

**India Partners
Independent Auditor's Report
and
Financial Statements
June 30, 2009**

Mueller Larson Osterman Yuva LLP
Certified Public Accountants

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Mueller Larson Osterman Yuva LLP

Certified Public Accountants

Independent Auditor's Report

To the Board of Directors
India Partners

We have audited the accompanying statement of financial position of India Partners (a nonprofit organization) as of June 30, 2009, 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 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 India Partners as of June 30, 2009, 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 LLP
January 26, 2010

India Partners
Statement of Financial Position
June 30, 2009

Assets

Cash and cash equivalents	\$ 312,481
Pledges receivable	21,656
Employee advances	568
Prepaid expenses	2,461
Inventory	1,060
Equipment, net of accum. depreciation of \$8,610	5,849
Leasehold improvements, net of accumulated amortization of \$684	<u>4,445</u>
 Total assets	 <u><u>\$ 348,520</u></u>

Liabilities and Net Assets

Liabilities

Accounts payable	\$ 9,818
Accrued expenses	<u>5,695</u>
 Total liabilities	 <u>15,513</u>

Net Assets

Unrestricted	156,416
Temporarily restricted	<u>176,591</u>
 Total net assets	 <u>333,007</u>
 Total liabilities and net assets	 <u><u>\$ 348,520</u></u>

India Partners
Statement of Activities
Year Ended June 30, 2009

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues and other support:			
Contributions:			
Churches & Nonprofits-cash	21,726	17,658	39,384
Churches & Nonprofits-in-kind	176,072	-	176,072
Individuals	286,650	69,234	355,884
Corporate	20,121	10,620	30,741
Foundations	49,723	17,000	66,723
Workplace campaigns	46,781	11,100	57,881
Volunteer team fees	7,900	-	7,900
Interest and dividend income	2,914	-	2,914
Miscellaneous	3,970	-	3,970
Net assets released from restrictions:			
Satisfaction of program restrictions	166,612	(166,612)	-
Total revenues and other support	<u>782,469</u>	<u>(41,000)</u>	<u>741,469</u>
Expenses			
Program services	690,784	-	690,784
Management and general	32,346	-	32,346
Fundraising	36,402	-	36,402
Total expenses	<u>759,532</u>	<u>-</u>	<u>759,532</u>
Change in net assets	22,937	(41,000)	(18,063)
Net assets, beginning of year	<u>133,479</u>	<u>217,591</u>	<u>351,070</u>
Net assets, end of year	<u>\$ 156,416</u>	<u>\$ 176,591</u>	<u>\$ 333,007</u>

**India Partners
Statement of Functional Expenses
Year Ended June 30, 2009**

	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	\$ 8,708	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,708	\$ -	\$ 450	\$ 450	\$ 9,158	
Miscellaneous	1,619	190	-	-	35	152	-	346	2,342	-	5,877	5,877	8,219	
Grants and allocations:														
Cash	-	40,252	26,794	76,968	33,875	-	1,000	76,482	255,371	-	-	-	255,371	
In-kind	3,483	169,889	1,000	-	-	-	-	-	174,372	-	-	-	174,372	
Independent contractors	1,302	31	11	120	-	42	-	670	2,176	-	-	-	10,316	
Insurance	623	297	241	568	226	126	23	708	2,812	199	8,140	1,375	4,187	
Meetings and conferences	968	-	-	-	-	-	-	-	968	-	-	-	968	
Postage and shipping	1,498	995	246	638	254	129	24	871	4,655	589	373	962	5,617	
Printing and publications	9,163	735	677	603	984	275	700	3,875	16,028	6,043	1,378	7,421	23,449	
Rent	2,708	1,293	1,049	2,468	984	549	102	3,077	12,230	863	1,871	2,734	14,964	
Depreciation	404	193	157	368	147	82	15	459	1,825	129	238	367	2,192	
Office and supplies	1,749	712	553	1,301	519	289	54	1,795	6,972	473	841	1,314	8,286	
Payroll and payroll taxes	74,675	9,303	13,398	20,378	5,182	15,222	2,354	34,371	174,883	27,856	10,615	38,471	213,354	
Travel	10,696	17	746	-	-	6,127	-	6,181	23,767	-	925	925	24,692	
Telephone	785	505	304	715	285	159	30	892	3,675	250	462	712	4,387	
Total functional expenses	\$ 118,381	\$ 224,412	\$ 45,176	\$ 104,127	\$ 41,507	\$ 23,152	\$ 4,302	\$ 129,727	\$ 690,784	\$ 36,402	\$ 32,346	\$ 68,748	\$ 759,532	

The accompanying notes are an integral part of these financial statements.

India Partners
Statement of Cash Flows
Year Ended June 30, 2009

Cash flows from operating activities	
Change in net assets	\$ (18,063)
Adjustments to reconcile change in net assets to net cash from operating activities:	
Depreciation	2,193
Amortization	342
Changes in:	
Pledges receivable	(7,545)
Employee advances	151
Prepaid expenses	1,575
Inventory	(670)
Accounts payable	6,854
Accrued expenses	(1,231)
Net cash from operating activities	<u>(16,394)</u>
 Cash flows from investing activities	
Equipment purchases	<u>(2,480)</u>
Net cash from investing activities	(2,480)
 Net decrease in cash	(18,874)
 Cash and cash equivalents, beginning of year	<u>331,355</u>
 Cash and cash equivalents, end of year	<u><u>\$ 312,481</u></u>

India Partners
Notes to Financial Statements
June 30, 2009

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 \$176,591 of temporarily restricted net assets as of June 30, 2009.

India Partners
Notes to Financial Statements
June 30, 2009

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 June 30, 2009.

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 assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Donated amounts included donated program supplies of \$176,072 for the year ended June 30, 2009.

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. There were no such amounts at June 30, 2009.

India Partners
Notes to Financial Statements
June 30, 2009

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, 2009. 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 the 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.

Advertising – The Organization uses advertising to promote its programs among the audience it serves. The production costs of advertising are expensed as incurred. During the year ended June 30, 2009, advertising costs totaled \$3,155.

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	\$ 167,135
Vocational training for disabled	9,456
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	\$ 176,591
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India Partners
Notes to Financial Statements
June 30, 2009

Note 3 – Related Party Transactions

The CEO provided direct financial support to the organization totaling \$14,719 for the year ended June 30, 2009. Other related parties provided additional financial support of \$51,805 for the year ended June 30, 2009.

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. Employer contributions to the plan at 4% of eligible employees' wages totaled \$3,736 for the year ended June 30, 2009.

Note 5 – Operating Lease

India Partners has an operating lease requiring monthly rental payments of \$1,200 through October 31, 2008, increasing to \$1,236 through October 31, 2010. Rent expense totaled \$14,688 for the year ended June 30, 2009.

Future minimum lease payments are as follows:

<u>June 30</u>	<u>Amount</u>
2010	14,832
2011	4,944
	<u>\$ 19,776</u>

Note 6 – Accounting for Uncertain Tax Positions

In December 2008, the Financial Accounting Standard Board issued FASB Staff Position (FSP) FIN-48-3, "Effective Date of Interpretation No. 48 for Certain Nonpublic Enterprises." FSP FIN 4803 permits an entity within its scope to defer the effective date of FASB Interpretation 48 (Interpretation 48), *Accounting for Uncertainty in Income Taxes*, to its annual financial statements for fiscal years beginning after December 15, 2008. India Partners evaluates its uncertain tax positions using the provisions of FASB Statement 5, *Accounting for Contingencies*. Accordingly, a loss contingency is recognized when its probable that a liability has been incurred as of the date of the financial statements and the amount of the loss can be reasonably estimated. The amount recognized is subject to estimate and management judgment with respect to the likely outcome of each uncertain tax position. As of June 30, 2009, the Organization is not aware of any undisclosed tax positions requiring disclosure in these financial statements.

India Partners
Notes to Financial Statements
June 30, 2009

Note 7 – Subsequent events

India Partners has evaluated subsequent events through January 26, 2010, the date of the auditor's report, which date represents the date the financial statements were available to be issued. There were no subsequent events requiring disclosure in these financial statements.