

Financial Report

1 APRIL 2019 – 31 MARCH 2020

Our Dear Baba Family,

This 20th annual report of the Avatar Meher Baba Perpetual Public Charitable Trust has been prepared for the information of the worldwide family of Baba lovers.

In the Financial Activity chart, you will see that the Trust received total Corpus Donations of Rs.4.5 crores (\$593,086) and General Donations of Rs.1.5 crores (\$194,337) for a total of Rs.5.9 crores (\$787,423), compared to total donations of Rs.5.8 crores (\$831,540) in the previous year; only a small increase in the rupees amount.

Operating Expenses—Rs.8.1 crores (\$1,071,145)—have increased by 6.9%, or Rs.52.4 lakhs (\$69,500), over the previous year, just above inflation, which is approximately 6% 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.

These are trying times for the Trust financially. The Trust's financial position has weakened due to a

combination of increasing expenses and reducing income from investments. Heavy reliance on interest income from investments to fund its operations continues. With interest rates at 6.25% for ten-year investments the future will be a real challenge. This is reflected in the Trust's budget for the coming 2020-21 financial year, which has a deficit (expenses are greater than income) of Rs.85 lakhs (\$112,762). And that was before COVID-19 happened! The pandemic will only make matters worse as not only will donations be affected adversely but also interest rates are being reduced further. Other than these obvious impacts it is too early to assess how COVID-19 will affect the Trust through 2020 financially and in specific areas of operations.

Through all this, our long-term financial focus remains unchanged, namely, building Corpus to become self-sustaining so that existing services provided by the Trust are assured. This continues to be based on our updated

five-year projections, which show that expense growth still outstrips growth in income; and the gap is getting larger, primarily due to pressure of staff salaries.

This year, as you are aware, the Memorial Tower project was completed. There is no major development project under consideration for the coming year. It is expected that the Trust's Master Plan, which we hope to finalize in 2020, will drive new development in the coming years.

We, the trustees, have been given the privilege and responsibility of looking after Baba's Trust and fulfilling its objectives. We try our utmost to the best of our abilities, but always keeping in mind 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 2020

The Summary Balance Sheet of the Trust is based on the audited financial statements and is presented below. From the balance sheet readers get a snapshot of the financial position of the Trust at the end of the financial year, i.e., on 31 March, 2020. This statement discloses the cost of assets owned by the Trust, namely property acquired and constructed since inception of the Trust, and current amounts of investments, bank balances, etc. The balance sheet also shows the source of funds received to acquire these assets. From the Balance Sheet one can see that the main source of funds 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 portion 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. As a result of these transfers there is a nil balance as of 31 March, 2020.

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 specified 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 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, water storage facilities, and dams, electrical sub-station, 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:

This balance represents 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 in deposits 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 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					ASSETS				
	31-Mar-2020 Rupees	31-Mar-2019 Rupees	31-Mar-2020 US \$	31-Mar-2019 US \$		31-Mar-2020 Rupees	31-Mar-2019 Rupees	31-Mar-2020 US \$	31-Mar-2019 US \$
TRUST FUND AND CORPUS	1,01,07,62,197	95,77,75,025	13,408,891	13,846,682	FIXED ASSETS				
INCOME & EXPENDITURE ACCOUNT	0	0	0	0	Cost	53,63,62,608	50,34,38,354	7,115,450	7,278,276
SPECIFIC CORPUS DONATIONS					Less: Depreciation	18,02,33,573	16,89,35,555	2,391,000	2,442,324
Archives/Museum	0	0	0	0		35,61,29,035	33,45,02,799	4,724,450	4,835,952
Development Plan	2,80,143	9,84,678	37,147	14,235	INVESTMENTS				
Dharamshala Building	7,79,00,483	7,61,83,213	1,033,437	1,101,391	Fixed Deposits	4,22,85,674	4,12,85,674	560,967	596,873
Educational Facilities	15,64,997	14,82,092	20,761	21,427	Term Deposits	48,67,24,277	45,53,54,656	6,456,942	6,583,123
Medical Facilities	1,34,44,675	1,32,03,937	178,359	190,891	Short-term Fixed Deposits	3,90,00,000	47,96,687	517,379	69,346
Meherazad Preservation & Development	8,44,00,000	8,23,00,000	1,119,661	1,189,822	Government of India Bonds	4,23,00,000	4,23,00,000	561,157	611,537
Memorial Tower	8,93,965	34,32,341	11,859	49,622	Accrued Interest	22,48,69,892	25,70,40,587	2,983,150	3,716,070
Super Structure	69,81,118	69,76,118	92,612	100,855	Other	0	5,300	0	77
Water Facilities	7,51,608	0	9,971	0		83,51,79,843	80,07,82,904	11,079,595	11,577,026
Other	13,12,746	13,12,746	17,415	18,979	CURRENT ASSETS	40,11,439	30,61,032	53,216	44,254
	19,00,49,735	18,58,75,125	2,521,222	2,687,222	CASH AND BANK BALANCES	59,25,676	57,37,379	78,610	82,946
LIABILITIES	4,34,061	4,33,964	5,758	6,274		1,20,12,45,993	1,14,40,84,114	15,935,871	16,540,178
	1,20,12,45,993	1,14,40,84,114	15,935,871	16,540,178					

NOTE: Exchange rates used

Rs. 75.38

Rs. 69.17

Rs. 75.38

Rs. 69.17

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

From 1st April 2019 to 31st March 2020

The summary cash flow chart presented below, based on the audited financial statements of the Trust, discloses the Trust's financial activities for the year. It summarizes 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 capital expenditure. 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 three items that require some comment:

Interest on Deposits and Investments:

Interest income earned on deposits and investments—Rs.6.8 crores (\$896,669)—continues to show little change from the previous year. Although investments increased during the year, interest earned on new and reinvesting of matured deposits are at lower rates. The long-term investments the Trust made in past years at rates of 9.25% and 9.00% are maturing and currently being renewed at 6.25%. As a result, unless donations increase, with a resulting increase in investments, interest income will decline in the coming years.

Interest rates in India were showing signs of stabilizing during the year. Then the COVID-19 pandemic happened and rates started to decline further.

General Donations, includes operating donations under grants:

Under this caption there are two amounts noted, for 2020 Rs.66.1 lakhs (\$93,693) and for 2019 Rs.37.3 lakhs (\$53,357). These amounts represent donations received under Maintenance Grants from institutions devoted to Meher Baba in the USA.

Capital Receipt

This figure represents the gain made on the compulsory acquisition of Trust land by the government to expand the Ahmednagar bypass road located south of the Trust estate in Meherabad.

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, water storage facilities 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, security, insurance, afforestation around the buildings at Meherabad, etc. It also includes the maintenance of the Trust's estate at Meherazad. Total expenses for this object was Rs.3.7 crores (\$491,635).

Medical Facilities:

This includes the expenses of Meher Health Center in Arangaon, Meher Hospital, 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.

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.1.2 crores (\$163,731).

Secular Education:

The main expenditure is for Beloved Avatar Meher Baba's Amartithi, Rs.20.8 lakhs (\$27,645). 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, government for relief fund, 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.8.07 crores (\$1,071,145) have increased by 6.9% 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. Once again this year, the largest expenditure was on 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 furniture and fixtures, medical equipment, computer equipment, and audio equipment.

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

RECEIPTS	2020 Rupees	2019 Rupees	2020 US \$	2019 US \$	PAYMENTS	2020 Rupees	2019 Rupees	2020 US \$	2019 US \$
OPERATING RECEIPTS					OPERATING EXPENSES				
Interest on Deposits and Investments	6,75,90,877	6,66,47,898	896,669	963,538	Office and Administration	90,84,116	83,18,521	120,511	120,262
General Donations, includes operating donations under grants: 2020-Rs.66,05,972 (\$93,693) 2019-Rs.37,25,473 (\$53,357)	1,46,49,131	1,28,21,956	194,337	185,369	Liability of First Charge	5,07,773	5,79,133	6,736	8,373
Donations from pilgrims for staying in Hostels	55,74,320	49,84,200	73,949	72,057	Water Facilities	56,06,741	50,56,071	74,380	73,096
Educational Gathering : Amartithi Donations	10,71,029	12,51,461	14,208	18,093	Facilities for Pilgrims - Meherabad	1,41,98,248	1,44,76,639	188,356	209,291
Meher English School fees	10,53,250	8,75,030	13,973	12,650	- Meherazad	1,05,66,254	88,98,701	140,173	128,650
Other	3,54,632	3,34,438	4,705	4,835	- Meher Pilgrim Retreat	1,22,94,932	1,12,18,752	163,106	162,191
	9,02,93,239	8,69,14,983	1,197,841	1,256,542	Medical Facilities	85,29,212	89,92,994	113,149	130,013
CORPUS DONATIONS					Education Facilities - Schooling help	13,89,124	10,63,841	18,428	15,380
For any use in the Trust under Corpus	3,13,60,936	3,74,81,189	416,038	541,871	- Farmers Education Centre	1,18,776	1,37,437	1,576	1,987
For use in any Development Plan project	78,62,977	35,75,137	104,311	51,686	- Music and Arts Centre	2,48,288	2,66,409	3,294	3,851
For Specific Purposes:					- Physical Education Centre	6,16,733	5,06,909	8,182	7,328
Dharamshala	17,17,270	20,02,435	22,782	28,949	- Meher English School	99,69,088	94,71,927	132,251	136,937
Memorial Tower : includes donations under grants: 2020 - Rs. Nil 2019 - Rs. Nil	2,37,233	1,07,630	3,147	1,556	Secular Education	48,64,519	52,70,404	64,533	76,195
Donations In Kind	78,000	6,04,642	1,035	8,741	Other Charitable Objects	27,49,082	12,43,717	36,470	17,981
Medical Facilities	2,77,210	5,19,531	3,677	7,511		8,07,42,886	7,55,01,455	1,071,145	1,091,535
Water Facilities	8,20,820	29,500	10,889	427	CAPITAL EXPENDITURE				
Educational Facilities	2,47,383	3,70,625	3,282	5,358	Development Plan	60,47,512	25,90,459	80,227	37,451
Meherazad Preservation & Development	21,00,000	0	27,859	0	Land (including fencing)	2,22,92,460	3,91,43,870	295,734	565,908
Other	5,000	5,000	66	72	Memorial Tower	27,75,609	1,75,974	36,822	2,544
	4,47,06,829	4,46,95,689	593,086	646,171	Infrastructure	13,48,973	10,70,382	17,896	15,475
CAPITAL RECEIPT					Buildings	24,520	3,46,442	325	5,008
	1,42,02,618	15,58,101	188,414	22,526	Other	4,35,180	18,10,255	5,773	26,171
	14,92,02,686	13,31,68,773	1,979,341	1,925,239		3,29,24,254	4,51,37,382	436,777	652,557
					Unspent receipts remaining in year after all expenditures, resulting mainly in increased investments	3,55,35,546	1,25,29,936	471,419	181,147
						14,92,02,686	13,31,68,773	1,979,341	1,925,239

NOTE: Exchange rates used

Rs. 75.38 Rs. 69.17

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