

Financial Report

1ST APRIL 2016 – 31ST MARCH 2017

Our Dear Baba Family,

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

As you will see from the Financial Activity chart published in this issue, the Trust has received total Corpus Donations of Rs.14.0 crores (\$2,164,123). Out of this total, legacy donations amounted to Rs.10.2 crores (\$1,572,000) and donations in kind Rs.77.6 lakhs (\$120,000), leaving a balance of Rs.3.1 crores (\$472,000), which shows a healthy growth over donations received last year, which I feel is a good sign. Of course, this is not necessarily an indication that donations will run at high levels in future years, as donations by their nature are not predictable, and legacy donations of such large amounts are very infrequent.

The good news on the donations side is tempered by the

steady increase in expenses. Although inflation in India is now relatively low at around 5%, the increase in expenses is mainly driven by salary costs and to a lesser extent our aging infrastructure. In addition, interest rates in India continue downwards, presently at 6.75% compared to 9% two years back. This trend means we earn less on our investments, which is a major source of income for the Trust.

Our focus remains on building Corpus to become self-sustaining so that existing services are assured. This goal is based on our revised five year long term projections, which continue to show the increase in expenses exceeding the growth in income.

Last year, I mentioned that the Trust was in the process of negotiating with the Railway authorities to build a pedestrian subway under the railway tracks between Lower and Upper Meherabad. I am pleased to inform you that these arrangements have been finalized this year, and we now

have a firm commitment to this project. The schedule for construction is dependent on the Railway authorities, so it is difficult to assess when this project will be completed. The cost is estimated at Rs.86 lakhs (\$133,000).

For the last several years the Trust has not undertaken any major development project due to constraint of funds. Donations were almost stagnant. After a long time, there is an increase in donations, which is very positive and encouraging. I hope Baba lovers will continue to support the Trust with more donations so that in years to come the Trust will be able to undertake many development projects that have been kept on hold.

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 2017

The Summary Balance Sheet of the Trust, presented below, is based on the audited financial statements. The Balance Sheet gives readers a snapshot of the financial position of the Trust at the end of the financial year, (i.e., on 31 March, 2017). It is a statement that discloses, since inception of the Trust, the cost of the assets (property, investments, bank balances, etc.) owned by the Trust and the source of funds received to acquire them. From the Balance Sheet one can see that the main source of funds received by the Trust are Corpus donations, both general and specific, and the Trust has used these funds to acquire its various assets.

An explanation of the captions under the Corpus and Liabilities column follows:

Trust Funds and Corpus:

This is in essence the capital of the Trust and is 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. General Corpus donations represent by far the largest amount of this balance.
- When Specific Corpus Donations are used, the utilized amount is transferred to the Trust Fund and Corpus as explained below.

- Transfers from the Income and Expenditure Account as explained below.

Income & Expenditure Account:

This balance represents the total accumulated Surplus of the Trust since inception, less any amounts transferred to the 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 capital of the Trust, similar to the Trust Fund and Corpus, 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 the 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:

Fixed Assets:

This balance represents the various assets acquired or constructed by the Trust since inception. It includes tangible assets, such as land, buildings, equipment of all types, furniture, wells, vehicles of all types,

infrastructure construction, such as roads, storage tanks, and dams, computers, 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 original 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 owned 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 and in government securities in order to minimize any loss.

Investments in Fixed and Term Deposits and Government Bonds 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 figure represents the total of all bank balances with the Trust's various banks plus the cash kept on hand. The cash balance represents a very small component of the total balance.

| CORPUS AND LIABILITIES | 31-Mar-2017 Rupees | 31-Mar-2016 Rupees | 31-Mar-2017 US \$ | 31-Mar-2016 US \$ | ASSETS | 31-Mar-2017 Rupees | 31-Mar-2016 Rupees | 31-Mar-2017 US \$ | 31-Mar-2016 US \$ |
|---|-----------------------|-----------------------|----------------------|----------------------|-------------------------------|-----------------------|-----------------------|----------------------|----------------------|
| TRUST FUND AND CORPUS | 85,27,22,552 | 77,64,45,342 | 13,151,180 | 11,705,794 | FIXED ASSETS | | | | |
| INCOME & EXPENDITURE ACCOUNT | 1,29,58,316 | 2,15,83,053 | 199,851 | 325,389 | Cost | 41,02,82,117 | 37,28,71,299 | 6,327,608 | 5,621,458 |
| SPECIFIC CORPUS DONATIONS | | | | | Less: Depreciation | 14,70,06,839 | 13,59,17,558 | 2,267,225 | 2,049,112 |
| Archives/Museum | 0 | 0 | 0 | 0 | | 26,32,75,278 | 23,69,53,741 | 4,060,383 | 3,572,346 |
| Development Plan | 19,95,590 | 28,65,974 | 30,777 | 43,208 | INVESTMENTS | | | | |
| Dharamshala Building | 7,33,40,908 | 7,01,27,538 | 1,131,106 | 1,057,252 | Fixed Deposits | 5,35,35,674 | 7,14,12,000 | 825,658 | 1,076,617 |
| Educational Facilities | 22,45,178 | 18,59,750 | 34,626 | 28,038 | Term Deposits | 50,04,93,730 | 41,06,08,757 | 7,718,904 | 6,190,393 |
| Medical Facilities | 1,28,68,160 | 1,23,77,448 | 198,460 | 186,604 | Short Term Fixed Deposits | 1,55,32,411 | 2,09,77,795 | 239,550 | 316,264 |
| Meherazad Preservation & Development | 8,23,00,000 | 0 | 1,269,278 | 0 | Government of India Bonds | 4,23,00,000 | 0 | 652,375 | 0 |
| Memorial Tower | 40,37,896 | 39,37,963 | 62,275 | 59,369 | Accrued Interest | 16,77,92,644 | 14,77,19,160 | 2,587,795 | 2,227,034 |
| Super Structure | 69,71,118 | 69,71,118 | 107,513 | 105,098 | Other | 5,300 | 5,300 | 82 | 80 |
| Water Facilities | 0 | 20,100 | 0 | 303 | | 77,96,59,759 | 65,07,23,012 | 12,024,364 | 9,810,388 |
| Other | 12,95,745 | 12,95,745 | 19,984 | 19,535 | CURRENT ASSETS | | | | |
| | 18,50,54,595 | 9,94,55,636 | 2,854,019 | 1,499,407 | | 22,75,551 | 44,69,741 | 35,095 | 67,386 |
| LIABILITIES | 5,21,360 | 4,78,985 | 8,041 | 7,221 | CASH AND BANK BALANCES | | | | |
| | | | | | | 60,46,235 | 58,16,522 | 93,249 | 87,691 |
| | 105,12,56,823 | 89,79,63,016 | 16,213,091 | 13,537,811 | | 105,12,56,823 | 89,79,63,016 | 16,213,091 | 13,537,811 |

NOTE: Exchange rates used

Rs. 64.84 Rs. 66.33

Rs. 64.84 Rs. 66.33

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

From 1st April 2016 to 31st March 2017

The summary cash-flow chart discloses the Trust's financial activities for the year, and, as always, it 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 it 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 for facilities and programs so that you can get an overall picture of Trust activities.

The captions in the Receipts column are self-explanatory, except for two items that require some comment:

Interest on Deposits and Investments

Interest earned on Deposits and Investments—Rs.5.9 crores (\$906,839)—has only increased by 3.2% over the previous year despite the very high level of donations received. This small increase reflects the downward slide of interest rates in India.

As mentioned in the Chairman's message, interest rates are currently at 6.75%, compared to 9% two years ago, and it looks like the downward trend will continue. This trend has a major effect on the Trust—based on the current balance sheet, a reduction of 1% on the Trust's investment portfolio results in lost interest of Rs.78 lakhs (\$120,000). For now, the fall in interest rates is mitigated by the fact that the Trust has locked in a substantial part of its portfolio at higher rates for terms ranging up to 10 years. Consequently, the impact of lower interest rates will be cushioned in the short-term.

General Donations, includes operating donations under grants:

Under this caption there are two amounts noted: for 2017 Rs.58.0 lakhs (\$86,408) and 2016 Rs.87.6 lakhs (\$132,679). These amounts represent donations received under Maintenance Grants from institutions devoted to Meher Baba in the USA.

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

Water Facilities:

Maintenance of wells, pipelines, electric bills for 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 were Rs.2.0 crores (\$314,480).

Medical Facilities:

This section includes the expenses of Meher Health Center in Arangaon, Meher Hospital, Medical Staff Quarters, medical expenses reimbursed to staff members, and also the Trust-sponsored health camps for school children, cataract camps, and dental camps, and 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 Centre, Physical Education Centre, and Music and Arts Centre and includes books and scholarships provided to poor students. Total expenses for these activities were Rs.92.6 lakhs (\$142,875).

Secular Education:

The main expenditure is for Beloved Avatar Meher Baba's Amartithi: Rs.17.9 lakhs (\$28,000). Also

includes expenses 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:

Financial assistance to Arangaon and Pimpalgaon Grampanchayat for social-purpose projects undertaken by them, maintenance of Guruprasad Memorial in Pune, Help to the Poor and Needy, and to local institutions and communities.

Total operating expenses in 2016-17 of Rs. 5.4 crores (\$832,327) have increased by 6.33% over the previous year. This increase is over the inflation rate of 5.0% in India. The main driver of the increase is salary costs, which now account for well over 50% of the Trust's expenses.

The caption "Assets Gifted to the Trust" is self-explanatory and includes major donations in kind made to the Trust. These items are not included under Capital Expenditures because no money was spent to purchase these assets (i.e., there was no cash 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. Once again this year, by far the largest expenditure was for purchase of land to consolidate land holdings at Meherabad and Meherazad for future development and to preserve and protect sanctified areas. Capital expenditure under "Other" includes construction of two Watchman's Cabins at Meherazad, continuing expenditure on the renovation of the Main Bungalow roof in Meherazad, more permanent roofs for the Amartithi sheds at the Pilgrim Education Site, infrastructure of water facilities, and computer equipment.

The last section in the chart shows the unspent cash received during the year, which has been invested in bank deposits and government bonds.

| RECEIPTS | 2017 Rupees | 2016 Rupees | 2017 US \$ | 2016 US \$ | PAYMENTS | 2017 Rupees | 2016 Rupees | 2017 US \$ | 2016 US \$ |
|--|---------------------|---------------------|------------------|------------------|--|---------------------|---------------------|------------------|------------------|
| Operating Receipts | | | | | Operating Expenses | | | | |
| Interest on Deposits and Investments | 5,87,99,432 | 5,69,56,299 | 906,839 | 858,681 | Office and Administration | 70,97,924 | 68,87,719 | 109,468 | 103,840 |
| General Donations, includes operating donations under grants: 2017-Rs.57,98,964 (\$86,408) 2016-Rs.87,60,211 (\$132,679) | 1,20,61,967 | 1,36,35,528 | 186,027 | 205,571 | Liability of First Charge | 4,28,335 | 3,74,487 | 6,606 | 5,646 |
| Donations from pilgrims for staying in Hostels | 45,89,440 | 43,77,920 | 70,781 | 66,002 | Water Facilities | 30,25,433 | 27,48,233 | 46,660 | 41,433 |
| Educational Gathering : Amartithi Donations | 11,00,931 | 10,74,536 | 16,979 | 16,200 | Facilities for Pilgrims - Meherabad | 89,83,830 | 96,79,582 | 138,554 | 145,931 |
| Meher English School fees | 11,27,270 | 11,52,980 | 17,385 | 17,382 | - Meherazad | 48,27,208 | 48,54,860 | 74,448 | 73,192 |
| Other | 3,07,970 | 1,30,880 | 4,750 | 1,973 | - Meher Pilgrim Retreat | 65,79,866 | 57,49,864 | 101,478 | 86,686 |
| | 7,79,87,010 | 7,73,28,143 | 1,202,761 | 1,165,809 | Medical Facilities | 87,47,424 | 83,51,240 | 134,908 | 125,904 |
| Corpus Donations | | | | | Education Facilities - Schooling | 7,69,184 | 6,94,853 | 11,863 | 10,476 |
| For any use in the Trust under Corpus | 4,22,37,414 | 1,68,63,114 | 651,410 | 254,231 | - Farmers Education Centre | 122,786 | 101,846 | 1,894 | 1,535 |
| For use in any Development Plan project | 22,54,428 | 6,23,455 | 34,769 | 9,399 | - Music and Arts Centre | 9,28,756 | 1,88,520 | 14,324 | 2,842 |
| For Specific Purposes: | | | | | - Physical Education Centre | 3,33,693 | 3,03,201 | 5,146 | 4,571 |
| Dharamshala | 32,13,370 | 8,36,203 | 49,558 | 12,607 | - Meher English School | 71,09,590 | 63,21,265 | 109,648 | 95,300 |
| Memorial Tower : includes donations under grants: 2017-Rs. 13,48,653 (\$20,050) 2016-Rs. Nil | 14,55,339 | 21,500 | 22,445 | 324 | Secular Education | 34,31,193 | 37,55,930 | 52,918 | 56,625 |
| Donations In Kind | 77,64,201 | 39,08,359 | 119,744 | 58,923 | Other Charitable Objects | 15,82,843 | 7,44,671 | 24,412 | 11,227 |
| Medical Facilities | 5,82,660 | 4,98,795 | 8,986 | 7,520 | | 5,39,68,065 | 5,07,56,271 | 832,327 | 765,208 |
| Water Facilities | 7,077 | 20,100 | 109 | 303 | Assets Gifted to the Trust | | | | |
| Educational Facilities | 5,07,280 | 4,17,812 | 7,824 | 6,299 | Land | 22,09,400 | 37,81,250 | 34,074 | 57,007 |
| Meherazad Preservation & Development | 8,23,00,000 | 0 | 1,269,278 | 0 | Musical Equipment | 55,19,952 | 3,285 | 85,132 | 50 |
| Other | 0 | 0 | 0 | 0 | Capital Expenditure | | | | |
| | 14,03,21,769 | 2,31,89,338 | 2,164,123 | 349,606 | Development Plan | 31,24,812 | 15,56,259 | 48,193 | 23,463 |
| | | | | | Land (including fencing) | 1,80,46,952 | 1,46,52,645 | 278,330 | 220,905 |
| | | | | | Memorial Tower | 13,55,406 | 41,70,077 | 20,904 | 62,869 |
| | | | | | Dewats Sewage System | 11,13,285 | 0 | 17,170 | 0 |
| | | | | | Musical Equipment | 16,63,844 | 0 | 25,661 | 0 |
| | | | | | Security Equipment | 10,72,642 | 6,09,017 | 16,543 | 9,181 |
| | | | | | Other | 33,04,526 | 35,88,862 | 50,964 | 54,106 |
| | | | | | | 2,96,81,467 | 2,45,76,860 | 457,765 | 370,524 |
| | | | | | Unspent cash receipts remaining in year after all expenditures, resulting in increase in investments | 12,69,29,895 | 2,13,99,815 | 1,957,586 | 322,626 |
| | 21,83,08,779 | 10,05,17,481 | 3,366,884 | 1,515,415 | | 21,83,08,779 | 10,05,17,481 | 3,366,884 | 1,515,415 |

NOTE: Exchange rates used

Rs. 64.84 Rs. 66.33

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