



DAVISKELLY CERTIFIED
PUBLIC
ACCOUNTANTS
CREATING VALUE FROM NUMBERS

THE AKSHAYA PATRA FOUNDATION (USA)

Financial Statements

Year Ended December 31, 2017

THE AKSHAYA PATRA FOUNDATION (USA)

Financial Statements

December 31, 2017

Table of Contents

Independent Auditors' Report	1-2
<i>Financial Statements:</i>	
Statement of Financial Position	3
Statement of Activities	4 – 5
Statement of Cash Flows	6
Statement of Functional Expenses	7 – 8
Notes to Financial Statements	9 – 15



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, 2017 and 2016, 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, 2017 and 2016, 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 3, 2018

THE AKSHAYA PATRA FOUNDATION (USA)

Statement of Financial Position

As of December 31, 2017

(with comparative totals as of December 31, 2016)

	2017	2016
<i>Assets</i>		
<i>Current assets:</i>		
Cash and cash equivalents	\$ 1,525,547	\$ 1,016,620
Accounts and pledges receivable	1,006,969	927,066
Investments	23,255	27,051
Prepaid expenses	18,331	4,275
<i>Total current assets</i>	2,574,102	1,975,012
Equipment, net	15,173	437
<i>Other assets:</i>		
Pledges receivable- non-current, net	224,327	836,156
<i>Total assets</i>	\$ 2,813,602	\$ 2,811,605
 <i>Liabilities and Net Assets</i>		
<i>Current liabilities:</i>		
Accounts payable	\$ 8,076	\$ 39,095
Accrued expenses	12,206	22,146
<i>Total liabilities</i>	20,282	61,241
 <i>Net assets:</i>		
Unrestricted	1,434,203	1,185,763
Temporarily restricted	1,359,117	1,564,601
<i>Total net assets</i>	2,793,320	2,750,364
<i>Total liabilities and net assets</i>	\$ 2,813,602	\$ 2,811,605

THE AKSHAYA PATRA FOUNDATION (USA)

Statement of Activities

For the Year Ended December 31, 2017

	<i>Unrestricted</i>	<i>Temporarily Restricted</i>	<i>Total</i>
<i>Revenue and support:</i>			
Contributions and other support:			
Contributions	\$ 3,009,867	\$ 169,349	\$ 3,179,216
Investment income, net	4,339	-	4,339
Contributed goods and services	19,452	-	19,452
Net assets released from restrictions	374,833	(374,833)	-
	3,408,491	(205,484)	3,203,007
Special event revenue			
Special event revenue	2,406,062	-	2,406,062
Less: direct special event expenses	(355,019)	-	(355,019)
	2,051,043	-	2,051,043
	5,459,534	(205,484)	5,254,050
<i>Expenses:</i>			
Program services	4,618,150	-	4,618,150
Fundraising	446,797	-	446,797
General and administration	146,147	-	146,147
	5,211,094	-	5,211,094
<i>Changes in net assets</i>	248,440	(205,484)	42,956
<i>Net assets, beginning of the year</i>	1,185,763	1,564,601	2,750,364
<i>Net assets, ending of the year</i>	\$ 1,434,203	\$ 1,359,117	\$ 2,793,320

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, 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
Investment income, net	3,581	-	3,581
Contributed goods and services	12,677	-	12,677
Net assets released from restrictions	295,251	(295,251)	-
	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)
	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
	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 AKSHAYA PATRA FOUNDATION (USA)

Statement of Cash Flows

For the Year Ended December 31, 2017

(with comparative totals for the year ended December 31, 2016)

	2017	2016
<i>Cash flows from operating activities:</i>		
Changes in net assets	\$ 42,956	\$ 1,032,565
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	658	350
Bad debt expenses	-	112,500
Gains on investments	(306)	-
Change in:		
Accounts and pledges receivable	(79,903)	(499,149)
Prepaid expenses	(14,056)	5,972
Pledges receivable- non-current	611,829	(495,936)
Accounts payable	(31,019)	22,567
Accrued expenses	(9,940)	2,197
<i>Net cash provided by operating activities</i>	520,219	181,066
<i>Cash flows from investing activities:</i>		
Purchase of fixed assets	(15,394)	-
Proceeds from sales of investments, net	4,102	-
<i>Net cash used in investing activities</i>	(11,292)	-
<i>Net change in cash and cash equivalents</i>	508,927	181,066
<i>Cash and cash equivalents, beginning</i>	1,016,620	835,554
<i>Cash and cash equivalents, ending</i>	\$ 1,525,547	\$ 1,016,620

THE AKSHAYA PATRA FOUNDATION (USA)

Statement of Functional Expenses

For the Year Ended December 31, 2017

	<u>Program Services</u>	<u>Fundraising</u>	<u>General and Administration</u>	<u>Total</u>
Grants to Akshaya Patra Foundation India	\$ 4,351,198	\$ -	\$ -	\$ 4,351,198
Salaries	225,680	282,100	56,420	564,200
Health insurance	11,863	14,828	2,966	29,657
Fringe benefits	3,672	4,813	918	9,403
Payroll taxes	8,545	29,909	4,273	42,727
Professional fees	12,700	27,198	15,838	55,736
Donation processing fees	-	39,072	1,558	40,630
Information technology	-	11,559	21,056	32,615
Website	-	-	7,976	7,976
Filing fees	-	-	11,680	11,680
Travel	1,288	1,883	-	3,171
Printing and copying	-	11,351	2,003	13,354
Occupancy	-	4,978	4,978	9,956
Telecommunication	-	5,012	4,107	9,119
Pension expense	2,351	2,939	588	5,878
Insurance	-	-	6,151	6,151
Postage	-	-	4,465	4,465
Office expenses	853	11,155	512	12,520
Depreciation	-	-	658	658
<i>Total expenses</i>	<u>\$ 4,618,150</u>	<u>\$ 446,797</u>	<u>\$ 146,147</u>	<u>\$ 5,211,094</u>

THE AKSHAYA PATRA FOUNDATION (USA)

Statement of Functional Expenses

For the Year Ended December 31, 2016

	<u><i>Program Services</i></u>	<u><i>Fundraising</i></u>	<u><i>General and Administration</i></u>	<u><i>Total</i></u>
Grants to Akshaya Patra Foundation 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
Telecommunication	-	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)

Notes to Financial Statements

December 31, 2017

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. These meals serve a dual role of combatting childhood malnutrition and encouraging school. In the years ended December 31, 2017 and 2016, the Organization contributed \$4,351,198 and \$3,332,025 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, 2017 and 2016.

THE AKSHAYA PATRA FOUNDATION (USA)

Notes to Financial Statements

December 31, 2017

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, 2017

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 12. 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, 2017

Note 3- Equipment

At December 31, 2017 and 2016 equipment consisted of the following:

	<u>2017</u>	<u>2016</u>
Computers	\$ 5,145	\$ 2,834
Website under development	13,083	-
Less accumulated depreciation	<u>(3,055)</u>	<u>(2,397)</u>
Equipment, net	<u>\$ 15,173</u>	<u>\$ 437</u>

Depreciation expense for the years ended December 31, 2017 and 2016 was \$658 and \$350, 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 \$9,956 and \$9,477 for the years 2017 and 2016, respectively. Also, the Organization received donated supplies valued at \$9,496 and \$3,200 for a special event for the years 2017 and 2016, respectively.

Contributed goods and services totaled \$19,452 and \$12,677 for the years 2017 and 2016, respectively.

Note 6 - Special Events

The Organization had special events in the years 2017 and 2016. For the years ended December 31, 2017 and 2016, the special event revenue and expenses are as follows:

	<u>2017</u>	<u>2016</u>
Special event revenue	\$ 2,406,062	\$ 3,216,372
Less: direct special event expenses	<u>(355,019)</u>	<u>(386,824)</u>
Special events, net	<u>\$ 2,051,043</u>	<u>\$ 2,829,548</u>

THE AKSHAYA PATRA FOUNDATION (USA)

Notes to Financial Statements

December 31, 2017

Note 7 - Fair Value Measurements

Financial Accounting Standards Board Statement ASC 820, *Fair Value Measurements*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB Statement ASC 820 are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the assets or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The fair value of investments appearing on the statement of financial position has the following valuation approaches as defined by FASB ASC 820 hierarchy:

- Assets utilizing Level 1 inputs include money market and stocks which amounted to \$23,255 as of December 31, 2017. There are no liabilities utilizing Level 1 inputs.
- There are no assets and liabilities utilizing Level 2 inputs.
- There are no assets and liabilities utilizing Level 3 inputs.

THE AKSHAYA PATRA FOUNDATION (USA)

Notes to Financial Statements

December 31, 2017

Note 8 - Investments

Investments consist of money market funds and corporate stocks, are stated at fair value based on quoted prices in active markets, and are summarized as follows, at December 31, 2017:

	<u>Fair Value</u>	<u>Cost</u>	<u>Unrealized Gain/(Loss)</u>
Money market	\$ 69	\$ 69	\$ -
Equities	<u>23,186</u>	<u>22,880</u>	<u>306</u>
Total	<u>\$ 23,255</u>	<u>\$ 22,949</u>	<u>\$ 306</u>

Investment income for the year ended December 31, 2017 is as follows:

Dividends and interest	\$ 4,033
Unrealized gains /(losses) on investments	<u>306</u>
Investment income, net	<u>\$ 4,339</u>

Note 9 – 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, 2017 and 2016, the Organization made contributions to the plan in the amount of \$5,878 and \$5,036, respectively.

Note 10 - Temporarily Restricted Net Assets

At December 31, 2017 and 2016, the Organization had temporarily restricted net assets of \$1,359,117 and \$1,564,601, respectively which are restricted for specific programs.

Note 11 – Indemnifications

In the ordinary course of business, the Organization enters into various agreements containing standard indemnification provisions. The Organization’s indemnification obligations under such provisions are typically in effect from the date of execution of the applicable statute of limitations. The aggregate maximum potential future liability of the Organization under such indemnification provisions is uncertain. As of December 31, 2017 and 2016, no amounts have been accrued related to such indemnification provisions.

THE AKSHAYA PATRA FOUNDATION (USA)

Notes to Financial Statements

December 31, 2017

Note 12 – Pledges Receivable

Pledges receivable as of December 31, 2017 and 2016 in the amount of \$901,837 and \$769,250, 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>
2019	\$ 225,000	\$ (673)	\$ 224,327
Total	<u>\$ 225,000</u>	<u>\$ (673)</u>	<u>\$ 224,327</u>

Note 13 – 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, 2017 and 2016 were \$4,509 and \$10,220, respectively.

Note 14 – Subsequent Events

ASC 855-10, “Subsequent events” defines further disclosure requirements for events that occur after the statement of financial position date but before financial statements are issued. In accordance with ASC 855-10, the Organization management has evaluated events subsequent to December 31, 2017 to April 3, 2018 which is the date the financial statements were available to be issued. There were no material events noted during this period that would impact the results reflected in this report