

NORTH SOUTH FOUNDATION
(An Illinois Not for Profit Organization)

-TABLE OF CONTENTS-

INDEPENDENT AUDITOR'S REPORT	1-2
STATEMENT OF FINANCIAL POSITION	3
STATEMENT OF ACTIVITIES	4-5
STATEMENT OF FUNCTIONAL EXPENSES	6-7
STATEMENT OF CASH FLOWS	8
NOTES ON FINANCIAL STATEMENTS	9-11

RADHE S. PURANMALKA
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

The Board of Directors
North South Foundation
2 Marissa Court
Burr Ridge , Illinois 60527

Report on Financial Statements:

We have audited the accompanying financial statements of North South Foundation which comprise the statements of financial position arising from cash transactions of North South Foundation as of April 30, 2013 and 2012, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's responsibility for the Financial Statements:

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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 foundation's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the

RADHE S. PURANMALKA

CERTIFIED PUBLIC ACCOUNTANTS

circumstances but not for the purpose of expressing an opinion on the effectiveness of organization'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.

As described in Note 2, these financial statements have been prepared on the cash basis of accounting which is a comprehensive basis of accounting other than generally accepted accounting principles.

Opinion:

In our opinion, the financial statements referred to above read with notes #1 to 20 thereon present fairly, in all material respects, the financial position arising from cash transactions of North South Foundation, as of April 30, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended on the basis of accounting described in Note 2.

Radhe S. Puranmalka

Radhe S. Puranmalka

March 15, 2014

**North South Foundation
Statement of Financial Position**

ASSETS		<u>April 30,2013</u>	<u>April 30,2012</u>
Current Assets			
Cash and Cash Equivalents	Note: 4	\$ 2,653,814	\$ 1,894,969
Total Current Assets		<u>2,653,814</u>	<u>1,894,969</u>
Investment in Marketable Securitates (at cost)	Notes: 11-13	2,590,462	2,520,999
TOTAL ASSETS		<u>\$ 5,244,276</u>	<u>\$ 4,415,968</u>
 LIABILITIES AND NET ASSETS			
Liabilities			
		-	-
Net Assets			
Unrestricted Fund	Note: 9	3,824,460	2,991,830
Temporarily Restricted Fund	Notes: 6,8,10	1,165,616	1,169,938
Permanently Restricted Fund	Notes: 7, 10	254,200	254,200
Total Net Assets		<u>5,244,276</u>	<u>4,415,968</u>
Total LIABILITIES AND NET ASSETS		<u>\$ 5,244,276</u>	<u>\$ 4,415,968</u>

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

North South Foundation
Statement of Activities
Year Ended April 30, 2013

	Notes	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Public Support and Other Revenue:					
Public Support:					
Public Support - Direct	5A & 5B	\$ 200,595	\$ 9,350		\$ 209,945
Public Support - Indirect	5A & 5B	708,985			708,985
Total Public Support Revenue		\$ 909,580	\$ 9,350	\$ -	\$ 918,930
Program Service Revenue:					
Educational Contest & Workshop	5A & 5B	\$ 354,493			\$ 354,493
Meals and Educational Materials	5A & 5B	46,571			46,571
Total Program Service Revenue		\$ 401,064	\$ -	\$ -	\$ 401,064
Investment Income:					
Interest		\$ 224	\$ 11		\$ 235
Dividend		36,937	17,968		54,905
Dividend - Capital Gain Distributions		27,698	8,019		35,717
Net realized loss on sales of Investments			(8,820)		(8,820)
Total Investment Income		\$ 64,859	\$ 17,178	\$ -	\$ 82,037
Net assets released from restrictions		\$ 30,850	\$ (30,850)		\$ -
Total Public Support and Other Revenues		\$ 1,406,353	\$ (4,322)	\$ -	\$ 1,402,031
Distributions and Expenses					
Program Service Expenses					
Grants and Distributions		\$ 345,350			\$ 345,350
Other Program Services		224,053			224,053
Total Program Service Expenses		\$ 569,403	\$ -	\$ -	\$ 569,403
General and Administrative Expenses		4,320			4,320
Total Distributions and Expenses		\$ 573,723			\$ 573,723
Change in Net assets		\$ 832,630	\$ (4,322)	\$ -	\$ 828,308
Net assets at beginning of year (as certified by management)		2,991,830	1,169,938	254,200	4,415,968
Net assets at end of year		\$ 3,824,460	\$ 1,165,616	\$ 254,200	\$ 5,244,276

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

North South Foundation
Statement of Activities
Year Ended April 30, 2012

	Notes:	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Public Support and Other Revenue					
Public Support:					
Public Support - Direct	5A& 5B	\$ 177,900	\$ 172,750		\$ 350,650
Public Support - Indirect	5A& 5B	503,294			503,294
Total Public Support Revenue		\$ 681,194	\$ 172,750	\$ -	\$ 853,944
Program Service Revenue:					
Educational Contest & Workshop	5A& 5B	\$ 251,647			\$ 251,647
Meals and Educational Material	5A& 5B	52,807			52,807
Total Program Service Revenue		\$ 304,454	\$ -	\$ -	\$ 304,454
Investment Income:					
Interest		\$ 340	\$ 8		\$ 348
Dividend		34,691	17,582		52,273
Dividend - Capital Gain Distributions		32,241	3,581		35,822
Net Loss on Sale of Investments			-		-
Total Investment Income		\$ 67,272	\$ 21,171	\$ -	\$ 88,443
Net assets released from restrictions		\$ 51,879	\$ (51,879)		\$ -
Total Public Support and Other Revenues		\$ 1,104,799	\$ 142,042	\$ -	\$ 1,246,841
Distributions and Expenses					
Program Service Expenses					
Grants and Distributions		\$ 332,910			\$ 332,910
Other Program Services		191,378			191,378
Total Program Service Expenses		\$ 524,288			\$ 524,288
General and Administrative		9,082			9,082
Total Distributions and Expenses		\$ 533,370			\$ 533,370
Change in Net assets		\$ 571,429	\$ 142,042	\$ -	\$ 713,471
Net assets at beginning of year (as certified by management)		2,420,401	1,027,896	254,200	3,702,497
Net assets at end of year		\$ 2,991,830	\$ 1,169,938	\$ 254,200	\$ 4,415,968

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

North South Foundation
Statement of Functional Expenses
Year Ended April 30, 2013

<u>Functional Expenses</u>	<u>Program Services</u>	<u>General & Administrative</u>	<u>Total</u>
Salaries & Related Expenses	-	-	\$ -
Contract Services Expenses:			
outside contract services	\$ 5,207	\$ -	\$ 5,207
Total Contract Services Expenses	<u>\$ 5,207</u>	<u>\$ -</u>	<u>\$ 5,207</u>
Operations Expenses:			
Supplies	\$ 16,798	\$ -	\$ 16,798
Postage & Mailing Service	1,182	707	1,889
Printing and Copying	26,800	2,960	29,760
Telephone	584		584
Trophies & Medals	27,728	-	27,728
Event Meals	34,770	-	34,770
Education Material for sale	8,928	-	8,928
Total Operations Expenses	<u>\$ 116,790</u>	<u>\$ 3,667</u>	<u>\$ 120,457</u>
Facility & Equipment Expenses:			
Rent - Real Estate	\$ 28,169	\$ -	\$ 28,169
Rent - Furniture & Equipment	\$ 2,557	\$ -	\$ 2,557
Total Facility & Equipment Expenses	<u>\$ 30,726</u>	<u>\$ -</u>	<u>\$ 30,726</u>
Travel Expenses:			
Airfare	\$ 2,747	\$ -	\$ 2,747
Hotels and Car Rentals	1,645	-	1,645
Total Travel Expenses	<u>\$ 4,392</u>	<u>\$ -</u>	<u>\$ 4,392</u>
Other Expenses:			
Bank and credit card fees	\$ 36,373	\$ 625	\$ 36,998
Insurance	1,395	-	1,395
Outside Computer Services	27,914	-	27,914
Advertising and Other Business Expenses	1,256	28	1,284
Total Other Expenses	<u>\$ 66,938</u>	<u>\$ 653</u>	<u>\$ 67,591</u>
Total Functional Expenses	<u><u>\$ 224,053</u></u>	<u><u>\$ 4,320</u></u>	<u><u>\$ 228,373</u></u>

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

North South Foundation
Statement of Functional Expenses
Year Ended April 30, 2012

<u>Functional Expenses</u>	<u>Program Services</u>	<u>General & Administrative</u>	<u>Total</u>
Salaries & Related Expenses	-	-	\$ -
Contract Services Expenses:			
Accounting Fees	\$ 60	\$ -	\$ 5,060
Total Contract Services Expenses	<u>\$ 60</u>	<u>\$ 5,000</u>	<u>\$ 5,060</u>
Operations Expenses:			
Supplies	\$ 12,035	\$ -	\$ 12,035
Postage & Mailing Service	\$ 1,753	1,031	2,784
Printing and Copying	\$ 21,842	2,293	24,135
Telephone	\$ 66		66
Trophies & Medals	\$ 15,770		15,770
Event Meals	\$ 29,017		29,017
Education Material for sale	\$ 11,737		11,737
Total Operations Expenses	<u>\$ 92,220</u>	<u>\$ 3,324</u>	<u>\$ 95,544</u>
Facility & Equipment Expenses:			
Rent - Real Estate	\$ 37,560		\$ 37,560
Rent - Furniture & Equipment	\$ 8,300		8,300
Total Facility & Equipment Expenses	<u>\$ 45,860</u>	<u>\$ -</u>	<u>\$ 45,860</u>
Travel Expenses:			
Airfare	\$ 4,344	\$ -	\$ 4,344
Hotels and car rentals	\$ 1,502	\$ -	\$ 1,502
Total Travel Expenses	<u>\$ 5,846</u>	<u>\$ -</u>	<u>\$ 5,846</u>
Other Expenses:			
Bank and credit card fees	\$ 13,610	\$ 730	\$ 14,340
Insurance	\$ 3,485	-	3,485
Outside Computer Services	\$ 27,820	-	27,820
Advertising and other business expenses	\$ 2,477	28	2,505
Total Other Expenses	<u>\$ 47,392</u>	<u>\$ 758</u>	<u>\$ 48,150</u>
Total Functional Expenses	<u><u>\$ 191,378</u></u>	<u><u>\$ 9,082</u></u>	<u><u>\$ 200,460</u></u>

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

**North South Foundation
Statement of Cash Flows**

	<u>Year ended April 30, 2013</u>	<u>Year ended April 30, 2012</u>
Cash flows from operating activities		
Change in net assets	\$ 828,308	\$ 713,471
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Realized Investment Losses	\$ (8,820)	\$ -
Net cash provided by operating activities	<u>819,488</u>	<u>713,471</u>
Cash flows from investment activities		
Investments in Securities	(60,642)	(288,544)
Net cash used by investment activities	<u>(60,642)</u>	<u>(288,544)</u>
Cash flows from financing activities		
Net cash provided by financing activities	-	-
Net change in cash and cash equivalents	758,845	424,927
Cash and cash equivalents, beginning of year	1,894,969	1,470,042
Cash and cash equivalents, end of year	<u>\$ 2,653,814</u>	<u>\$ 1,894,969</u>

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

North South Foundation
Notes to Financial Statements
Year Ended April 30, 2013

(1) **Purpose of Organization:**

The organization was founded in 1989 for operating exclusively for charitable and educational purposes, or such other purposes as may be provided in section 501©(3) of the Internal Revenue Code including for such purposes, the granting of scholarships to qualified third world country students who otherwise could not afford further their education. Current funds are used to fund educational contests in the US, scholarships to students both in USA and India and other charitable purposes.

(2) **Basis of Accounting:**

The foundation maintains its books and records on the cash basis of accounting and as such the financial statements of the foundation have been prepared using the same basis. Under the cash basis of accounting, revenues and related assets are recognized when received rather than when earned and expenses are recognized when paid rather than when the obligation is incurred.

(3) **Valuation of non cash contributions:**

The foundation values the non cash contribution by donors at the market value on the date the contribution is received even if the actual cost to the foundation is nil.

(4) **Cash and Cash Equivalents:**

The Foundation treats cash in hand, cash at banks and investment in money market accounts as cash equivalent. The breakdown by account as of April 30,2013 and April30,2012 respectively are as follows:

	<u>April 30,2013</u>	<u>April 30,2012</u>
General Bank Account	176,085	218,777
Educational Contests Bank Account	73,982	25,080
Educational Materials Bank Account	16,086	12,993
General Money Market Account	2,241,223	1,481,035
Scholarship Money Market Account	10,102	23,100
Donor Advised Money Market Account	121,882	119,531
Endowment Money Market Account	14,454	14,452
Total	<u>2,653,814</u>	<u>1,894,969</u>

(5)(a) **Indirect Public Support:**

The Foundation allocates two thirds of contributions received from various educational contests and workshops as charitable contributions and treats the remaining as non charitable contribution. 100% revenue received for meals and educational materials are considered program service revenues and there is no indirect support in those payments.

(5) (b) The foundation has received public support and program service revenue totalling \$1,319,992 and \$1,158,398 during the years ended on April 30, 2013 and April 30, 2012 respectively. The said revenue has been classified by management into Public support direct and indirect, education contest and workshop. Meals and education materials as per computerised program developed by programmers. Management is responsible for proper classification.

(6) **Donor Advised Fund:**

This is a restricted fund managed by the Foundation based on the directives of the donors. Based on the advice of the donors, the Foundation makes disbursements to charities of their choice provided the recipients meet necessary guidelines.

(7) **Endowment Fund:**

This is a restricted fund which the Foundation can only use income for disbursements in charitable purposes. Donors contribute set amount of principal to the Foundation with the stipulation that the foundation will disburse the income for a stated purpose. For example, a donor can currently set up a \$5000 endowment fund for one scholarship each year in perpetuity.

(8) **US Scholarship Fund:**

This is a restricted fund set up to meet the obligation of the scholarships awarded to the national finals champions each year. The Foundation started educational contests in 1993. The scholarship is redeemable by the awardees during the freshman year of college and is payable to the awardee through their institutions. Foundation treats unclaimed amount of scholarship as restricted fund to meet obligation of foundation towards future award.

(9) **General Fund:**

This is mostly unrestricted fund where funds are deposited unless they belong to the restricted funds stated above or the donor has imposed restriction on the use of funds contributed.

(10) **Classification of Net Assets:**

During the FY2009-10, management has classified its net assets in three categories:

- (1) Unrestricted Funds
- (2) Temporarily Restricted Funds (Includes mainly scholarships and Donor Advised Funds)
- (3) Permanently Restricted Funds (Endowment fund)

Opening balances of these funds as on May 01, 2009 has been taken in financial statements as certified by management.

(11) Investment in marketable securities (stocks, mutual funds, and exchange traded funds) have been shown in financial statements at cost.

(12) Investment in marketable securities as above consists of the investments out of the following accounts maintained by the Foundation.

	(April 30, 2013)		(April 30, 2012)	
	Cost	Market Value	Cost	Market Value
Donor Advised Fund	914,184	1,092,855	909,357	956,420
Endowment Fund	302,524	353,286	292,022	322,393
Scholarship Fund	157,138	181,733	151,818	165,087
General Fund	1,216,616	1,430,565	1,167,802	1,291,915
Total	<u>2,590,462</u>	<u>3,058,439</u>	<u>2,520,999</u>	<u>2,735,816</u>

(13) Foundation does not recognize unrealized gain or loss on market value of its investments consistent with the cash basis of accounting. As such, no provision for unrealized gain of \$467,977 as of April 30, 2013 and the unrealized gain of \$214,817 as of April 30, 2012 have been made by management in financial statements.

(14) **Grants and distributions breakdown:**

	(April 30, 2013)	(April 30, 2012)
1. NSF India	329,023	272,400
2. Scholarships in USA	13,000	5,950
3. Kuruom Vidyala, Inda		30,000
4. Bhagavatula Charitable Trust, India		19,860
5. Other programs in India	2,727	2,600
6. Other programs in USA	600	2,100
Total	<u>345,350</u>	<u>332,910</u>

(15) **Concentrations:**

Foundation maintains cash and cash equivalents in bank deposit accounts and money market accounts which at times may exceed federally insured limits. The Foundation has not experienced any losses in such accounts. The Foundation believes it is not exposed to any significant credit risk on cash and cash equivalents.

(16) **Comparable data:**

Financial data and notes on financial statements for prior year have been reclassified and /or regrouped as necessary for the purpose of making them comparable.

- (17) **Subsequent events:**
Management has performed an analysis of the activities and transactions subsequent to April 30, 2012 to determine the need for any adjustment to and/or disclosures within the audited financial statements for the year ended April 30, 2013. Management has performed their analysis through March 15, 2014, the date the financial statements were available to be issued.
- (18) **Related Party Transactions:**
There are no related party transactions during the year.
- (19) **Tax Liability:**
North South foundation is a 501© (3) tax exempt organization and as such no incometax liability has been . accounted for.
- (20) **Use of Estimates:**
Management has not made any estimate in preparation of financial statements for the year ended April 30, 2013. and April 30, 2012 respectively in accordance with cash basis of accounting.