

Financial Report

1 APRIL 2014 – 31 MARCH 2015

Our Dear Baba Family,

This financial report is the sixteenth annual report that the Avatar Meher Baba Perpetual Public Charitable Trust has prepared for the worldwide family of Baba lovers.

In reviewing the past financial year, we once again find that donations continue to be on the low side. There has been an improvement over last year, but the overall level of normal donations (excluding one-time large donations) which should be the bread and butter of the Trust are well below the level of past years. Meanwhile, expenses continue their relentless increase. With the inflation rate in India down to 6% from 10% in the previous year, the pressure on expenses should ease somewhat, but we have to wait and see if this transpires.

As you know, the Trust prepares five-year financial projections that are based on historical trends. These projections are revised annually. Our projections continue to show that the projected intake of cash from donations and interest income does not keep pace with the increase in expenses over the five-year period.

Under this scenario, the Trust continues to focus on tight control over expenses and maximizing interest income from safe investments in order to maintain its position as a self-sustaining entity. We do not want to be in a position where the Trust is not self-sustaining and daily operating expenses have to be paid from corpus investments as this will eventually lead to reductions in the level of services and facilities offered by the Trust which is really not an option we want to consider. Once established and functioning, the various services and facilities of the Trust cannot be downsized or stopped, because of reducing or fluctuating donations, as recipients of these services in the local community become dependent on the charitable services provided by the Trust and any reduction would have a devastating impact on these communities. It is therefore vital that the current focus remains on the Trust being self-sustaining in order that continuity of services is assured.

A growing Trust Fund and Corpus generating increased investment income would ensure greater stability

in providing continuity in fulfillment of these objectives as laid down in the Trust Deed by Beloved Baba. This can only be achieved through increased donations.

You will find this year's Financial Report different than all the previous ones. We have decided that, in order to improve transparency, the Trust's Balance Sheet will be included in the report. As there is limited space in the Financial Report this means that the report on the Development Plan will no longer be part of the Financial Report.

Our hearts ever endeavor to fulfill the pleasure of the Beloved by serving Him through His Trust. It is our sacred duty and we are thankful to Baba for permitting us to do so. As our dear Mani would say, as we work for Him He is working on us. And of that there is no doubt!!!!

In His Love and Service,

Shridhar G. Kelkar

Chairman

Avatar Meher Baba Perpetual Public Charitable Trust

Avatar Meher Baba P. P. C. Trust Financial Position at 31st March 2015

This year, in the interest of further transparency, the Board of Trustees made the decision to include the Trust's Balance Sheet in the Financial Report. Accordingly, the Summary Balance Sheet at 31st March, 2015, with comparative amounts for the previous year, based on the audited financial statements, is presented below.

An explanation of the captions listed under the Corpus and Liabilities column follow:

Trust Funds and Corpus:

This is in essence the capital of the Trust. It represents an accumulation of the following items since inception of the Trust:

- The original corpus amount donated when the Trust was set up by Meher Baba. This was a very small amount in relation to the existing balance.
- All general Corpus donations made to the Trust. General Corpus donations are donations made without any restrictions and can be used by the Trust for any purpose whatsoever. Corpus donations represent by far the largest amount of this balance.
- When Specific Corpus Donations are used, the utilized amounts are transferred to Trust Fund and Corpus as explained below.
- Transfers from the Income and Expenditure Account as explained below.

Income and Expenditure Account:

This balance represents the total accumulated

Surplus of the Trust since inception, less any amounts transferred to Trust Fund and Corpus to meet certain legal requirements or at the discretion of the Board.

In effect, this balance is also part of the Trust Fund and Corpus of the Trust, but standard accounting practice requires accumulated surplus amounts to be kept separate.

Specific Corpus Donations:

These amounts represent the unutilized balance of Specific Corpus Donations received by the Trust. These donations are made for specific objects and projects of the Trust and when monies donated are used for the specific purpose, an equivalent amount is transferred to Trust Fund and Corpus.

Liabilities:

This balance represents amounts owed by the Trust to third parties.

Under the Assets column are listed the various different assets acquired and constructed by the Trust from donations received:

Fixed Assets:

This balance represents the various assets acquired by the Trust since inception. It includes tangible assets such as land, buildings, equipment of all types, computers, furniture, wells, vehicles of all types, infrastructure construction such as roads, storage tanks and dams,

etc. It also includes intangible assets such as software.

All these assets, except land, have a finite life and the cost of the asset is depreciated over the estimated life of the asset. According to standard accounting practice, the cost, accumulated depreciation of the assets and the net value after deducting depreciation are shown as separate amounts in the Balance Sheet

Investments:

These are the various types of investments made by the Trust. There are restrictions on the types of investments Public Charitable Trusts in India can make. The restrictions are to ensure that funds of such institutions are conservatively invested. The Trust has a very conservative policy of investing only with nationalized banks in order to minimize any loss.

Investments in Fixed and Term Deposits are for terms ranging up to 10 years. Short-term investments are for terms less than one year.

Current Assets:

This balance represents amounts owed to the Trust by staff and third parties, and includes payments made in advance for purchase of assets.

Cash and Bank Balances:

This represents the total of all bank balances with the Trust's various bankers plus the cash kept on hand. The cash balance represents a very small component of the total balance.

CORPUS AND LIABILITIES	31-Mar-2015 Rupees	31-Mar-2014 Rupees	31-Mar-2015 US \$	31-Mar-2014 US \$	ASSETS	31-Mar-2015 Rupees	31-Mar-2014 Rupees	31-Mar-2015 US \$	31-Mar-2014 US \$
Trust Fund and Corpus	73,12,20,833	62,88,77,427	11,682,710	10,309,466	Fixed Assets				
Income & Expenditure Account	2,36,82,469	3,75,57,790	378,375	615,701	Cost	34,45,09,903	28,20,10,699	5,504,232	4,623,126
Specific Corpus Donations					Less: Depreciation	12,55,50,731	11,48,00,990	2,005,923	1,881,983
Archives/Museum	0	1,27,66,593	0	209,289		21,89,59,172	16,72,09,709	3,498,309	2,741,143
Development Plan	37,98,778	18,18,786	60,693	29,816	Investments				
Dharamshala Building	6,92,91,335	6,86,05,459	1,107,067	1,124,680	Fixed Deposits	9,90,85,674	10,15,85,674	1,583,091	1,665,339
Educational Facilities	17,71,000	71,87,272	28,295	117,824	Term Deposits	40,20,05,237	37,24,98,951	6,422,835	6,106,540
Medical Facilities	1,19,71,830	1,38,16,724	191,274	226,504	Short Term Fixed Deposits	2,09,56,544	6,16,62,865	334,823	1,010,867
Memorial Tower	80,86,540	81,71,997	129,199	133,967	Accrued Interest	11,15,47,971	8,31,39,610	1,782,201	1,362,944
Super Structure	69,71,118	69,62,118	111,378	114,133	Other	5,300	5,300	85	87
Water Facilities	0	48,87,038	0	80,115		63,36,00,726	61,88,92,400	10,123,035	10,145,777
Other	12,95,745	20,79,202	20,702	34,085	Current Assets				
	10,31,86,346	12,62,95,189	1,648,608	2,070,413		43,86,203	17,18,316	70,078	28,169
Liabilities	4,54,430	4,82,382	7,260	7,908	Cash and Bank Balances	15,97,977	53,92,363	25,531	88,399
	85,85,44,078	79,32,12,788	13,716,953	13,003,488		85,85,44,078	79,32,12,788	13,716,953	13,003,488

NOTE: Exchange rates used

Rs.62.59 Rs.61.00

Rs.62.59 Rs.61.00

Avatar Meher Baba P. P. C. Trust Financial Activity

From 1st April 2014 to 31st March 2015

The summary cash flow chart, showing Receipts and Payments, explains the Trust's Financial Activity and, as always, is based on the audited financial statements of the Trust. It summarizes the Trust's receipts and payments, i.e. amounts received and amounts disbursed, and covers all Trust activities - operating income and expenses, corpus donations received and money spent on all capital projects. This chart also discloses expenses incurred by the Trust on facilities and programs so that you can get an overall picture of Trust activities.

The captions in the Receipts column are self-explanatory.

The increase in Interest on Deposits and Investments Rs.5.7 crores (\$910,898) continues, although at 7% the increase is much lower than in the previous two years, when it increased by 11% and 15%, respectively. Interest rates in India have started to come down and by 31 March 2015 the rates have decreased by 0.75% with further decline expected. However, when interest rates were high, the Trust locked in a substantial portion of its Investment portfolio for terms ranging up to 10 years, consequently, the lower interest rates should not have much impact in the short-term.

Total Corpus Donations received in the year of Rs.5.3 crores (\$844,279) includes two parcels of land gifted to the Trust with a value of Rs.3.2 crores (\$516,424).

Under the "Payments" column, a description of the Operating Expenses is given below for each major function:

Office & Administration:

Expenses for office and administration staff and premises, including the Trust's main office at Meher Nazar and the Meherabad Trustees office

Liability of First Charge:

The first responsibility of the Trust is to take care of Beloved Baba's Samadhi and this represents the related staff and maintenance costs.

Water Facilities:

Maintenance of wells, pipelines, electric bills of pumps, water charges and afforestation expenses.

Facilities for Pilgrims:

The maintenance of Meher Pilgrim Retreat, Hostel "D", Dharamshala, as well as expenses for pilgrim transportation, marketing vehicles, electricity, insurance, afforestation around the buildings at Meherabad, etc. It also includes the maintenance of the Trust's property at Meherazad. Total expenses for this object was Rs.1.9 crores (\$296,658).

Medical Facilities:

This includes the maintenance of Meher Health Center in Arangaon, Meher Hospital and Medical Staff Quarters, and also the Trust sponsored health camps for school children, cataract camps, dental camps, free medical aid, and free medicine to indigent patients and hospitalization for the poor and needy in Ahmednagar and Pune.

Education Facilities:

The operation of Meher English School, Farmers' Education Center, Physical Education Center, and Music and Arts Center and includes books and scholarships provided to poor students. Total expenses for these activities were Rs.69.5 lakhs (\$110,979).

Secular Education:

The expenses for Beloved Avatar Meher Baba's Amartithi, the maintenance of the library, study hall, museum, Archives and Research building at Upper Meherabad, Spiritual Academy at Lower Meherabad and Young Adults Sahavas.

Other Charitable Objects:

The Avatar Meher Baba Ahmednagar Centre and funding its programs, maintenance of Guruprasad Memorial in Pune, Veterinary-Aid Centre, Help to the Poor and Needy and to local institutions and communities.

Total operating expenses in 2014-15 of Rs.48.8 crores (\$779,377) have increased by 15.5% over the previous year. This is quite a bit above the inflation rate in India which in 2014-15 decreased substantially to around 6%. The majority of the increase in expenses is related to staff costs as this year the Trust negotiated a three-year agreement in which staff received a 20% increase in their basic salaries in 2014-15.

This year there is a new caption, "Land Gifted to the Trust" that is self-explanatory. This item is not included under Capital Expenditure because no money was spent to purchase these lands viz. there was no expenditure by the Trust.

The next heading in the "Payments" column is "Capital Expenditure". It shows the Capital Expenditure for the financial year, including amounts spent under the Development Plan. This year, by far the largest expenditure was on purchase of land and fencing, followed by expenditure on a new water pipeline for Meherazad. Capital expenditure under "Other" includes construction of a Watchman's Cabin at Meherazad, replacement of the Main Bungalow roof in Meherazad, digging of wells, new pumps and equipment for water facilities, medical equipment for the Heath Centre and new tarpaulins for Amartithi.

The last section in the chart shows the unspent cash received during the year that has been invested in bank deposits.

RECEIPTS	2015 Rupees	2014 Rupees	2015 US \$	2014 US \$	PAYMENTS	2015 Rupees	2014 Rupees	2015 US \$	2014 US \$
Operating Receipts					Operating Expenses				
Interest on Deposits and Investments	5,70,13,095	5,33,14,855	910,898	874,014	Office and Administration	73,00,882	58,82,988	116,646	96,442
General Donations, includes operating donations under grants: 2015- Rs.40,47,527 (\$66,220) 2014- Rs.13,57,269 (\$22,263)	85,82,838	54,59,667	137,128	89,503	Liability of First Charge	2,92,080	3,07,851	4,667	5,047
Donations from pilgrims for staying in Hostels	39,68,500	34,45,580	63,405	56,485	Water Facilities	28,80,303	34,72,548	46,019	56,927
Educational Gathtering : Amartithi Donations	10,28,132	10,57,612	16,426	17,338	Facilities for Pilgrims - Meherabad	93,42,994	84,36,672	149,273	138,306
Other	14,54,241	16,59,186	23,234	27,200	- Meherazad	37,96,717	28,26,555	60,660	46,337
	7,20,46,806	6,49,36,900	1,151,091	1,064,540	- Meher Pilgrim Retreat	54,28,139	47,83,297	86,725	78,415
Corpus Donations					Medical Facilities	72,01,769	66,57,046	115,063	109,132
For any use in the trust under Corpus	1,37,18,631	4,51,14,728	219,182	739,586	Education Facilities - Schooling	5,76,338	4,18,356	9,208	6,858
For use in any Development Plan project	23,45,460	23,37,514	37,473	38,320	- Farmers Education Centre	92,989	76,246	1,486	1,250
For Specific Purposes:					- Music and Arts Centre	2,35,978	84,839	3,770	1,391
Dharamshala	6,85,876	8,28,351	10,958	13,580	- Physical Education Centre	1,95,024	1,96,264	3,116	3,217
Memorial Tower : includes donations under grants: 2015 - Rs. Nil 2014 - Rs. 6,04,039 (\$9,820)	0	6,74,539	0	11,058	- Meher English School	58,45,861	52,64,046	93,399	86,296
Donations In Kind	3,23,42,970	69,618	516,744	1,141	Secular Education	30,11,226	26,14,775	48,110	42,865
Medical Facilities	33,21,956	13,07,624	53,075	21,436	Other Charitable Objects	25,80,917	12,20,256	41,235	20,004
Water Facilities	60,000.0	1,68,866	959	2,768		4,87,81,217	4,22,41,739	779,377	692,487
Educational Facilities	3,59,500	92,501	5,744	1,516	Land Gifted to the Trust	3,23,23,000	0	516,424	0
Meherazad Fencing	0	42,49,635	0	69,666	Capital Expenditure				
Other	9,000.0	0	144	0	Development Plan	3,65,468	24,14,586	5,839	39,583
	5,28,43,393	5,48,43,376	844,279	899,071	Land (including fencing)	2,40,54,576	52,00,155	384,320	85,248
Capital Receipt					Memorial Tower	85,457	13,84,351	1,365	22,694
	0	3,91,170	0	6,412	Water Pipeline and Check Dam	23,30,752	33,08,050	37,239	54,230
	12,48,90,199	12,01,71,446	1,995,370	1,970,023	Other	33,39,951	30,47,354	53,362	49,957
						3,01,76,204	1,53,54,496	482,125	251,712
					Unspent cash receipts remaining in year after all expenditures, resulting in increase in cash and investments	1,36,09,778	6,25,75,211	217,444	1,025,824
						12,48,90,199	12,01,71,446	1,995,370	1,970,023

NOTE: Exchange rates used

Rs.62.59 Rs. 61.00

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