

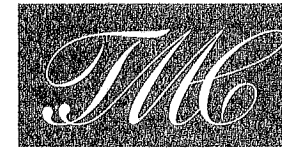


AKSHAYA PATRA FOUNDATION (USA)
REPORT ON AUDIT OF FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

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TIMOTHY M. CRAVEN

Certified Public Accountant

Independent auditor's report

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

I have audited the accompanying statements of the Akshaya Patra Foundation (USA), (a nonprofit organization), which comprise the statement of financial position as of December 31, 2012 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

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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 statement, 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, I 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.

I believe that the evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Opinion

In my 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, 2012, and the changes in its net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States.

Timothy M. Craven CPA
Norwood, Massachusetts

July 27, 2013

AKSHAYA PATRA FOUNDATION
STATEMENT OF FINANCIAL POSITION

December 31, 2012

<u>ASSETS</u>		
Current Assets:		
Cash and cash equivalents	\$	678,082
Donor designated cash		2,121,042
Investments		4,033
Pledges receivable		<u>6,000</u>
Total current assets		<u>2,809,157</u>
Fixed Assets		
Office equipment	\$	5,200
Less: accumulated depreciation		<u>(867)</u>
TOTAL ASSETS		<u>\$ 2,813,490</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Accounts payable and accrued expenses	\$	<u>0</u>
Total current liabilities		<u>0</u>
Net Assets:		
Temporarily restricted net assets		2,121,042
Unrestricted net assets		<u>692,448</u>
TOTAL LIABILITIES AND NET ASSETS		<u>\$ 2,813,490</u>

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

AKSHAYA PATRA FOUNDATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2012

UNRESTRICTED NET ASSETS	
Unrestricted support and gains	
Contributions	\$ 3,561,967
Donated services	28,000
Donated facilities	36,000
Total support	<u>3,625,967</u>
Revenue:	
Investment income	4,402
Total revenue	<u>4,402</u>
TOTAL SUPPORT AND REVENUE	<u>3,630,369</u>
EXPENSES:	
Program services:	
Grant to India and related costs	2,629,577
Support services:	
Management and general	187,748
Fund-raising	591,041
Total support services	<u>778,789</u>
Total expenses	<u>3,408,366</u>
Increase in unrestricted net assets	222,003
TEMPORARILY RESTRICTED NET ASSETS	
Contributions	<u>2,121,042</u>
Increase in temporarily restricted net assets	<u>2,121,042</u>
Increase in net assets	2,343,045
Net assets, beginning of year	<u>470,445</u>
Net assets, end of year	<u>\$ 2,813,490</u>

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

AKSHAYA PATRA FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2012

	PROGRAM SERVICES	MANAGEMENT AND GENERAL	FUND-RAISING	TOTAL EXPENSES
Salaries	\$ 98,600	\$ 74,624	\$ 233,742	\$ 406,966
Payroll taxes and fringe benefits	8,639	6,538	20,479	35,656
Grants to India	2,484,438			2,484,438
Professional fees		33,323		33,323
Contributed facilities	27,360	2,520	6,120	36,000
Bank fees		22,938		22,938
Website		23,735		23,735
Filing fees		4,340		4,340
Postage, printing and copying		3,327	12,314	15,641
Program fees		3,049		3,049
Telephone		2,576	2,576	5,152
Insurance		3,644		3,644
Event expense			271,231	271,231
Pension costs	555	421	1,316	2,292
Health insurance	4,413	3,341	10,462	18,216
Advertising		1,285	12,951	14,236
Office expenses	1,822	168	407	2,397
Travel & meetings	3,750		19,443	23,193
Depreciation		867		867
Other costs		1,052		1,052
TOTAL	\$ 2,629,577	\$ 187,748	\$ 591,041	\$ 3,408,366

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

AKSHAYA PATRA FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2012

CASH FLOWS FROM OPERATING ACTIVITIES	
Increase in net assets	\$ 2,343,045
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Increase in donations receivable	(6,000)
Depreciation	867
Donated investments	<u>(4,033)</u>
Net cash provided by operating activities	2,333,879
CASH FLOWS FROM INVESTING ACTIVITIES	
Payments for purchase of fixed assets	<u>(5,200)</u>
Net cash used in investing activities	<u>(5,200)</u>
Net increase in cash and cash equivalents	2,328,679
Cash and cash equivalents, beginning of year	<u>470,445</u>
Cash and cash equivalents, end of year	<u><u>\$ 2,799,124</u></u>

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

AKSHAYA PATRA FOUNDATION (USA)

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2012

1. Nature of organization:

The Akshaya Patra Foundation (USA), (the "Organization") was founded in 2004 to strive to end hunger of underserved children in the 6 to 16 age group and facilitate their education in India.

2. Summary of significant accounting policies:

Basis of accounting:

The financial statements of the Organization have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America.

Contributions:

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Any temporarily restricted support received in the current year whose restrictions are satisfied with the fiscal year are recorded as unrestricted support. At December 31, 2012, the Organization had received certain contributions with donor-imposed restrictions that result in temporarily restricted net assets.

Cash and cash equivalents:

The Organization considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

Use of estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the disclosures and reported amounts of assets and liabilities and disclosure of contingencies at December 31, 2012.

Property and equipment:

The Organization capitalizes all property and equipment acquisitions in excess of \$500. Purchased property and equipment is capitalized at cost. Property and equipment are depreciated on a straight line basis over their estimated useful lives. Computer programs have estimated useful lives of three years.

Investments:

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Short term investments consist of marketable securities held for sale.

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 unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor- restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

2. Summary of significant accounting policies - continued:

Donated goods and services:

The Organization receives a significant amount of donated goods and services from unpaid volunteers. The Statement of Financial Accounting Standards No. 116, Accounting for Contributions Received and Contributions Made, requires the Organization to recognize the value of services provided by volunteers that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Donated goods are valued at their fair value at the date of donation.

Income taxes:

The Organization is exempt from federal and state income taxes under Internal Revenue Code Section 501(c)(3) and classified as other than a private foundation. The Organization's Form 990, *Return of Organizations Exempt from Income Tax*, for the years ending 2010, 2011, and 2012 are subject to examination by the IRS, generally for three years after they are filed.

Functional expenses:

Expenses are charged directly to program, management and general, or fund-raising based if they can be specifically identified with that function. Other costs are principally allocated based on the payroll relationship between functions.

3. Evaluation of subsequent events:

The Organization has evaluated subsequent events through July 27, 2013 the date which the financial statements were available to be issued.

4. Fair value:

The organization reports its qualifying assets and liabilities in accordance with the Fair Value Measurements and Disclosure Standards under US GAAP. These standards define fair value, establish a framework for measuring fair value and expand disclosures about fair value measurements. The policy establishes a fair value framework that prioritizes the inputs and assumptions used to measure fair value.

The three levels of fair value framework are as follows:

Level 1 – Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.

Level 2 – Inputs other than quoted prices in active markets that are observable for the assets directly or indirectly, including inputs in markets that are not considered to be active.

Level 3 – Inputs that are not observable.

A qualifying asset or liability level within the framework is based on the lowest level that is significant to the fair value measurement. The Organization's qualifying assets and liabilities are recorded at their fair value using Level 1 inputs.

5. Commitments to related party:

At December 31, 2012, approximately \$2,000,000 is outstanding to be remitted to Akshaya Patra India for Indian operations. Akshaya Patra India is a related organization with an overlapping Board of Directors and is the sole beneficiary of funds raised by Akshaya Patra (US). Pursuant to a Board Agreement, which can be amended from time to time, a certain percentage of all funds raised by the Akshaya Patra Foundation (USA) (AP(USA)), are retained to defray the expenses of AP(USA). In addition AP(USA) may receive other funds which it can use exclusively for its operations.

6. Change in accounting policy:

On January 1, 2012 the Organization adopted accounting principles generally accepted in the United States for financial accounting and reporting practices. This switch from the cash basis of accounting (not a set of accounting and reporting principles generally accepted in the United State of American.) represents a change in accounting policy. The effect of this change had no material effect on the prior year or current year changes in net assets.

7. Temporarily restricted funds:

Temporarily restricted funds represent proceeds from a corporate grant are to be used to fund certain facility improvements in various school kitchens in India. Funds will be released from the restrictions when the related improvements are made.