

INDIA DEVELOPMENT AND RELIEF FUND, INC.

**FINANCIAL STATEMENTS
AND
SUPPLEMENTARY FINANCIAL INFORMATION**

YEAR ENDED DECEMBER 31, 2010

INDIA DEVELOPMENT AND RELIEF FUND, INC.

**FINANCIAL STATEMENTS
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SUPPLEMENTARY FINANCIAL INFORMATION**

YEAR ENDED DECEMBER 31, 2010

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19785 Crystal Rock Drive, Suite 304, Germantown, MD 20874

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of the
India Development and Relief Fund, Inc.
North Bethesda, Maryland

We have audited the accompanying statement of financial position of the India Development and Relief Fund, Inc., (IDRF) (a nonprofit organization) as of December 31, 2010, and the related statements of activities and changes in net assets, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the India Development and Relief Fund, Inc. as of December 31, 2010 and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of India Development and Relief Fund, Inc. taken as a whole. The accompanying statement of functional expenses is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

July 15, 2011

Raman R. Desai, P.C.

INDIA DEVELOPMENT AND RELIEF FUND, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2010

ASSETS

CURRENT ASSETS

| | | |
|---------------------------|---------------------|--------------|
| Cash and Cash Equivalents | \$ <u>1,165,727</u> | |
| Total Current Assets | | \$ 1,165,727 |

FIXED ASSETS

| | | |
|--------------------------------|--------------|-----|
| Equipment | 1,397 | |
| Less: Accumulated Depreciation | <u>(726)</u> | |
| Total Fixed Assets | | 671 |

OTHER ASSETS

| | | |
|---|----------------|---------|
| Investments in Marketable Securities - Note 2 | 30,675 | |
| Investments in Non Public Entity - Note 2 | <u>221,543</u> | |
| Total Other Assets | | 252,218 |

| | | |
|---------------------|--|-----------------------------------|
| Total Assets | | \$ <u><u>1,418,616</u></u> |
|---------------------|--|-----------------------------------|

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

| | | |
|-----------------------------|-----------------|----------|
| Accounts Payable & Accruals | \$ <u>1,457</u> | |
| Total Current Liabilities | | \$ 1,457 |

NET ASSETS

| | | |
|---------------------------------|-----------|-----------|
| Unrestricted | 32,711 | |
| Temporarily Restricted - Note 3 | 1,384,448 | |
| Permanently Restricted | <u>-</u> | |
| Total Net Assets | | 1,417,159 |

| | | |
|---|--|-----------------------------------|
| Total Liabilities and Net Assets | | \$ <u><u>1,418,616</u></u> |
|---|--|-----------------------------------|

INDIA DEVELOPMENT AND RELIEF FUND, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2010

| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Permanently Restricted</u> | <u>Total</u> |
|--|---------------------|-----------------------------------|-----------------------------------|---------------------|
| SUPPORT AND REVENUE | | | | |
| Contribution Income | \$ 99,642 | \$ 605,332 | \$ - | \$ 704,974 |
| Investment Income | 48,480 | - | - | 48,480 |
| Special Events | - | 9,952 | - | 9,952 |
| | <u>148,122</u> | <u>615,284</u> | <u>-</u> | <u>763,406</u> |
| EXPENSES | | | | |
| Program Services | | | | |
| Grants | <u>322,835</u> | <u>1,541,240</u> | <u>-</u> | <u>1,864,075</u> |
| | 322,835 | 1,541,240 | - | 1,864,075 |
| Functional Expenses | | | | |
| Management and General | 32,565 | - | - | 32,565 |
| Fund Raising | <u>5,969</u> | <u>-</u> | <u>-</u> | <u>5,969</u> |
| | <u>361,369</u> | <u>1,541,240</u> | <u>-</u> | <u>1,902,609</u> |
| Increase (Decrease) in Net Assets | (213,247) | (925,956) | - | (1,139,203) |
| Net Assets - Beginning of Year | 247,711 | 2,310,404 | - | 2,558,115 |
| Unrealized Gains/Losses | <u>(1,753)</u> | <u>-</u> | <u>-</u> | <u>(1,753)</u> |
| Net Assets - End of Year | <u>\$ 32,711</u> | <u>\$ 1,384,448</u> | <u>\$ -</u> | <u>\$ 1,417,159</u> |

See Auditors' Report
See Notes to Financial Statements

INDIA DEVELOPMENT AND RELIEF FUND, INC.
STATEMENT OF FUNCTIONAL EXPENSES
(SUPPLEMENTARY FINANCIAL INFORMATION)
FOR THE YEAR ENDED DECEMBER 31, 2010

| | <u>Program</u> <u>Services</u> | <u>Management</u> <u>& General</u> | <u>Fund</u> <u>Raising</u> | <u>Total</u> |
|---------------------------|-----------------------------------|---|-------------------------------|------------------|
| Accounting & Auditing | \$ - | \$ 7,313 | \$ - | \$ 7,313 |
| Bank Charges | - | 44 | 66 | 110 |
| Depreciation | - | 447 | - | 447 |
| Dues & Subscription | - | 483 | - | 483 |
| Internet Expense | - | 1,189 | 297 | 1,486 |
| Legal Fees | - | 6,380 | - | 6,380 |
| Legal Case Settlement | - | - | - | - |
| License and Permits | - | 200 | - | 200 |
| Loss on Assets Discarded | - | - | - | - |
| Miscellaneous | - | 891 | - | 891 |
| Outside Services | - | 14,425 | 3,607 | 18,032 |
| Postage & Shipping | - | 102 | - | 102 |
| Printing and Reproduction | - | - | 1,573 | 1,573 |
| Supplies - Office | - | 155 | - | 155 |
| Telephone | - | 426 | 426 | 852 |
| Travel & Meals | - | 510 | - | 510 |
| Total Functional Expenses | <u>\$ -</u> | <u>\$ 32,565</u> | <u>\$ 5,969</u> | <u>\$ 38,534</u> |

See Auditors' Report
See Notes to Financial Statements

INDIA DEVELOPMENT AND RELIEF FUND, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2010

| | | |
|---|----------------|----------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Decrease in net assets | | \$ (1,139,203) |
| | | |
| Adjustments to Reconcile Decrease in Net Assets to Net Cash Used in Operating Activities | | |
| Depreciation | \$ 447 | |
| Decrease in Accounts Payable | <u>(4,544)</u> | |
| Total Adjustments | | <u>(4,097)</u> |
| Net Cash Used by Operating Activities | | <u>(1,143,300)</u> |
| | | |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Proceed from Sale of Stocks | <u>58,047</u> | |
| Net Cash Provided by Investing Activities | | 58,047 |
| | | |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Distributions from Bhutada Ltd. Partnership | <u>178,428</u> | |
| Net Cash Provided by Financing Activities | | 178,428 |
| | | |
| DECREASE IN CASH AND CASH EQUIVALENTS | | <u>(906,825)</u> |
| Cash and Cash Equivalents - Beginning of the Year | | <u>2,072,552</u> |
| Cash and Cash Equivalents - End of the Year | | <u><u>\$ 1,165,727</u></u> |
| | | |
| SUPPLEMENTAL INFORMATION: | | |
| Interest Paid | | 0 |
| Income Tax Paid | | 0 |

INDIA DEVELOPMENT AND RELIEF FUND, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 1: NATURE OF ACTIVITIES & SIGNIFICANT ACCOUNTING POLICIES

The India Development and Relief Fund, Inc (the "IDRF") was established by Dr. Vinod Prakash and other members of the Board, as a nonprofit organization in 1987, in the state of Maryland. IDRF was approved by the Internal Revenue Service as a tax-exempt organization under Section 501(c) (3) of the Internal Revenue Code, in 1988. It is an all-voluntary organization, operating since its inception. The organization aims to help the needy, disabled, underprivileged or impoverished people in India, and only to a limited extent in United States and other countries, towards becoming 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 to children and adults; (b) medical care and family planning; (c) ecological awareness and environmental protection; (d) self-empowerment of women through micro-credit and other means; (e) agricultural, rural, and tribal development; (f) relief and rehabilitation of victims of natural or man-made disasters such as a cyclone, earthquake, drought, flood, insurgency, or terrorism; and (g) financial assistance to families in distress and needing educational or medical help.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

For the purposes of the statement of cash flows, the organization considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

Concentration of Credit Risk Arising From Cash Deposits

The Organization's cash funds are located in various financial institutions. The amount of deposits as of December 31, 2010 in Bank 1 and Bank 2, per bank records were \$525,550 and \$388,548 respectively, which exceeded the federally insured limit of \$250,000 per account.

Property and 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.

INDIA DEVELOPMENT AND RELIEF FUND, INC.
NOTES TO FINANCIAL STATEMENTS (CONT)
FOR THE YEAR ENDED DECEMBER 31, 2010

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.

Contributions

The Organization has adopted SFAS No. 116, "Accounting for Contributions Received and Contributions Made." Accordingly, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Promise to Give

Support is recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Support that is restricted by the donor is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires, restricted net assets are reclassified as unrestricted net assets. As of December 31, 2010, temporarily restricted net assets were \$1,384,448. There were no permanently restricted net assets as of December 31, 2010.

Allocation of Expenses

The Organization allocates its expenses on a functional basis among its various programs and supporting services. Expenses which can be identified with a specific program or supporting activity are allocated directly to that activity. Other expenses that are common to several functions are allocated among the programs, supporting services and fund raising.

Income Taxes

The Organization is exempt from the income taxes under Section 501(c) (3) of the Internal Revenue Code and is classified by the Internal Revenue Service as an organization that is not a private foundation. Accordingly, no provision has been made for income taxes in the financial statements.

NOTE 2: INVESTMENTS

Investments are composed of equity securities managed through Banc of America Investment Securities, Inc., Computer Share Investor Services, and as a limited partner having 99% equity interest in a non public limited partnership. Except partnership equity investments in non-public limited partnership, all investments are carried at fair market value.

INDIA DEVELOPMENT AND RELIEF FUND, INC.
NOTES TO FINANCIAL STATEMENTS (CONT)
FOR THE YEAR ENDED DECEMBER 31, 2010

During the year 2000, the Organization had received a donor advised temporarily restricted contribution of 99% equity interest in a non-public limited partnership in support of organizations engaged in the fulfillment of IDRf's objectives. Because the contributor is a closely held company and not being in business of Investments, it is not practical and cost effective to develop the current estimate of Fair Market Value of such investments.

Income from investments, including both realized and unrealized gains are treated as an increase in unrestricted, temporarily restricted or permanently restricted net assets, as required by the gift instrument. Losses from investments, including both realized and unrealized losses, are treated as reduction in unrestricted, temporarily restricted or permanently restricted net assets, as required by the gift instrument.

Investments as of December 31, 2010 consist of the following:

| | <u>Cost/FMV at Date of Gift</u> | <u>Cost/FMV at Dec 31, 2010</u> | <u>Unrealized Gain As of Dec 31, 2010</u> |
|--------------------------------------|-------------------------------------|-------------------------------------|---|
| Temporarily Restricted/Unrestricted: | | | |
| Bank of America & Other | \$ 207,383 | \$ 252,218 | \$ 44,835 |

The following schedule summarizes the investment return and its classification in the statement of activities for the year ended December 31, 2010.

| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Permanently Restricted</u> | <u>Total</u> |
|------------------------|---------------------|-----------------------------------|-----------------------------------|------------------|
| Investment Int/Div | \$ 48,480 | \$ - | \$ - | \$ 48,480 |
| Unrealized Loss | \$ (1,753) | \$ - | \$ - | \$ (1,753) |
| Total Invest. Earnings | \$ <u>46,727</u> | \$ <u>-</u> | \$ <u>-</u> | \$ <u>46,727</u> |

NOTE 3: RESTRICTIONS ON NET ASSETS

Temporarily Restricted net assets are available for the following purposes:

| | |
|--|--------------------|
| Bhutada Ltd. Fund - Development Projects (India & USA) | \$ 221,543 |
| Other Donor Advised - Development Projects (India) | 204,018 |
| Multiyear Development Projects – (India) | <u>958,887</u> |
| Total | <u>\$1,384,448</u> |

NOTE 4: SUSEQUENT EVENTS:

No events have occurred subsequent to the balance sheet date and through the date of this report that would require adjustment to, or disclosure in, the financial statements.