

Financial Report

1 APRIL 2015– 31 MARCH 2016

Our Dear Baba Family,

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

In the Newsletter itself, you will find all noteworthy news items about the goings on here. Here we give the financial news. However, really speaking not much has changed in the past financial year. Although the Trust's financial position shows some improvement, with an increase in total donations (Corpus and general) over the previous year, please don't be misled by this. I say this because over the past several years donations have not shown any appreciable increase. The bottom line is that donations continue to be low. Moreover, based on our long-term projections, expense growth still outstrips the growth in donations. This is exacerbated by the fact that interest rates in India are going down reducing the interest earned by the Trust. This forces the Trust to continue with its freeze on major projects and new services. We remain primarily focused on building Corpus with a view to becoming self-sustaining so that existing services are assured.

Apart from the continuing challenge of getting more donations, there is a new one that the Trust has to address in the coming year, namely, decreasing interest rates in India. There has been no increase in interest income this year despite the fact that investments have increased. This reflects the downward slide of interest rates in India. This is not the first time interest rates have gone down, but in the

past after a few months the rates would rebound. This time it appears that the lower interest rates are here to stay for some time. Over a period of 15 months there has been a steady downward trend in interest rates with a reduction of about 1.5%. This may not seem like much, but a 1% reduction on the entire portfolio results in lost interest of Rs.60 lakhs (\$90,500). For now, this reduction in interest rates is somewhat mitigated by the fact that when interest rates were high, the Trust locked in a substantial portion of its Investment portfolio for terms ranging up to 10 years. Consequently, lower interest rates should not have much impact in the short-term, but it is a major issue the Trust will have to address in the coming year, as interest rates are expected to decline even further.

Even though the long-term trend of donations is still not encouraging, we have to continue with essential development work and improvements to the existing infrastructure.

In fact, we are happy to inform the Baba world that one very important and long standing project is now possible. For decades, we have wanted to build a pedestrian subway underneath the railway line that connects Lower and Upper Meherabad for safety of the pilgrims visiting Beloved Baba's Samadhi. Railway authorities are likely to construct one more railway line in the not too distant future and when that happens the difficulty in crossing the railway line will increase. With the construction of the subway, pilgrims will be able to cross without walking over the

railway tracks. Until just recently, the cost has been prohibitive but we have been negotiating with the Railway authorities to lower cost. And it appears that they are ready to do so. The cost is about Rs.90 lakhs or \$136,000. This project falls under the Development Plan.

The present sewage treatment system in Lower Meherabad, was put in place several decades back. The same needs to be changed. We are looking into a new sewage treatment system, similar to systems already in place on Meherabad Hill and at MPR. We are happy that this system, which will improve our sewage handling capabilities at lower and outer Meherabad, also has two excellent, environmentally sound features: it works entirely on gravity and therefore does not require any pumps or electricity, and it produces reclaimed water we can use for irrigation. This system will cost us close to Rs.12 lakhs (\$18,000). This project also falls under the Development Plan.

Beloved Baba has given us the Trust as a physical reminder of Him and His Cause. It is a focal point in our lives that helps us from time to time to remember Him. Let us all be thankful to Beloved Baba for giving us this very practical way to remember Him and serve Him through the medium of His Trust.

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 2016

Once again this year the Summary Balance Sheet of the Trust, based on the audited financial statements, is presented below. 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, 2016. 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. Keeping this in mind, from the Trust's 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 listed under the Corpus and Liabilities column follow:

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 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:

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 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-2016 Rupees	31-Mar-2015 Rupees	31-Mar-2016 US \$	31-Mar-2015 US \$	ASSETS	31-Mar-2016 Rupees	31-Mar-2015 Rupees	31-Mar-2016 US \$	31-Mar-2015 US \$
Trust Fund and Corpus	77,64,45,342	73,12,20,833	11,705,794	11,682,710	Fixed Assets				
Income & Expenditure Account	2,15,83,053	2,36,82,469	325,389	378,375	Cost	37,28,71,299	34,45,09,903	5,621,458	5,504,232
Specific Corpus Donations					Less: Depreciation	13,59,17,558	12,55,50,731	2,049,112	2,005,923
Archives/Museum	0	0	0	0		23,69,53,741	21,89,59,172	3,572,346	3,498,309
Development Plan	28,65,974	37,98,778	43,208	60,693	Investments				
Dharamshala Building	7,01,27,538	6,92,91,335	1,057,252	1,107,067	Fixed Deposits	7,14,12,000	9,90,85,674	1,076,617	1,583,091
Educational Facilities	18,59,750	17,71,000	28,038	28,295	Term Deposits	41,06,08,757	40,20,05,237	6,190,393	6,422,835
Medical Facilities	1,23,77,448	1,19,71,830	186,604	191,274	Short Term Fixed Deposits	2,09,77,795	2,09,56,544	316,264	334,823
Memorial Tower	39,37,963	80,86,540	59,369	129,199	Accrued Interest	14,77,19,160	11,15,47,971	2,227,034	1,782,201
Super Structure	69,71,118	69,71,118	105,098	111,378	Other	5,300	5,300	80	85
Water Facilities	20,100	0	303	0		65,07,23,012	63,36,00,726	9,810,388	10,123,035
Other	12,95,745	12,95,745	19,535	20,702	Current Assets				
	9,94,55,636	10,31,86,346	1,499,407	1,648,608		44,69,741	43,86,203	67,386	70,078
Liabilities	4,78,985	4,54,430	7,221	7,260	Cash and Bank Balances				
	89,79,63,016	85,85,44,078	13,537,811	13,716,953		58,16,522	15,97,977	87,691	25,531
						89,79,63,016	85,85,44,078	13,537,811	13,716,953

NOTE: Exchange rates used

Rs. 66.33

Rs. 62.59

Rs. 66.33

Rs. 62.59

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

From 1st April 2015 to 31st March 2016

The summary cash flow chart discloses the Trust's financial activities for the year 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, except for one item that requires some explanation:

General Donations, includes operating donations under grants:

Under this caption there are two amounts noted, for 2016 Rs.87.6 lakhs (\$132,679) and 2015 Rs.40.5 lakhs (\$66,220). These amounts represent donations received under Maintenance Grants from institutions devoted to Meher Baba in the USA.

Interest earned on Deposits and Investments Rs.5.7 crores (\$858,681) shows no change from the previous year. This is in marked contrast to the last three years when it increased by 7%, 11% and 15%, respectively. As noted in the Chairman's message above, this reflects the downward slide of interest rates in India and is a major issue the Trust will have to address in the coming year.

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 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.2.0 crores (\$305,809).

Medical Facilities:

This includes the expenses of Meher Health Center in Arangaon, Meher Hospital and Medical Staff Quarters, 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 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.76.1 lakhs (\$114,725).

Secular Education:

The main expenditure is for Beloved Avatar Meher Baba's Amartithi Rs.19,06,478 (\$28,742). 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:

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 2015-16 of Rs. 5.1 crores (\$765,208) have increased by 4.05% over the previous year. This is a modest increase and compares favourably with the inflation rate of 5.5% in India.

The caption "Land Gifted to the Trust" 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. Once again this year, by far the largest expenditure was on purchase of land and fencing, followed by expenditure on the Memorial Tower. Capital expenditure under "Other" includes construction of another Watchman's Cabin at Meherazad, continuing expenditure on the second phase of replacing the Main Bungalow roof in Meherazad, security equipment, permanent roofs for some of the Amartithi sheds in the pilgrim Education Site and new tarpaulins for Amartithi.

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

RECEIPTS	2016 Rupees	2015 Rupees	2016 US \$	2015 US \$	PAYMENTS	2016 Rupees	2015 Rupees	2016 US \$	2015 US \$
Operating Receipts					Operating Expenses				
Interest on Deposits and Investments	5,69,56,299	5,70,13,095	858,681	910,898	Office and Administration	68,87,719	73,00,882	103,840	116,646
General Donations, includes operating donations under grants: 2016 - Rs.87,60,211/- (\$132,679) 2015 - Rs.40,47,527/- (\$66,220)	1,36,35,528	85,82,838	205,571	137,128	Liability of first charge	3,74,487	2,92,080	5,646	4,667
Donations from pilgrims for staying in Hostels	43,77,920	39,68,500	66,002	63,405	Water Facilities	27,48,233	28,80,303	41,433	46,019
Educational Gathring : Amartithi Donations	10,74,536	10,28,132	16,200	16,426	Facilities for Pilgrims - Meherabad	96,79,582	93,42,994	145,931	149,273
Meher English School fees	11,52,980	11,83,460	17,382	18,908	- Meherazad	48,54,860	37,96,717	73,192	60,660
Other	1,30,880	2,70,781	1,973	4,326	- Meher Pilgrim Retreat	57,49,864	54,28,139	86,686	86,725
	7,73,28,143	7,20,46,806	1,165,809	1,151,091	Medical Facilities	83,51,240	72,01,769	125,904	115,063
Corpus Donations					Education Facilities - Schooling	6,94,853	5,76,338	10,476	9,208
For any use in the trust under Corpus	1,68,63,114	1,37,18,631	254,231	219,182	- Farmers Education Centre	1,01,846	92,989	1,535	1,486
For use in any Development Plan project	6,23,455	23,45,460	9,399	37,473	- Music and Arts Centre	1,88,520	235,978	2,842	3,770
For Specific Purposes:					- Physical Education Centre	3,03,201	1,95,024	4,571	3,116
Dharamshala	8,36,203	6,85,876	12,607	10,958	- Meher English School	63,21,265	58,45,861	95,300	93,399
Memorial Tower : includes donations under grants: 2016 - Rs. Nil 2015 - Rs. Nil	21,500	0	324	0	Secular Education	37,55,930	30,11,226	56,625	48,110
Donations In Kind	39,08,359	3,23,42,970	58,923	516,744	Other Charitable Objects	7,44,671	25,80,917	11,227	41,235
Medical Facilities	4,98,795	33,21,956	7,520	53,075		5,07,56,271	4,87,81,217	765,208	779,377
Water Facilities	20,100	60,000	303	959	Land Gifted to the Trust	37,81,250	3,23,23,000	57,007	516,424
Educational Facilities	4,17,812	3,59,500	6,299	5,744	Capital Expenditure				
Other	0	9,000	0	144	Development Plan	15,56,259	3,65,468	23,463	5,839
	2,31,89,338	5,28,43,393	349,606	844,279	Land (including fencing)	1,46,52,645	2,40,54,576	220,905	384,320
					Memorial Tower	41,70,077	85,457	62,869	1,365
					Water Pumps and Pipeline	13,54,916	27,36,825	20,427	43,726
					Other	28,46,248	29,33,878	42,910	46,875
						2,45,80,145	3,01,76,204	370,574	482,125
					Unspent cash receipts remaining in year after all expenditures, resulting in increase in cash and investments	2,13,99,815	1,36,09,778	322,626	217,444
	10,05,17,481	12,48,90,199	1,515,415	1,995,370		10,05,17,481	12,48,90,199	1,515,415	1,995,370

NOTE: Exchange rates used

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