

# Financial Report

1 APRIL 2017 – 31 MARCH 2018

Our Dear Baba Family,

This is the 19th annual report prepared by the Avatar Meher Baba Perpetual Public Charitable Trust for the information of the worldwide family of Baba lovers.

As you will see from the Financial Activity chart, the Trust received total Corpus Donations of Rs.3.8 crores (\$590,433). After excluding large one-time donations, the amount for this year is Rs.2.5 crores (\$387,400), which, on a comparable basis, is lower than the Rs.3.1 crores (\$472,000) received last year. Over the past few years, there is no appreciable increase in donations (after large one-time receipts are excluded), while expenses are ever-increasing. Donations, by their nature, are unpredictable, and it remains a continuing challenge to get donations. Since the donations are voluntary, we can only appeal to your generosity so that the Trust can continue to provide facilities to pilgrims, services to the community, and build its Corpus for future development.

This year's expenses Rs.7.1 crores (\$1,091,556) have shown a massive increase of 32%, or Rs.1.7 crores (\$261,800), over

the previous year. This increase reflects a very generous raise in pay given to staff, which accounts for Rs.1.3 crores (\$197,500) of the increase. Staff salaries are negotiated every three years, and in the latest agreement covering 2018 to 2020, a substantial salary increase for the three-year period was given in the first year; this means that salary increases for the next two years will be quite low. The high increases were required to bring staff salaries more in line with market rates.

Our financial focus remains the same, namely, building Corpus to become self-sustaining so that existing services provided by the Trust are assured. As before, this goal is based on our revised five-year long-term projections, which continue to show that the increase in expenses exceeds the growth in income.

Last year, I mentioned that the Trust had finalized negotiations 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 construction work on the subway commenced in March 2018 and is expected to be completed in the next few months.

Another project that may impact the finances of the Trust is the expansion of Daund Road (between Lower Meherabad and the railway tracks) to a four lane highway. This work will be undertaken by the government, but the Trust is negotiating changes so that historical areas of Meherabad, such as the Dhuni, are not adversely affected. The financial impact of this on the Trust, if any, is not known at this time.

As you know, over the last several years the Trust has not undertaken any major development project due to constraint of funds. Donations continue to fluctuate, and I hope that generous support from Baba lovers will result in a more steady inflow of donations. Over the years, this stability will enable the Trust to undertake 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 2018

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 2018. 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 of 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 balance 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 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 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 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 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, the 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 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 it 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 bankers plus the cash kept on hand. The cash balance represents a very small component of the total balance.

CORPUS AND LIABILITIES	31-Mar-2018 Rupees	31-Mar-2017 Rupees	31-Mar-2018 US \$	31-Mar-2017 US \$	ASSETS	31-Mar-2018 Rupees	31-Mar-2017 Rupees	31-Mar-2018 US \$	31-Mar-2017 US \$
<b>TRUST FUND AND CORPUS</b>	91,27,06,430	85,27,22,552	14,033,002	13,151,180	<b>FIXED ASSETS</b>				
<b>INCOME &amp; EXPENDITURE ACCOUNT</b>	2,75,703	1,29,58,316	4,239	199,851	Cost	45,83,00,972	41,02,82,117	7,046,448	6,327,608
<b>SPECIFIC CORPUS DONATIONS</b>					Less: Depreciation	15,84,78,501	14,70,06,839	2,436,631	2,267,225
Archives/Museum	0	0	0	0		<b>29,98,22,471</b>	<b>26,32,75,278</b>	<b>4,609,817</b>	<b>4,060,383</b>
Development Plan	0	19,95,590	0	30,777	<b>INVESTMENTS</b>				
Dharamshala Building	7,41,80,778	7,33,40,908	1,140,541	1,131,106	Fixed Deposits	4,60,35,674	5,35,35,674	707,806	825,658
Educational Facilities	24,34,821	22,45,178	37,436	34,626	Term Deposits	47,79,93,730	50,04,93,730	7,349,227	7,718,904
Medical Facilities	1,27,57,606	1,28,68,160	196,150	198,460	Short-term Fixed Deposits	45,13,639	1,55,32,411	69,398	239,550
Meherazad Preservation & Development	8,23,00,000	8,23,00,000	1,265,375	1,269,278	Government of India Bonds	4,23,00,000	4,23,00,000	650,369	652,375
Memorial Tower	35,00,685	40,37,896	53,823	62,275	Accrued Interest	21,54,19,060	16,77,92,644	3,312,101	2,587,795
Super Structure	69,71,118	69,71,118	107,182	107,513	Other	5,300	5,300	81	82
Water Facilities	0	0	0	0		<b>78,62,67,403</b>	<b>77,96,59,759</b>	<b>12,088,982</b>	<b>12,024,364</b>
Other	13,12,746	12,95,745	20,184	19,984	<b>CURRENT ASSETS</b>	43,72,157	22,75,551	67,223	35,095
	<b>18,34,57,754</b>	<b>18,50,54,595</b>	<b>2,820,691</b>	<b>2,854,019</b>	<b>CASH AND BANK BALANCES</b>	63,46,311	60,46,235	97,575	93,249
<b>LIABILITIES</b>	3,68,455	5,21,360	5,665	8,041		<b>109,68,08,342</b>	<b>105,12,56,823</b>	<b>16,863,597</b>	<b>16,213,091</b>
	<b>109,68,08,342</b>	<b>105,12,56,823</b>	<b>16,863,597</b>	<b>16,213,091</b>					

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

## From 1st April 2017 to 31st March 2018

The summary cash flow chart discloses the Trust's financial activities for the year and 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 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, except for two items that require some comment:

### Interest on Deposits and Investments:

Interest income earned on deposits and investments—Rs.6.7 crores (\$1,027,884)—shows a strong increase of 13.7% over the previous year. Despite lower interest rates in India, between 6.25 to 6.75% for ten-year deposits, interest income continues to show a steady increase. This increase reflects higher investment balances and also results from the Trust locking in high interest rates, from earlier years, on a large portion of its investment portfolio.

Indications are that the downward slide in interest rates in India has reached the bottom and the rate will either remain stable at current rates or may even increase.

### General Donations, includes operating donations under grants:

Under this caption there are two amounts noted: for 2018 Rs.71.5 lakhs (\$112,606) and for 2017 Rs.58.0 lakhs (\$86,408). 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, the Meherabad Trustees office, and the office in Meherazad.

### 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 and pumps, 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.3.1 crores (\$477,110).

### 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.

### 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.1.1 crores (\$172,621).

### Secular Education:

The main expenditure is for Beloved Avatar Meher Baba's Amartithi: Rs.21.2 lakhs (\$32,600). 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 Grampanchayats 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.

As mentioned in the Chairman's message, total operating expenses of Rs. 7.1 crores (\$1,091,556) have increased by 32% over the previous year, primarily due to generous pay increases given to staff.

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 Expenditure because no money was spent to purchase these assets (i.e., there was no cash expenditure by the Trust).

The next main 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 vehicles, furniture and fixtures, medical equipment, and computer equipment.

The last section in the chart shows the unspent funds received during the year, which have mainly been invested in bank deposits.

RECEIPTS	2018 Rupees	2017 Rupees	2018 US \$	2017 US \$	PAYMENTS	2018 Rupees	2017 Rupees	2018 US \$	2017 US \$
<b>Operating Receipts</b>					<b>Operating Expenses</b>				
Interest on Deposits and Investments	6,68,53,597	5,87,99,432	1,027,884	906,839	Office and Administration	78,01,454	70,97,924	119,949	109,468
General Donations, includes operating donations under grants:	1,57,31,276	1,20,61,967	241,871	186,027	Liability of First Charge	6,01,524	4,28,335	9,248	6,606
2018 - Rs.71,48,293/- (\$112,606)					Water Facilities	48,33,093	30,25,433	74,309	46,660
2017 - Rs.57,98,964/- (\$86,408)					Facilities for Pilgrims - Meherabad	1,36,45,067	89,83,830	209,795	138,554
Donations from pilgrims for staying in Hostels	47,60,020	45,89,440	73,186	70,781	- Meherazad	74,44,499	48,27,208	114,460	74,448
Educational Gathering: Amartithi Donations	11,21,081	11,00,931	17,237	16,979	- Meher Pilgrim Retreat	99,41,660	65,79,866	152,855	101,478
Meher English School fees	10,71,950	11,27,270	16,481	17,385	Medical Facilities	79,92,809	87,47,424	122,891	134,908
Other	2,31,188	3,07,970	3,555	4,750	Education Facilities - Schooling	9,67,376	7,69,184	14,874	11,863
	<b>8,97,69,112</b>	<b>7,79,87,010</b>	<b>1,380,214</b>	<b>1,202,761</b>	- Farmers' Education Centre	83,047	1,22,786	1,277	1,894
					- Music and Arts Centre	2,35,393	9,28,756	3,619	14,324
<b>Corpus Donations</b>					- Physical Education Centre	4,32,479	3,33,693	6,649	5,146
For any use in the Trust under Corpus	3,41,54,161	4,22,37,414	525,126	651,410	- Meher English School	95,08,952	71,09,590	146,202	109,648
For use in any Development Plan project	16,59,966	22,54,428	25,522	34,769	Secular Education	48,51,013	34,31,193	74,585	52,918
For Specific Purposes:					Other Charitable Objects	26,56,416	15,82,843	40,843	24,412
Dharamshala	8,39,870	32,13,370	12,913	49,558		<b>7,09,94,782</b>	<b>5,39,68,065</b>	<b>1,091,556</b>	<b>832,327</b>
Memorial Tower: includes donations under grants:	0	14,55,339	0	22,445	<b>Assets Gifted to the Trust</b>				
2018 - Rs. Nil					Land	0	22,09,400	0	34,074
2017 - Rs. 13,48,653/- (\$20,050)					Musical Equipment	0	55,19,952	0	85,132
Donations In Kind	3,36,966	77,64,201	5,181	119,744	<b>Capital Expenditure</b>				
Medical Facilities	9,37,219	5,82,660	14,410	8,986	Development Plan	36,55,556	31,24,812	56,205	48,193
Water Facilities	40,255	7,077	619	109	Land (including fencing)	3,23,35,938	1,80,46,952	497,170	278,330
Educational Facilities	4,16,318	5,07,280	6,401	7,824	Memorial Tower	5,37,211	13,55,406	8,260	20,904
Meherazad Preservation & Development	0	8,23,00,000	0	1,269,278	Infrastructure	64,92,306	32,37,954	99,820	49,938
Other	17,001	0	261	0	Buildings	6,60,696	17,62,250	10,158	27,178
	<b>3,84,01,756</b>	<b>14,03,21,769</b>	<b>590,433</b>	<b>2,164,123</b>	Other	43,37,148	21,54,093	66,684	33,222
						<b>4,80,18,855</b>	<b>2,96,81,467</b>	<b>738,297</b>	<b>457,765</b>
					Unspent funds remaining in year after all expenditures, resulting mainly in increased investments	91,57,231	12,69,29,895	140,794	1,957,586
	<b>12,81,70,868</b>	<b>21,83,08,779</b>	<b>1,970,647</b>	<b>3,366,884</b>		<b>12,81,70,868</b>	<b>21,83,08,779</b>	<b>1,970,647</b>	<b>3,366,884</b>

NOTE: Exchange rates used

Rs. 65.04      Rs. 64.84

Rs. 65.04      Rs. 64.84