

India Partners
(A Nonprofit Corporation)
Independent Auditor's Report
and
Financial Statements
June 30, 2008

Mueller Larson Osterman Yuva Whitted LLP
Certified Public Accountants

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Mueller Larson Osterman Yuva Whitted LLP

Certified Public Accountants

Independent Auditor's Report

To the Board of Directors
India Partners
Eugene, Oregon

We have audited the accompanying statement of financial position of India Partners (a nonprofit corporation) as of June 30, 2008, and the related statements of activities, functional expenses, 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 provide 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 India Partners as of June 30, 2008, 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.

Mueller Larson Osterman Yuva Whitted LLP

Mueller Larson Osterman Yuva Whitted LLP
January 15, 2009

India Partners
Statement of Financial Position
June 30, 2008

Assets

Cash and cash equivalents	\$ 331,355
Pledges receivable	14,111
Employee advances	719
Prepaid expenses	4,036
Inventory	390
Equipment, net of accum. depreciation of \$6,417	5,562
Leasehold improvements, net of accumulated amortization of \$342	<u>4,787</u>
Total assets	<u><u>\$ 360,960</u></u>

Liabilities and Net Assets

Liabilities

Accounts payable	\$ 2,964
Accrued expenses	<u>6,926</u>
Total liabilities	<u>9,890</u>

Net Assets

Unrestricted	133,479
Temporarily restricted	<u>217,591</u>
Total net assets	<u>351,070</u>
Total liabilities and net assets	<u><u>\$ 360,960</u></u>

India Partners
Statement of Activities
Year Ended June 30, 2008

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues and other support:			
Contributions:			
Churches & Nonprofits-cash	3,827	71,940	75,767
Churches & Nonprofits-noncash		148,960	148,960
Individuals	140,256	264,765	405,021
Corporate	835	46,022	46,857
Foundations	1,138	55,570	56,708
Workplace campaigns	40,585	8,827	49,412
Volunteer team fees	-	12,024	12,024
Interest and dividend income	9,761	-	9,761
Securities received	10,298	-	10,298
Realized gain (loss) on investments	(78)	-	(78)
Miscellaneous	528	1,508	2,036
Net assets released from restrictions:			
Satisfaction of program restrictions	566,122	(566,122)	-
Total revenues and other support	<u>773,272</u>	<u>43,494</u>	<u>816,766</u>
Expenses			
Program services	694,129	-	694,129
Supporting services	51,791	-	51,791
Total expenses	<u>745,920</u>	<u>-</u>	<u>745,920</u>
Change in Net Assets	27,352	43,494	70,846
Net assets, beginning of year	<u>106,127</u>	<u>174,097</u>	<u>280,224</u>
Net assets, end of year	<u>\$ 133,479</u>	<u>\$ 217,591</u>	<u>\$ 351,070</u>

**India Partners
Statement of Functional Expenses
Year Ended June 30, 2008**

	Program Services											Supporting Services			Totals							
	Education	Medical & Dental	Schools/Projects	Sponsorship	Vocational Training	Volunteer Teams	Relief	Other	Total Program Services	Fundraising	Management and General	Total Supporting Services										
Events	\$ 9,527	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,322	
Miscellaneous	484	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6,714
Grants and allocations:																						
Cash	-	36,821	59,332	85,758	66,153	-	22,133	36,825	307,042	-	-	-	-	-	-	-	-	-	-	-	-	307,042
Non-cash	-	-	148,960	-	-	-	-	-	148,960	-	-	-	-	-	-	-	-	-	-	-	-	148,960
Independent contractors	2,504	-	-	-	-	-	-	301	3,372	567	-	-	-	-	-	-	-	-	-	-	-	5,239
Insurance	227	125	578	295	183	80	63	161	1,712	77	51	128	-	-	-	-	-	-	-	-	-	1,840
Meetings and conferences	692	-	-	-	-	-	-	57	749	-	-	-	-	-	-	-	-	-	-	-	-	749
Postage and shipping	3,533	428	1,287	698	412	297	131	442	7,228	297	106	1,591	-	-	-	-	-	-	-	-	-	8,819
Printing and publications	10,855	10	1,500	596	-	661	431	2,484	16,537	588	1,309	8,872	-	-	-	-	-	-	-	-	-	25,409
Rent	1,660	914	4,233	2,160	1,340	588	461	1,183	12,539	372	372	934	-	-	-	-	-	-	-	-	-	13,473
Depreciation	283	156	721	368	228	100	78	201	2,135	100	63	159	-	-	-	-	-	-	-	-	-	2,294
Office and supplies	838	384	1,776	906	562	251	193	496	5,406	251	156	403	-	-	-	-	-	-	-	-	-	5,809
Payroll and payroll taxes	58,664	11,513	12,941	28,152	4,277	16,493	1,866	22,292	156,198	16,493	6,848	26,451	-	-	-	-	-	-	-	-	-	182,649
Travel	2,096	-	1,684	-	579	13,262	-	518	18,139	13,262	44	904	-	-	-	-	-	-	-	-	-	19,043
Telephone	538	273	1,342	646	440	176	138	354	3,907	176	111	279	-	-	-	-	-	-	-	-	-	4,186
Total functional expenses	\$ 91,901	\$ 50,626	\$ 234,374	\$ 119,579	\$ 74,174	\$ 32,533	\$ 25,494	\$ 65,448	\$ 694,129	\$ 31,116	\$ 20,675	\$ 51,791	\$ 31,116	\$ 20,675	\$ 51,791	\$ 31,116	\$ 20,675	\$ 51,791	\$ 31,116	\$ 20,675	\$ 51,791	\$ 745,920

India Partners
Statement of Cash Flows
Year Ended June 30, 2008

Cash flows from operating activities	
Change in net assets	\$ 70,846
Adjustments to reconcile change in net assets to net cash from operating activities:	
Depreciation	1,952
Amortization	342
Changes in:	
Pledges receivable	(2,366)
Employee advances	(546)
Prepaid expenses	(3,227)
Inventory	475
Accounts payable	(2,216)
Accrued expenses	(269)
Net cash from operating activities	<u>64,991</u>
Cash flows from investing activities	
Equipment purchases	<u>(750)</u>
Net cash from investing activities	<u>(750)</u>
Net increase in cash	64,241
Cash and cash equivalents, beginning of year	<u>267,114</u>
Cash and cash equivalents, end of year	<u>\$ 331,355</u>

India Partners
Notes to Financial Statements
June 30, 2008

Note 1 - Nature of Operations and Summary of Significant Accounting Policies

Nature of operations – India Partners is a Christian international development and relief nonprofit organization (hereafter Organization) committed to empowering grassroots self-help programs in India through development assistance, disaster relief, training local leaders, education, volunteer teams, speakers and sponsorships. The Organization receives contributions from individuals, churches, corporations and foundations towards Board approved programs. Funds are then distributed to the various programs based on the contributors' request, if so designated.

The Organization's primary programs consist of the following:

Education – consists of bi-monthly newsletter, informational website, educational events and banquets, conference booths, book distributions, video productions, and educational speakers.

Sponsorship of nonprofit organizations in India – consists of direct financial support for a variety of organizations located in India that provide funding for schools and vocational training, orphanages, medical needs, clothing and food as well as special funding for projects involving the construction of infrastructure, schools and other needs in impoverished villages.

Volunteer teams – organize and train volunteer teams generally consisting of medical and training personnel sent to India to provide services to the poor.

Relief and other – provides medicines, food, clothing, shelter and livelihoods to the survivors of natural disasters.

Basis of presentation – The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted net assets – Net assets that are not subject to donor-imposed stipulations and are available for general obligations of the Organization.

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. The Organization had \$217,591 of temporarily restricted net assets as of June 30, 2008.

India Partners
Notes to Financial Statements
June 30, 2008

Note 1- Nature of Operations and Summary of Significant Accounting Policies (Continued)

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on any related investments for general or specific purposes. The Organization had no permanently restricted net assets at December 31, 2008.

Revenue recognition – Contributions received are recorded as support that is unrestricted, temporarily restricted, or permanently restricted. Classification is based on the existence and nature of any donor restrictions imposed on the contribution.

All donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires during the year in which support is recognized.

Expense allocation – Expenses are allocated among programs and support services based on services benefited.

Use of estimates – The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Donated materials and services – Donated materials are recorded at their estimated fair values at the date of donation. Donated services are recognized in the financial statements if the services enhance or create non-financial asset or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. For the year ended June 30, 2008, donated amounts included donated program supplies in the amount of \$148,960.

Cash and cash equivalents – For financial statement purposes, the Organization considers all highly liquid investments purchased with an original maturity of three months or less to be cash. The Organization may, from time to time, maintain cash in accounts, which exceed amounts insured by governmental agencies. Such amounts totaled \$75,882 at June 30, 2008.

India Partners
Notes to Financial Statements
June 30, 2008

Note 1- Nature of Operations and Summary of Significant Accounting Policies (Continued)

Pledges receivable – Pledges receivable represent promises to give from donors not yet collected and are presented at their estimated net present value. Management has evaluated credit risk associated with promises to give and believes no allowance for uncollectible promises to give is necessary at June 30, 2008. All promises to give are anticipated to be collected within one year.

Inventory – Inventory consists of items held for re-sale that are recorded at cost, with cost being determined under the first-in, first-out (FIFO) method and donated supplies, that are stated at the estimated fair value as of the date of gift.

Equipment and leasehold improvements – Purchased equipment and leasehold improvements are recorded at cost. Donated equipment is recorded as a contribution at its estimated fair market value at the date of gift. Expenditures for maintenance, repairs, and renewals are charged to expense as incurred, whereas major betterments and new equipment are capitalized. The cost and related accumulated depreciation of equipment sold or retired is removed from the accounts and the resulting gain or loss is included in income. Depreciation is computed over the estimated useful lives of the equipment and leasehold improvements using the straight-line method, (primarily 5 years for equipment and 15 years for leasehold improvements). The organization generally capitalizes items in excess of \$500. All other items are expensed in the year of acquisition.

Income taxes – The Organization qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. The Organization has also been classified as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions as provided in Section 170(b)(1)(A)(vi).

Note 2 – Restrictions on Net Assets

Temporarily restricted net assets are available for the following purpose:

Medical & Dental	\$ 138,339
Human Trafficking Rescue	42,407
Vocational Training for Disabled	16,503
Children's Home	10,360
Development Position	9,982
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	\$ 217,591
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India Partners
Notes to Financial Statements
June 30, 2008

Note 3 – Related Party Transactions

Support – The executive director provided direct financial support to the organization totaling \$10,000 for the year ending June 30, 2008. Other related parties provided additional financial support of \$82,585 for the year ending June 30, 2008.

Note 4 – Retirement Plan

During 2005 the Organization adopted a SEP/IRA plan for eligible employees. The plan allows for elective employer contributions of up to 25% of eligible employee's annual compensation. Total employer contributions to the plan for the fiscal year ended June 30, 2008 at 4% of eligible employees' wages totaled \$5,088.

Note 5 – Operating Lease

India Partners had an operating lease requiring monthly rental payments of \$1,200 through October 31, 2007. Effective November 1, 2007, they entered into a new lease that requires monthly payments of \$1,200 through October 31, 2008, and then monthly payments of \$1,236 through October 31, 2010. Total rental expenses for the year ended June 30, 2008 was \$13,200.

In December 2007, a new lease was signed with terms from November 1, 2007 through October 31, 2010, with an option to renew for one year.

Future minimum lease payments are as follows:

<u>June 30</u>	<u>Amount</u>
2009	14,688
2010	14,832
2011	4,944
	<u>\$ 34,464</u>