

India Development and Relief Fund, Inc.

**Audited Financial Statements
As of and for the year ended
December 31, 2021**



Report of Independent Auditors

To the Board of Directors of
India Development and Relief Fund, Inc.:

Report on the Financial Statements

We have audited the accompanying financial statements which comprise the statement of financial position of India Development and Relief Fund, Inc. (the “Organization”) as of December 31, 2021, and the related statements of activities 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 judgement, 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 India Development and Relief Fund, Inc. as of December 31, 2021, and the changes in its net assets and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matter

The financial statements of India Development and Relief Fund, Inc. for the year ended December 31, 2020, were audited by another auditor who expressed an unmodified opinion on those statements on September 30, 2021.

Affluent Financial Services LLC

July 22, 2022

Clarksburg, MD

India Development and Relief Fund, Inc.
Statement of Financial Position
As of December 31, 2021

Assets

Current Assets:

Cash and cash equivalents	\$ 4,319,040
Contributions receivable, net	105,067
Donated insurance policy-cash surrender value	30,331
Short term investments	506,746
Total current assets	<u>4,961,184</u>

Non-current Assets:

Fixed Assets

Equipments	7,831
Less: accumulated depreciation	<u>(7,661)</u>
Total Fixed Assets, net	<u>170</u>
Total non-current assets	<u>170</u>
Total assets	<u>\$ 4,961,354</u>

Liabilities and Net Assets

Current liabilities:

Payroll liabilities	<u>\$ 4,128</u>
Total current liabilities	<u>4,128</u>
Total liabilities	<u>4,128</u>

Net Assets

With donor restrictions	2,544,194
Without donor restrictions:	
Undesignated	<u>2,413,032</u>
Total net assets	<u>4,957,226</u>
Total liabilities and net assets	<u>\$ 4,961,354</u>

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

India Development and Relief Fund, Inc.
Statement of Activities and Changes in Net Assets
For the year ended December 31, 2021

	Without Donor Restriction	With Donor Restriction	Total
Revenues, gain and other support			
Contribution income	\$ 1,105,176	\$ 5,037,925	\$ 6,143,101
Investment income	22,421	-	22,421
Realized gain (loss)	(37,023)	-	(37,023)
Net assets released from restrictions- satisfaction of program restrictions	3,949,791	(3,949,791)	-
Total revenues, gains and other support	5,040,365	1,088,134	6,128,499
Expenses			
Program services - grants	4,550,873	-	4,550,873
Supporting services:			
Management and general	112,509	-	112,509
Fund raising	2,294	-	2,294
Total supporting services	114,803	-	114,803
Total expenses	4,665,676	-	4,665,676
Change in net assets	374,689	1,088,134	1,462,823
Unrealized gain (loss) during the year	104,759	(5,144)	99,615
Net assets, beginning of year	1,933,584	1,456,060	3,389,644
Unrealized gain (loss), beginning of year	-	5,144	5,144
Total Net assets, beginning of year	1,933,584	1,461,204	3,394,788
Net assets, end of year	2,308,273	2,544,194	4,852,467
Unrealized gain (loss), end of year	104,759	-	104,759
Total Net assets, end of year	\$ 2,413,032	\$ 2,544,194	\$ 4,957,226

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

India Development and Relief Fund, Inc.
Statement of Cash Flows
For the year ended December 31, 2021

Cash flows from operating activities

Change in net assets	\$ 1,462,823
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Unrealized gain on investments	99,615
Depreciation expense	303
Increase in cash surrender value of insurance policy	(633)
Change in operating assets and liabilities:	
Decrease in contributions receivable	173,009
Increase in Payroll liabilities	1,530
	<u>1,736,647</u>
Net cash from operating activities	<u>1,736,647</u>

Cash flows from investing activities

Purchase of investments	(789,582)
Sale of investments	342,616
	<u>(446,966)</u>
Net cash used in investing activities	<u>(446,966)</u>

Net increase in cash and cash equivalents	1,289,681
Cash and cash equivalents, beginning of year	3,029,359
Cash and cash equivalents, end of year	<u><u>\$ 4,319,040</u></u>

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

1. Organization

India Development and Relief Fund, Inc ("IDRF") was established by Dr. Vinod Prakash and other members of the Board, as a nonprofit organization, in the state of Maryland in 1987. In 1988, IDRF was approved by the Internal Revenue Service as a tax-exempt organization under Section 501(c) (3) of the Internal Revenue Code.

The organization aims to help the needy, disabled, underprivileged or impoverished people mainly in India, and, only to a limited extent in Nepal, Sri Lanka and United States, to become self-reliant and modernized, yet rooted in the culture and civilization of their respective countries, by raising tax-exempt contributions in the United States. These objectives are achieved through various types of assistance, including but not limited to: (a) value-based education and vocational training for children and adults; (b) health care; (c) eco-friendly rural development and environmental protection; (d) women's empowerment through micro-credit and other means; (e) tools for improving governance; and (f) relief and rehabilitation of victims of natural or manmade disasters. The Organization's support comes primarily from individual, corporate and foundation donations.

2. Summary of significant accounting policies

Basis of accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting which conforms to accounting principles generally accepted in the United States of America.

Net assets

Classification of Net Assets

Net assets are classified as "*Without Donor Restrictions*" and "*With Donor Restrictions*" based on the absence or existence and the nature of donor-imposed restrictions. These classifications are defined as follows:

Net Assets *Without Donor Restrictions* generally result from unrestricted contributions, grants, unrealized and realized gains and losses, and interest and dividends from investing in income-producing assets, less the expenses incurred in making grants, raising contributions, and performing administrative functions. Net assets *Without Donor Restrictions* are those whose use by the Organization is not subject to any donor-imposed stipulations. The Board is free to designate certain portions of its funds for certain activities; however, these are included among net assets *Without Donor Restrictions* since they are not bound by restrictions imposed by a donor. The Organization had no Board designated net assets as of December 31, 2021.

Net assets *With Donor Restrictions* are those whose use by the Organization is subject to donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations. When these restrictions are met, net assets *With Donor Restrictions* are reclassified to net assets *Without Donor Restrictions* and reported in the statement of activities as net assets

India Development and Relief Fund, Inc.
Notes to Financial Statements
December 31, 2021

released from restrictions. Income from these assets can be classified as net assets *Without Donor Restrictions* or net assets *With Donor Restrictions* based on donor stipulations.

Donor restrictions may also result from endowed net assets, where the donor stipulations neither expire by the passage of time nor can be fulfilled or otherwise removed by the Organization's actions. The Organization had no endowed net assets at December 31, 2021.

Cash and cash equivalents

Cash and cash equivalents consist of primarily cash and investments in money market funds with original maturity dates of 90 days or less. The carrying value of these cash equivalents approximates fair value at year end.

Cash and cash equivalents that are held in a separate investment account with a broking company are classified as short-term investments and are not included in cash and cash equivalents for presentation in the statement of cash flows.

Short term investments

Investment in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position.

IDRF has evaluated its investment policies consistent with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 320, *Investments – Debt and Equity Securities*. It is the IDRF management's intent to maintain a liquid portfolio to take advantage of investment opportunities, and therefore, all securities are considered to be available-for-sale and are classified as current assets. Available-for-sale securities are carried at fair value, with the gains and losses and declines in value judged to be other-than-temporary, and are included in the statements of activities and changes in net assets. The cost of securities sold is based on the specific identification method. Interest and dividends on securities classified as available-for-sale are included in investment income. Unrealized gains and losses are included in the change in net assets.

Grants and Contributions receivable and allowance for doubtful accounts

Grants and contributions receivable are recorded at the net realizable value at year-end. Accounts are individually analyzed for collectability and will be reserved based on individual evaluation and specific circumstances. When all collection efforts have been exhausted, the accounts receivable are written off against the related allowance. As of December 31, 2021, the Organization believes that the allowance for doubtful accounts is not required.

Revenue recognition

The Organization recognizes contributions and unconditional promises to give as revenue in the period received or promised, whichever is earlier. All grants and contributions collected within 15 days subsequent to the year-end are accounted for as current year revenue and grant/contribution receivable at year-end. All contributions are considered to be *without donor restrictions* unless specifically restricted by the donor. Contributions are reported as *with donor restrictions* if they are received with donor stipulations that limit their use or are subject to time restrictions. A donor restriction expires when a purpose restriction is accomplished or a stipulated time restriction ends. Upon expiration, net assets *with donor restriction* are reclassified to net assets *without donor restrictions* in the statement of activities as net assets released from restrictions.

For all other sources, revenue is recognized as and when earned.

Donated (in kind) services, materials and use of facilities

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. During the year ended December 31, 2021, there were no in-kind services received by the Organization.

Donations of materials are recorded as contributions at their estimated fair value at the date of donation. Such donations are reported as increases in net assets *without donor restrictions* unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use are reported as donor restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies net assets *with donor restrictions* to net assets *without donor restrictions* at that time. During the year ended December 31, 2021, the Organization did not receive any donated materials for its programs.

Advertising expenses

Advertising costs are expensed in the Statement of Activities and Changes in Net Assets as incurred.

Fixed Assets - Equipment

Purchased property and equipment is recorded at cost. Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support.

Depreciation, Repairs and Maintenance

Depreciation is calculated using the double declining method over the estimated useful lives of the assets. Expenditures for maintenance and repairs are charged to expenses as incurred. Major renewals and betterments are capitalized. When equipment is sold or retired the related cost and accumulated depreciation are removed from the accounts, and the resulting gain or loss is included in the statement of activities.

Functional allocation of expenses

The cost of providing program and other activities have been summarized on a functional basis in the Statement of Activities. Accordingly, expenses that can be identified with the Organization's program have been allocated to the program expenses according to their natural expense classifications, and indirect expenses have been allocated among the supporting activities.

Supporting Activities:

- *Management and general* – All expenses that are not directly related to specific program or fundraising functions incurred by the Organization in the accomplishment of its tax-exempt purposes.
- *Fundraising* – All expenses incurred to recruit new contributors, renew current contributors, and to request additional support from current contributors for special projects.

India Development and Relief Fund, Inc.
Notes to Financial Statements
December 31, 2021

The table below presents expenses by both their nature and their function for the year ended December 31, 2021:

	Program expenses	Management and General	Fundraising expenses	Total
Advertising and marketing	\$ -	\$ 46	\$ -	\$ 46
Application fee	-	-	2,285	2,285
Bank charges	-	310	-	310
Outside services	-	49,438	-	49,438
Direct program expenses	4,550,873	-	-	4,550,873
Dues and subscription	-	1,150	-	1,150
Depreciation expense	-	303	-	303
Internet expenses	-	700	-	700
License and permits	-	300	-	300
Office expenses and supplies	-	106	-	106
Other	-	70	-	70
Payroll taxes and benefits	-	3,689	-	3,689
Postage and delivery	-	211	9	220
Printing and copying	-	2,359	-	2,359
Professional fees	-	7,475	-	7,475
Salaries and wages	-	44,820	-	44,820
Telephone	-	1,068	-	1,068
Travel	-	164	-	164
Utilities	-	300	-	300
Total Expenses	\$4,550,873	\$ 112,509	\$ 2,294	\$ 4,665,676

Accounting pronouncements to be adopted

In September 2020, the FASB issued ASU 2020-07 on Topic 958, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The ASU requires a not-for-profit organization to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets and requires additional disclosures related to contributed nonfinancial assets. The FASB ASU requires the new standard to be applied retrospectively, with amendments taking effect for annual reporting periods beginning after June 15, 2021, and interim periods within annual reporting periods beginning after June 15, 2022. The ASU does allow for early adoption. IDRf is currently evaluating the impact of its adoption of the new standard on its financial statements.

Concentration of credit risk

Financial instruments that potentially subject the Organization to significant concentration of credit risk consist primarily of cash and cash equivalents. Cash and cash equivalents are

India Development and Relief Fund, Inc.
Notes to Financial Statements
December 31, 2021

maintained at multiple financial institutions and, at times, balances may exceed the insurance limit of \$250,000 per financial institution by Federal Deposit Insurance Corporation (FDIC).

Securities are maintained at one broking company and, at times, may exceed the insurance limit of \$500,000 by Security Investor Protection Corporation (SIPC).

The Organization has not experienced any such losses in the past related to these balances.

Fair Value of Financial Instruments

The carrying amounts of cash and cash equivalents, short term investments, other receivables and payables approximate fair value due to the short maturity of these financial instruments.

Income taxes

IDRF is exempt from federal and state income taxes, other than on unrelated business income, under Section 501(c)(3) of the Internal Revenue Code (the “Code) and is classified as an Organization that is not a private foundation. Business income, which is not related to Organization’s exempt purposes, is subject to federal and state corporate income tax. For the year ended December 31, 2021, the Organization did not have any unrelated business income. Accordingly, no provision for federal and state income taxes has been recorded in the accompanying financial statements.

Under ASC 740-10, *Income Taxes*, require the Organization to evaluate tax positions taken and recognize a tax liability if it is more likely than not that uncertain tax position taken would not be sustained upon examination by taxing authorities. IDRF has analyzed tax positions taken and has concluded that, as of December 31, 2021, there are no uncertain tax position taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. IDRF had no interest and penalties related to income tax for the year ended December 31, 2021. The Organization is subject to routine audit by taxing jurisdictions; however, there are currently no audit for any tax periods in progress. Generally, the IDRF’s tax returns remain open for three years for federal and state examination.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

India Development and Relief Fund, Inc.
Notes to Financial Statements
December 31, 2021

3. Fair Value Measurements

The Organization follows the Accounting Standards Codification (ASC) 820 *Fair Value Measurements*. ASC 820 establishes a common definition for fair value to be applied under generally accepted accounting principles requiring use of fair value, establishes a framework for measuring fair value, and expands disclosures about such fair value measurements.

- *Level 1*: Valuation based on quoted prices in active markets for identical assets or liabilities that a reporting entity has the ability to access at the measurement date, and where transactions occur with sufficient frequency and volume to provide pricing information on an ongoing basis.
- *Level 2*: Valuation based on inputs other than quoted prices included within *Level 1* that are observable for the asset or liability, either directly or indirectly. Inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, that is markets in which there are few transactions, prices are not current, or prices vary substantially over time.
- *Level 3*: Valuation based on inputs that are unobservable for an asset or liability and shall be used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. This input therefore reflects the Organization's assumptions about what market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

Financial assets and liabilities carried at fair value measured on a recurring basis as of December 31, 2021 are as follows:

	Level 1	Level 2	Level 3	Total
Insured deposits	\$ 122,045	\$ -	\$ -	\$ 122,045
Equities	384,701	-	-	384,701
Total	\$ 506,746	\$ -	\$ -	\$ 506,746

4. Qualitative disclosure on liquidity and availability

IDRF receives significant contributions and promises to give restricted by donors, and considers contributions restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. IDRF manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. During the fiscal year ended December 31, 2021, the level of liquidity and reserves were adequate.

IDRF has \$4,961,184 of financial assets available within one year of the balance sheet date, December 31, 2021. Of the above financial assets, \$2,544,194 are subject to donor restrictions that make them unavailable for general expenditure within one year of the balance sheet date December 31, 2021. IDRF has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

5. Subsequent events

In preparing these financial statements, management of IDRF has evaluated events and transactions for potential recognition or disclosure through July 22, 2022, the date the financial statements were available to be issued.