605</u>	<u>\$ 1,754,276</u>
 <i>Liabilities and Net Assets</i>		
<i>Current liabilities:</i>		
Accounts payable	\$ 39,095	\$ 16,528
Accrued expenses	<u>22,146</u>	<u>19,949</u>
<i>Total liabilities</i>	<u>61,241</u>	<u>36,477</u>
 <i>Net assets:</i>		
Unrestricted	1,185,763	1,367,548
Temporarily restricted	<u>1,564,601</u>	<u>350,251</u>
<i>Total net assets</i>	<u>2,750,364</u>	<u>1,717,799</u>
 <i>Total liabilities and net assets</i>	<u>\$ 2,811,605</u>	<u>\$ 1,754,276</u>

THE AKSHAYA PATRA FOUNDATION (USA)

Statement of Activities

For the Year Ended December 31, 2016

	<i>Unrestricted</i>	<i>Temporarily Restricted</i>	<i>Total</i>
<i>Revenue and support:</i>			
Contributions and other support:			
Contributions	\$ 2,438,680	\$ 1,509,601	\$ 3,948,281
Interest and dividend	3,581	-	3,581
Contributed goods and services	12,677	-	12,677
Net assets released from restrictions	295,251	(295,251)	-
Total contributions and other support	2,750,189	1,214,350	3,964,539
Special event revenue			
Special event revenue	1,766,372	-	1,766,372
Less: direct special event expenses	(386,824)	-	(386,824)
Special event revenue, net	1,379,548	-	1,379,548
Total revenue and support:	4,129,737	1,214,350	5,344,087
<i>Expenses:</i>			
Program services	3,754,912	-	3,754,912
Fundraising	410,994	-	410,994
General and administration	145,616	-	145,616
<i>Total expenses</i>	4,311,522	-	4,311,522
<i>Changes in net assets</i>	(181,785)	1,214,350	1,032,565
<i>Net assets, beginning of the year</i>	1,367,548	350,251	1,717,799
<i>Net assets, ending of the year</i>	\$ 1,185,763	\$ 1,564,601	\$ 2,750,364

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

THE AKSHAYA PATRA FOUNDATION (USA)

Statement of Activities

For the Year Ended December 31, 2015

	<i>Unrestricted</i>	<i>Temporarily Restricted</i>	<i>Total</i>
<i>Revenue and support:</i>			
Contributions and other support:			
Contributions	\$ 2,038,162	\$ 324,971	\$ 2,363,133
Interest and dividend	3,431	-	3,431
Contributed goods and services	9,229	-	9,229
Net assets released from restrictions	22,011	(22,011)	-
	<u>2,072,833</u>	<u>302,960</u>	<u>2,375,793</u>
Special event revenue			
Special event revenue	1,525,826	-	1,525,826
Less: direct special event expenses	(303,225)	-	(303,225)
	<u>1,222,601</u>	<u>-</u>	<u>1,222,601</u>
	<u>3,295,434</u>	<u>302,960</u>	<u>3,598,394</u>
<i>Expenses:</i>			
Program services	3,152,545	-	3,152,545
Fundraising	333,497	-	333,497
General and administration	153,254	-	153,254
	<u>3,639,296</u>	<u>-</u>	<u>3,639,296</u>
<i>Changes in net assets</i>	(343,862)	302,960	(40,902)
<i>Net assets, beginning of the year</i>	<u>1,711,410</u>	<u>47,291</u>	<u>1,758,701</u>
<i>Net assets, ending of the year</i>	<u>\$ 1,367,548</u>	<u>\$ 350,251</u>	<u>\$ 1,717,799</u>

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

THE AKSHAYA PATRA FOUNDATION (USA)

Statement of Cash Flows

For the Year Ended December 31, 2016

(with comparative totals for the year ended December 31, 2015)

	2016	2015
<i>Cash flows from operating activities:</i>		
Changes in net assets	\$ 1,032,565	\$ (40,902)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	350	659
Bad debt expenses	112,500	27,366
Realized loss on investments	-	1,737
Change in:		
Accounts and pledges receivable	(499,149)	(358,341)
Prepaid expenses	5,972	(1,156)
Pledges receivable- non-current	(495,936)	343,029
Accounts payable	22,567	3,235
Accrued expenses	2,197	8,700
<i>Net cash provided by / (used in) operating activities</i>	181,066	(15,673)
<i>Cash flows from investing activities:</i>		
Release of restricted cash	-	34,605
Donated investments	-	(51,747)
Proceeds from sales of investments	-	40,961
<i>Net cash provided by investing activities</i>	-	23,819
<i>Net change in cash and cash equivalents</i>	181,066	8,146
<i>Cash and cash equivalents, beginning</i>	862,605	854,459
<i>Cash and cash equivalents, ending</i>	\$ 1,043,671	\$ 862,605

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

THE AKSHAYA PATRA FOUNDATION (USA)***Statement of Functional Expenses******For the Year Ended December 31, 2016***

	<i>Program Services</i>	<i>Fundraising</i>	<i>General and Administration</i>	<i>Total</i>
Grants to India	\$ 3,332,025	\$ -	\$ -	\$ 3,332,025
Salaries	263,508	205,536	57,972	527,016
Health insurance	12,895	23,642	6,448	42,985
Fringe benefits	1,888	929	6,468	9,285
Payroll taxes	7,998	27,991	3,999	39,988
Professional fees	12,500	77,190	14,812	104,502
Donation processing fees	-	32,822	845	33,667
Information technology	-	13,301	4,920	18,221
Website	-	-	14,391	14,391
Filing fees	-	-	11,996	11,996
Travel	2,958	8,009	-	10,967
Printing and copying	-	9,355	1,410	10,765
Occupancy	-	4,738	4,739	9,477
Telecommunications	-	3,029	4,657	7,686
Pension expense	1,511	2,770	755	5,036
Insurance	-	-	6,127	6,127
Postage	-	-	5,268	5,268
Office expenses	7,129	1,682	459	9,270
Bad debt expense	112,500	-	-	112,500
Depreciation	-	-	350	350
<i>Total expenses</i>	<u>\$ 3,754,912</u>	<u>\$ 410,994</u>	<u>\$ 145,616</u>	<u>\$ 4,311,522</u>

THE AKSHAYA PATRA FOUNDATION (USA)

Statement of Functional Expenses

For the Year Ended December 31, 2015

	<i>Program Services</i>	<i>Fundraising</i>	<i>General and Administration</i>	<i>Total</i>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Grants to India	\$ 2,890,778	\$ -	\$ -	\$ 2,890,778
Salaries	206,003	204,061	51,015	461,079
Health insurance	13,737	25,185	6,869	45,791
Fringe benefits	3,375	6,186	1,687	11,248
Payroll taxes	7,997	27,987	3,998	39,982
Professional fees	-	5,655	16,299	21,954
Donation processing fees	-	29,795	871	30,666
Information technology	-	3,700	13,483	17,183
Website	-	-	11,584	11,584
Filing fees	-	-	12,968	12,968
Travel	-	-	4,465	4,465
Printing and copying	-	13,061	1,232	14,293
Occupancy	-	4,614	4,615	9,229
Telecommunications	-	3,476	4,888	8,364
Pension expense	1,637	3,002	819	5,458
Insurance	-	-	5,692	5,692
Postage	-	-	10,700	10,700
Office expenses	1,652	3,028	826	5,506
Payroll service fees	-	2,347	429	2,776
Bad debt expense	27,366	-	-	27,366
Advertising	-	1,400	155	1,555
Depreciation	-	-	659	659
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<i>Total expenses</i>	\$ <u>3,152,545</u>	\$ <u>333,497</u>	\$ <u>153,254</u>	\$ <u>3,639,296</u>

THE AKSHAYA PATRA FOUNDATION (USA)

Notes to Financial Statements

December 31, 2016

Note 1 - Organization

The Akshaya Patra Foundation (USA) ("Organization") was established in 2001 as a USA 501(c)(3) non-profit corporation to promote the mission and to raise and distribute funds to help grow The Akshaya Patra Foundation (TAPF) based in Bangalore, India. In 2016, TAPF provided hot, nutritious meals to more than 1.6 million children daily in over 13,000 government schools across 11 states from 25 centralized and 2 de-centralized kitchen locations in India. These meals serve a dual role of combatting childhood malnutrition and encouraging school attendance. In the years ended December 31, 2016 and 2015, the Organization contributed \$3,332,025 and \$2,890,778 to TAPF in the form of grants. Pursuant to a Board Resolution, which can be amended from time to time, a percentage of all funds raised by The Akshaya Patra Foundation (USA) are retained to cover its operating expenses and the balance is sent as grants either with or without use restrictions in accordance with donor instructions. Additionally, the Organization may receive other funds which are designated to be used exclusively for its operations.

Note 2 - Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

Basis of Presentation

Financial statement presentation follows the requirements of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards, *Financial Statements of Not-for-Profit Organizations*. Under *Financial Statements of Not-for-Profit Organizations*, 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.

Unrestricted Net Assets - consist of assets, public support and program revenues, which are available and used for operations and programs. Contributions are considered available for unrestricted use unless specifically restricted by the donor.

Temporarily Restricted Net Assets - include funds with donor-imposed restrictions, which stipulate that the organization expend the assets as specified and are satisfied either by the passage of time or by actions of the organization. Resources of this nature originate from gifts, grants, bequests, contracts and investment income earned on restricted funds.

Permanently Restricted Net Assets - include resources, which have a permanent donor-imposed restriction, which stipulates that the assets are to be maintained permanently, but permit the organization to expend part or all of the income derived from the donated assets. The Organization did not have any permanently restricted net assets at December 31, 2016 and 2015.

THE AKSHAYA PATRA FOUNDATION (USA)

Notes to Financial Statements

December 31, 2016

Note 2 - Summary of Significant Accounting Policies (Continued)

Cash and Cash Equivalents

The Organization considers as cash equivalents all highly liquid investments, which can be converted into known amounts of cash and have a maturity period of ninety days or less at the time of purchase. Excluded from this definition of cash equivalents are such amounts that represent funds that have been restricted by donors and designated by the Board.

Revenue Recognition

The Organization reports gifts of land, building, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support.

Contributed Goods and Services

The Organization records various types of in kind support including contributed professional services, advertising and materials. Contributed professional services are recognized if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donations. Contributions of tangible assets are recognized at fair market value when received. Additionally, the Organization receives a significant amount of skilled, contributed time, which does not meet the two recognition criteria as described above. Accordingly, the value of this contributed time has not been determined and is not reflected in the accompanying financial statements.

Functional Allocation of Expenses

The Organization allocates its expenses on a functional basis among its various programs and support services. Expenses that can be identified with a specific program and/ or support service are allocated directly according to its natural expenditure classification.

Equipment

Equipment is recorded at cost, if purchased, or if donated, at their estimated fair market value at the date of receipt. All acquisitions of equipment in excess of \$1,500 and all expenditures for repairs, maintenance, and betterments that materially prolong the useful lives of assets are capitalized. The cost of maintenance, repairs, and minor renewals are expensed as incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets, 3-5 years.

THE AKSHAYA PATRA FOUNDATION (USA)

Notes to Financial Statements

December 31, 2016

Note 2 - Summary of Significant Accounting Policies (Continued)

Income Tax Status

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code except on net income derived from unrelated business activities. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1) (a) and has been classified as an organization that is not a private foundation under Section 509(a)(1). The Organization is also exempt from Massachusetts state taxes.

Use of Estimates and Assumptions

The presentation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Organization's management to make estimates and assumptions. These affect the reported amounts of assets and liabilities, and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and assumptions.

Contributions

Contributions are recognized as revenue when they are received or unconditionally pledged. The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, temporarily restricted assets are reclassified to unrestricted net assets.

Restricted and Unrestricted Revenue and Support

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is satisfied), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions. However, if a restriction is fulfilled in the same time period in which the contribution is received, the Organization reports that support as unrestricted.

Pledges Receivable

Pledges receivable represent amounts which are due from donors which are classified as current if they are scheduled for payment within one year, and non-current when the expected payment date exceeds one year. Promises to give with expected payment dates that extend beyond one year are discounted to their present value as summarized on the Note 9. Management believes that all pledges receivable are collectible, and therefore, no allowance for doubtful pledges has been established. If pledges are determined to be uncollectible in subsequent periods, they will be charged to activities at that time.

THE AKSHAYA PATRA FOUNDATION (USA)

Notes to Financial Statements

December 31, 2016

Note 3- Equipment

At December 31, 2016 and 2015 equipment consisted of the following:

	<u>2016</u>	<u>2015</u>
Computers	\$ 2,834	\$ 2,834
Less accumulated depreciation	<u>2,397</u>	<u>2,047</u>
Equipment, net	<u>\$ 437</u>	<u>\$ 787</u>

Depreciation expense for the years ended December 31, 2016 and 2015 was \$350 and \$659, respectively.

Note 4 - Significant Concentrations of Risk

Financial instruments that potentially subject the Organization to concentration of credit risk consist primarily of cash, cash equivalents, investments, and contributions receivable. The Organization maintains its cash, cash equivalents, and investments with high-credit quality financial institutions.

Note 5 – Contributed Goods and Services

The Organization receives donated rent with an estimated fair value of \$9,477 and \$9,229 for the years 2016 and 2015, respectively. Also, the Organization received donated supplies valued at \$3,200 for a special event for the years 2016. Contributed goods and services totaled \$12,677 and \$9,229 for the years 2016 and 2015, respectively.

Note 6 - Special Events

The Organization had special events in the years 2016 and 2015. For the years ended December 31, 2016 and 2015, the special event revenue and expenses are as follows:

	<u>2016</u>	<u>2015</u>
Special event revenue	\$ 1,766,372	\$ 1,525,826
Less: direct special event expenses	<u>(386,824)</u>	<u>(303,225)</u>
Special events, net	<u>\$ 1,379,548</u>	<u>\$ 1,222,601</u>

Note 7 – Retirement Plan

The Organization sponsors a Simple IRA defined contribution retirement plan (the “Plan”) covering substantially all of its employees who meet certain eligibility requirements. The Organization will match employee contributions up to 3% of their gross salary. During the years ended December 31, 2016 and 2015, the Organization made contributions to the plan in the amount of \$5,036 and \$5,458, respectively.

THE AKSHAYA PATRA FOUNDATION (USA)

Notes to Financial Statements

December 31, 2016

Note 8 - Temporarily Restricted Net Assets

At December 31, 2016 and 2015, the Organization had temporarily restricted net assets of \$1,564,601 and \$350,251, respectively which are restricted for specific programs.

Note 9 – Pledges Receivable

Pledges receivable as of December 31, 2016 and 2015 in the amount of \$769,250 and \$332,250, respectively consist of unconditional promises to give payable within less than one year from the date of the statement of financial position.

Pledges receivable are recorded after being discounted to the anticipated net present value of the future cash flows. The pledges have been discounted using a risk- free interest rate of 0.3%. Pledges are expected to be realized in the following periods:

	<u>Pledge Balance</u>	<u>Discount</u>	<u>Present Value of Pledge</u>
2018	\$ 614,338	\$ (1,838)	\$ 612,500
2019	<u>225,000</u>	<u>(1,344)</u>	<u>223,656</u>
Total	<u>\$ 839,338</u>	<u>\$ (3,182)</u>	<u>\$ 836,156</u>

Note 10 – Advertising

The Organization uses advertising for public relations and to promote its programs. Advertising costs are expensed as incurred. Total advertising costs including event advertisements for the years ended December 31, 2016 and 2015 were \$10,220 and \$18,975, respectively.

Note 11 – Related Organization

The Organization is an independent corporation formed for the purpose of obtaining and disbursing funds for the sole benefit of The Akshaya Patra Foundation in India, although the elements of control necessary for consolidation are not present.

Note 12 – Subsequent Events

The Organization evaluated its December 31, 2016 financial statements for subsequent events through April 14, 2017, the date the financial statements were available to be issued. In February 2017, the Organization transferred to Akshaya Patra Foundation India \$837,982 of revenue earned in 2016 to fund the program.