

NILESH TOPIWALA & ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS
419 EAST EUCLID AVENUE, MT PROSPECT, IL, 60056
TEL 847-678-0230: FAX: 847-678-0271
nilesh@uasglobal.com

AUDITOR'S REPORT

Prepared for

**NORTH SOUTH FOUNDATION
(An Illinois Not for profit Organization)**

November 2016

Table of Contents

1. Independent Auditor's Report	1-2
2. Statement of Financial Position	3
3. Statement of Activities	4
4. Statement of Functional Expenses	5
5. Statement of Cash Flows	6
6. Notes to Financial Statement	7-9

**NILESH TOPIWALA & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS**

FINANCIAL PLANNING, INCOME TAX, PAYROLL TAX, SALES TAX, ACCOUNTING
419 A. EAST EUCLID AVENUE, MOUNT PROPECTS, IL 60056, TEL: 847.678.0230, FAX 847.678.0271, email: Easeelolan@yahoo.com

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 comprises the statement of financial position arising from cash transactions of North South Foundation as of April 30, 2016, the related statements of activities, functional expenses, 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 whether the financial statements are free from material misstatements or not.

An audit involves performing the 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 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.

NILESH TOPIWALA & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

FINANCIAL PLANNING, INCOME TAX, PAYROLL TAX, SALES TAX, ACCOUNTING
419 A. EAST EUCLID AVENUE, MOUNT PROPECTS, IL 60056, TEL: 847.678.0230, FAX 847.678.0271, email: Easecloan@yahoo.com

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, 2016, the changes in its net assets and its cash flows for the years then ended on the basis of accounting described in Note 2.



Nilesh Topiwala, CPA
License No: 065.022555

November 18, 2016

North South Foundation
Statements of Financial Position
April 30

ASSETS		2016	2015
Current Assets			
Cash and Cash Equivalents	Note: 4	\$ 3,033,095	\$ 2,531,073
Total Current Assets		<u>3,033,095</u>	<u>2,531,073</u>
Investment in Marketable Securities	Notes: 12-14	4,854,665	4,560,301
TOTAL ASSETS		<u>\$ 7,887,760</u>	<u>\$ 7,091,374</u>
 LIABILITIES AND NET ASSETS			
Liabilities			
-			
Net Assets			
Unrestricted - Undesignated		\$ 2,658,451	\$ 1,930,641
Unrestricted - Board Designated	Note 10	3,000,000	3,000,000
Unrestricted - Operating Reserves	Note 10	600,000	600,000
Unrestricted Fund	Notes: 9, 10, 11	<u>6,258,451</u>	<u>5,530,641</u>
Temporarily Restricted Fund	Notes: 6,8,11	1,365,109	1,296,533
Permanently Restricted Fund	Notes: 7, 11	264,200	264,200
Total Net Assets		<u>7,887,760</u>	<u>7,091,374</u>
Total LIABILITIES AND NET ASSETS		<u>\$ 7,887,760</u>	<u>\$ 7,091,374</u>

The accompanying notes are an integral part of these statements.

North South Foundation
Statement of Activities
Year Ended April 30,2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Public Support and Other Revenue				
Public Support:				
Public Support - Direct	5A & 5B \$ 255,643	\$ 48,600	\$ -	\$ 304,243
Public Support - Indirect	5A & 5B 785,985			785,985
Total Public Support Revenue	\$ 1,041,628	\$ 48,600	\$ -	\$ 1,090,228
Program Service Revenue:				
Educational Contest & Workshop	5A & 5B \$ 392,992			\$ 392,992
Meals and Educational Material	5A & 5B 49,073			49,073
Total Program Service Revenue	\$ 442,065	\$ -	\$ -	\$ 442,065
Investment Income:				
Interest	\$ 264	\$ 3		\$ 267
Dividend	62,653	26,361		89,014
Dividend - Capital Gain Distributions	163,857	43,512		207,369
Total Investment Income	\$ 226,774	\$ 69,876	\$ -	\$ 296,650
Net assets released from restrictions	\$ 49,900	\$ (49,900)		\$ -
Total Public Support and Other Revenues	\$ 1,760,367	\$ 68,576	\$ -	\$ 1,828,943
Distributions and Expenses				
Program Service Expenses				
Grants and Distributions	\$ 739,800			\$ 739,800
Other Program Services	280,688			280,688
Total Program Service Expenses	\$ 1,020,488			\$ 1,020,488
General and Administrative	12,069			12,069
Total Distributions and Expenses	\$ 1,032,557			\$ 1,032,557
Change in Net assets	\$ 727,810	\$ 68,576	\$ -	\$ 796,386
Net assets at beginning of year	5,530,641	1,296,533	264,200	7,091,374
Net assets at end of year	\$ 6,258,451	\$ 1,365,109	\$ 264,200	\$ 7,887,760

The accompanying notes are an integral part of these statements.

North South Foundation
Statement of Functional Expenses
Year Ended April 30,2016

Functional Expenses	Program Services	General & Administrative	Total
Salaries & Related Expenses	-	-	\$ -
Contract Services Expenses:			
Accounting Fees		\$ 6,575	\$ 6,575
Outside Contract Services	\$ 10,099		\$ 10,099
Total Contract Services Expenses	\$ 10,099	\$ 6,575	\$ 16,674
Operations Expenses:			
Supplies	\$ 16,076		\$ 16,076
Postage & Mailing Service	\$ 5,473	2,024	7,497
Printing and Copying	\$ 30,690	3,079	33,769
Telephone	\$ 363		363
Trophies & Medals	\$ 25,066		25,066
Event Meals	\$ 49,653		49,653
Education Material for sale	\$ 9,516		9,516
Total Operations Expenses	\$ 136,837	\$ 5,103	\$ 141,940
Facility & Equipment Expenses:			
Rent - Real Estate	\$ 26,543		\$ 26,543
Rent - Furniture & Equipment	\$ 793		793
Total Facility & Equipment Expenses	\$ 27,336	\$ -	\$ 27,336
Travel Expenses:			
Airfare	\$ 6,822		\$ 6,822
Hotels and Car rentals	\$ 6,827		6,827
Total Travel Expenses	\$ 13,649	\$ -	\$ 13,649
Other Expenses:			
Bank and credit card fees	\$ 33,806	\$ 266	\$ 34,072
Insurance	\$ 2,662		2,662
Outside Computer Services	\$ 55,091		55,091
Other Business Expenses	\$ 1,208	125	1,333
Total Other Expenses	\$ 92,767	\$ 391	\$ 93,158
Total Functional Expenses	\$ 280,688	\$ 12,069	\$ 292,757

The accompanying notes are an integral part of these statements.

North South Foundation
Statements of Cash Flows
Years Ended April 30

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities		
Change in net assets	\$ 796,386	\$ 880,388
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Realized Investment Gain	\$ -	\$ (40,203)
Contributions restricted for endowment	\$ -	\$ (10,000)
Net cash provided by operating activities	<u>\$ 796,386</u>	<u>830,185</u>
Cash flows from investment activities		
Investments in Securities	<u>\$ (294,364)</u>	<u>\$ (1,985,294)</u>
Net cash used by investment activities	\$ (294,364)	\$ (1,985,294)
Cash flows from financing activities		
Contributions restricted for endowments	<u>\$ -</u>	<u>10,000</u>
Net cash provided by financing activities	\$ -	10,000
Net change in cash and cash equivalents	\$ 502,022	(1,145,109)
Cash and cash equivalents, beginning of year	<u>\$ 2,531,073</u>	<u>3,676,182</u>
Cash and cash equivalents, end of year	<u><u>\$ 3,033,095</u></u>	<u><u>\$ 2,531,073</u></u>

The accompanying notes are an integral part of these statements.

North South Foundation
Notes to Financial Statements
Year Ended April 30, 2016

(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(c)(3) of the Internal Revenue Code including, for such purposes, the granting of scholarships to qualified developing country students who otherwise could not afford to 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 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 reconized 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 is as follows:

	<u>30-Apr-16</u>	<u>30-Apr-15</u>
General Bank Account	326,737	373,376
Educational Contests Bank Account	92,318	34,863
Educational Materials Bank Account	30,143	29,874
General Money Market Account	2,531,117	2,029,386
Scholarship Money Market Account	21,424	28,770
Donor Advised Money Market Account	29,152	32,949
Endowment Money Market Account	2,204	1,855
Total	<u>3,033,095</u>	<u>2,531,073</u>

(5) Indirect Public Support:

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

(b) The foundation has received public support and program service revenue totalling \$1,532,293 and \$1,408,181 during the years ended on April 30,2016 and April 30,2015 respectively. This revenue has been classified by management into public support direct and indirect, education contests and workshops, meals and education materials as per the computerized 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 advise 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 in 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 \$5,000 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.

(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) Board Designated Fund:

This fund consists of two components. First component is a corpus fund in the amount of \$3M to account for the liability the foundation has towards the current scholarship holders for the duration of their study until graduation. Second component is a contingency fund in the amount of \$600,000 to cover any shortfalls in the working capital needs.

(11) Classification of Net Assets:

During the FY 09-10, 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.

(12) Investment in marketable securities (stocks and mutual funds) have been shown in the financial statements at cost.

(13) Investment in marketable securities consists of the investments in the following accounts maintained by the foundation.

	(April 30, 2016)		(April 30, 2015)	
	<u>Cost</u>	<u>Market Value</u>	<u>Cost</u>	<u>Market Value</u>
Donor Advised Fund	1,249,657	1,595,305	1,179,784	1,607,616
Endowment Fund	383,404	428,331	366,683	444,872
Scholarship Fund	188,993	205,707	177,923	214,837
General Fund	3,032,611	3,050,821	2,835,911	3,134,001
Total	<u>4,854,665</u>	<u>5,280,163</u>	<u>4,560,301</u>	<u>5,401,326</u>

(14) 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 \$425,498 as of April 30, 2016 and the unrealized gain of \$841,025 as of April 30,2015 is reflected in the financial statements.

(15) Grants and distributions breakdown:

	30-Apr-16	30-Apr-15
1. NSF India	686,400	532,900
2. Scholarships in USA	7,500	10,250
3. Jesuit Province Society, India	25,000	
4. Pamarru High School, India		1,100
5. TANA Varadhi , India		16,000
6. Other programs in India	13,600	
7. Other programs in USA	7,300	5,050
Total	<u>739,800</u>	<u>565,300</u>

(16) 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.

(17) Subsequent events:

Management has performed an analysis of the activities and transactions subsequent to April 30, 2016 to determine the need for any adjustment to and/or disclosures within the audited financial statements for the year ended April 30, 2016. Management has performed their analysis through 10/31/2016, 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(c)(3) tax exempt organization and as such no income tax 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, 2016 and April 30,2015 respectively in accordance with cash basis of accounting.