

# Financial Report

1 APRIL 2018 – 31 MARCH 2019

Our Dear Baba Family,

This is the 20th annual report of the Avatar Meher Baba Perpetual Public Charitable Trust, which provides information to the worldwide family of Baba lovers.

As you will see from the Financial Activity chart, the Trust received total Corpus Donations of Rs.4.5 crores (\$646,171). After excluding large one-time legacy donations, the amount for this year is Rs.2.7 crores (\$389,500), which, on a comparable basis, is up by 8% over the Rs.2.5 crores (\$387,400) received last year. There has been some improvement over the past few years, when there was no appreciable increase in donations (after large one-time receipts are excluded), whereas expenses continue to increase. Please don't be misled by this increase because we have seen in the past that donations fluctuate up and down as they are unpredictable and it remains a constant challenge to get more donations.

This year, expenses (Rs.7.6 crores [\$1,091,535]) have increased by 6%, or Rs.45.1 lakhs (\$65,200), over the previous year, which is in line with inflation of around 5% in India. Expense increases for the year continue to be driven by salary costs and, to a lesser extent, by the Trust's aging infrastructure.

Currently, donations received from Baba lovers and the interest earned on the Corpus Fund investments are just sufficient to meet expenses. Interest rates are gradually coming down. For example, in the year 2014-15, the average bank interest was 8.5%, whereas in the year 2018-19 it has come down to 6.6%. Many Trust investments are on a long-term basis, which are gradually maturing and then being reinvested at much lower rates. In the coming years, this trend will impact our interest income and unless donations increase there will be no alternative but to draw from the Corpus to meet expenses.

Our financial focus remains unchanged, namely, building Corpus to become self-sustaining so that existing services provided by the Trust are assured. This plan is based on our updated five-year projections, which show that expense growth still outstrips the growth in income and the gap is getting larger; primarily the effect of the very substantial but needed salary increase given to staff last year.

In last year's message, I mentioned that the expansion of Daund Road (between Lower Meherabad and the railway tracks) may impact the finances of the Trust. However, to date, the cost to the Trust is expected to be minimal as the

project, including the two pedestrian underpasses, is currently funded by the government. However, until the project is completed, this status could change.

Due to our focus on growing Corpus, for many years the Trust has not undertaken any major development project; the last one of any consequence was the railway underpass, the cost of which is expected to come in just under Rs.1 crore (\$144,600). I sincerely hope Baba lovers will increase their support of the Trust so that in coming years the Trust will be able to undertake new development. It is expected that the Trust's Master Plan, which is currently being prepared, will drive new development in the coming years.

Meherabad and Meherazad are Beloved Baba's gifts to His lovers and the world and we endeavor to do our utmost as caretakers of these treasures, knowing full well that in the end it is He who will take care of the Trust in His own way.

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 2019

The Summary Balance Sheet of the Trust, which is based on the audited financial statements, is presented below. The Balance Sheet is a statement that gives readers a snapshot of the financial position of the Trust at the end of the financial year, i.e., on 31 March 2019. This statement 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. One can see from the Balance Sheet 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:

In essence, this balance represents the capital of the Trust and is an accumulation of the following items since inception:

- 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 "Asset's 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.

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

From 1st April 2018 to 31st March 2019

The summary cash flow chart, presented below, 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 expenditures. 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 (\$963,538)—shows no change from the previous year. Despite higher investment balances, interest earned on new and reinvested mature deposits are at lower rates. Therefore, unless donations increase, with a resulting increase in investments, interest income will decline in the coming years. The long-term investments the Trust made in past years at rates of 9.25% and 9.00% are maturing and being renewed at rates between 6.50% to 6.80%.

For now, indications are that the downward slide in interest rates in India has reached the bottom and the rate will remain stable at current rates.

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

Under this caption there are two amounts noted, for 2019 Rs.37.3 lakhs (\$53,357) and 2018 Rs.71.5 lakhs (\$112,606). 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.3.5 crores (\$500,131).

### Medical Facilities:

This 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:

Includes 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 (\$165,483).

### Secular Education:

The main expenditure is for Beloved Avatar Meher Baba's Amarthi: Rs.26.9 lakhs (\$38,900). 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.7.6 crores (\$1,091,535) have increased by 6.3% over the previous year, primarily due to salary costs and, to a lesser extent, expenditure on aging infrastructure.

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. 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, computer equipment, and tarpaulins required for Amarthi.

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

CORPUS AND LIABILITIES	31-Mar-2019	31-Mar-2018	31-Mar-2019	31-Mar-2018	ASSETS	31-Mar-2019	31-Mar-2018	31-Mar-2019	31-Mar-2018
	Rupees	Rupees	US \$	US \$		Rupees	Rupees	US \$	US \$
<b>TRUST FUND AND CORPUS</b>	<b>95,77,75,025</b>	<b>91,27,06,430</b>	<b>13,846,682</b>	<b>14,033,002</b>	<b>FIXED ASSETS</b>				
<b>INCOME &amp; EXPENDITURE ACCOUNT</b>	<b>0</b>	<b>2,75,703</b>	<b>0</b>	<b>4,239</b>	Cost	50,34,38,354	45,83,00,972	7,278,276	7,046,448
<b>SPECIFIC CORPUS DONATIONS</b>					Less: Depreciation	16,89,35,555	15,84,78,501	2,442,324	2,436,631
Archives/Museum	0	0	0	0		<b>33,45,02,799</b>	<b>29,98,22,471</b>	<b>4,835,952</b>	<b>4,609,817</b>
Development Plan	9,84,678	0	14,235	0	<b>INVESTMENTS</b>				
Dharamshala Building	7,61,83,213	7,41,80,778	1,101,391	1,140,541	Fixed Deposits	4,12,85,674	4,60,35,674	596,873	707,806
Educational Facilities	14,82,092	24,34,821	21,427	37,436	Term Deposits	45,53,54,656	47,79,93,730	6,583,123	7,349,227
Medical Facilities	1,32,03,937	1,27,57,606	190,891	196,150	Short-term Fixed Deposits	47,96,687	45,13,639	69,346	69,398
Meherazad Preservation & Development	8,23,00,000	8,23,00,000	1,189,822	1,265,375	Government of India Bonds	4,23,00,000	4,23,00,000	611,537	650,369
Memorial Tower	34,32,341	35,00,685	49,622	53,823	Accrued Interest	25,70,40,587	21,54,19,060	3,716,070	3,312,101
Super Structure	69,76,118	69,71,118	100,855	107,182	Other	5,300	5,300	77	81
Water Facilities	0	0	0	0		<b>80,07,82,904</b>	<b>78,62,67,403</b>	<b>11,577,026</b>	<b>12,088,982</b>
Other	13,12,746	13,12,746	18,979	20,184	<b>CURRENT ASSETS</b>				
	<b>18,58,75,125</b>	<b>18,34,57,754</b>	<b>2,687,222</b>	<b>2,820,691</b>		<b>30,61,032</b>	<b>43,72,157</b>	<b>44,254</b>	<b>67,223</b>
<b>LIABILITIES</b>					<b>CASH AND BANK BALANCES</b>				
	4,33,964	3,68,455	6,274	5,665		<b>57,37,379</b>	<b>63,46,311</b>	<b>82,946</b>	<b>97,575</b>
	<b>1,14,40,84,114</b>	<b>1,09,68,08,342</b>	<b>16,540,178</b>	<b>16,863,597</b>		<b>1,14,40,84,114</b>	<b>1,09,68,08,342</b>	<b>16,540,178</b>	<b>16,863,597</b>

NOTE: Exchange rates used

Rs. 69.17 Rs. 65.04

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RECEIPTS	2019	2018	2019	2018	PAYMENTS	2019	2018	2019	2018
	Rupees	Rupees	US \$	US \$		Rupees	Rupees	US \$	US \$
<b>OPERATING RECEIPTS</b>					<b>OPERATING EXPENSES</b>				
Interest on Deposits and Investments	6,66,47,898	6,68,53,597	963,538	1,027,884	Office and Administration	83,18,521	78,01,454	120,262	119,949
General Donations, includes operating donations under grants:	1,28,21,956	1,57,31,276	185,369	241,871	Liability of First Charge	5,79,133	6,01,524	8,373	9,248
2019 - Rs.37,25,473/- (\$53,357)					Water Facilities	50,56,071	48,33,093	73,096	74,309
2018 - Rs.71,48,293/- (\$112,606)					Facilities for Pilgrims - Meherabad	1,44,76,639	1,36,45,067	209,291	209,795
Donations from pilgrims for staying in Hostels	49,84,200	47,60,020	72,057	73,186	- Meherazad	88,98,701	74,44,499	128,650	114,460
Educational Gathering: Amarthi Donations	12,51,461	11,21,081	18,093	17,237	- Meher Pilgrim Retreat	1,12,18,752	99,41,660	162,191	152,855
Meher English School fees	8,75,030	10,71,950	12,650	16,481	Medical Facilities	89,92,994	79,92,809	130,013	122,891
Other	3,34,438	2,31,188	4,835	3,555	Education Facilities - Schooling help	10,63,841	9,67,376	15,380	14,874
	<b>8,69,14,983</b>	<b>8,97,69,112</b>	<b>1,256,542</b>	<b>1,380,214</b>	- Farmers Education Centre	137,437	83,047	1,987	1,277
					- Music and Arts Centre	2,66,409	2,35,393	3,851	3,619
<b>CORPUS DONATIONS</b>					- Physical Education Centre	5,06,909	4,32,479	7,328	6,649
For any use in the Trust under Corpus	3,74,81,189	3,41,54,161	541,871	525,126	- Meher English School	94,71,927	95,08,952	136,937	146,202
For use in any Development Plan project	35,75,137	16,59,966	51,686	25,522	Secular Education	52,70,404	48,51,013	76,195	74,585
For Specific Purposes:					Other Charitable Objects	12,43,717	26,56,416	17,981	40,843
Dharamshala	20,02,435	8,39,870	28,949	12,913		<b>7,55,01,455</b>	<b>7,09,94,782</b>	<b>1,091,535</b>	<b>1,091,556</b>
Memorial Tower: includes donations under grants:	1,07,630	0	1,556	0	<b>CAPITAL EXPENDITURE</b>				
2019 - Rs. Nil					Development Plan	25,90,459	36,55,556	37,451	56,205
2018 - Rs. Nil					Land (including fencing)	3,91,43,870	3,23,35,938	565,908	497,170
Donations In Kind	6,04,642	3,36,966	8,741	5,181	Memorial Tower	1,75,974	5,37,211	2,544	8,260
Medical Facilities	5,19,531	9,37,219	7,511	14,410	Infrastructure	10,70,382	64,92,306	15,475	99,820
Water Facilities	29,500	40,255	427	619	Buildings	3,46,442	6,60,696	5,008	10,158
Educational Facilities	3,70,625	4,16,318	5,358	6,401	Other	18,10,255	43,37,148	26,171	66,684
Other	5,000	17,001	72	261		<b>4,51,37,382</b>	<b>4,80,18,855</b>	<b>652,557</b>	<b>738,297</b>
	<b>4,46,95,689</b>	<b>3,84,01,756</b>	<b>646,171</b>	<b>590,433</b>	Unspent receipts remaining in year after all expenditures, resulting mainly in increased investments	1,25,29,936	91,57,231	181,147	140,794
Capital Receipt	15,58,101	0	22,526	0		<b>13,31,68,773</b>	<b>12,81,70,868</b>	<b>1,925,239</b>	<b>1,970,647</b>
	<b>13,31,68,773</b>	<b>12,81,70,868</b>	<b>1,925,239</b>	<b>1,970,647</b>					

NOTE: Exchange rates used

Rs. 69.17 Rs. 65.04

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