

# Financial Report

1 APRIL 2013 – 31 MARCH 2014

Our Dear Baba Family,

This financial report is the fifteenth annual report that the Avatar Meher Baba Perpetual Public Charitable Trust has prepared for the worldwide family of Baba lovers.

This is the first time I am addressing Baba Lovers in the Annual Financial Report since I have become Chairman in December 2013. Our dear Bhauji had once mentioned in the 2010-2011 Financial Report "Now we [the mandali] hand over the Trust to His lovers." This now has come to pass.

As we review with you the past financial year, the first thing we want to inform you is that we find that the Trust's financial situation has weakened as a result of a continuing decrease in donations. Last year, the Trust's donations base (after taking into account a one-time large donation) is the lowest it has been in the last ten years. And at the same time, the trend for expenses is a steady relentless increase. The gap between expenses and donations has increased in the last five years and for the present this gap has been filled by the interest income that the Trust earns on its investments.

For some years now the Trust has annually prepared five-year financial projections that are based on historical trends. These projections give an indication of what can be expected over the next five years and allow the Trust to do some financial planning. In the current five-year projection, the Trust's income, that is donations and interest income, shows minimal growth;

whereas expenses continue to grow rapidly due to factors outside our control, mainly increasing pressure on salaries and high inflation. There is a large gap between the rates at which income and expense are increasing – on average, expenses increase at a rate that is about 11% higher than the rate of increase in income. This is why, for now, the Trust cannot afford to expand its services or facilities and undertake any major capital project.

Our present concern is that because the five-year projection indicates minimal growth by way of donations and interest income, if we do not keep tight control over expenses, in the not too distant future the Trust will have to use its Corpus investment funds to pay daily operating expenses. This is not something we would like to do as maintaining Corpus investments intact is essential to sustain the level of current services and activities, and for the financial stability of the Trust.

Many objects of the Trust Deed remain to be fulfilled, but for now, with the available financial resources, our priority is to maintain the current level of services and facilities provided, not only for pilgrims and residents but also for the local communities, such as medical and education facilities.

Under this challenging financial scenario, the Trust persists with its policy of restraint and the direction set by the Board of Trustees for the current 2014–15 financial year, continues as it has in the last two years:

1. Maintaining Trust services and facilities, for pilgrims, residents and local communities, at current levels.
2. Large projects that involve considerable capital expenditure and any expansion of services have been put on hold.
3. We will limit our capital expenditures during the upcoming budgetary year. to these major areas: (i) purchase of critical lands around Meherabad and Meherazad; (ii) continuing the fencing of properties to prevent encroachment; (iii) completion of the Memorial Tower (where construction is already in progress); (iv) obtaining the government bungalow that Beloved Baba used near the accident site in Udtara, outside Satara; (v) necessary infrastructure additions.

We do our utmost to run the Trust to the best of our abilities, but always keep in mind that it is only He who does His work. Beloved Baba will no doubt look after the development and upkeep of His 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 Development Plan Current and Projected Expenditures Report

As we informed you last year, we have now adopted a budget for the Development Plan only for the current year as there is no major project in progress. The major expenditure contemplated by the Trust under the Development Plan continues to be the purchase of land to consolidate, preserve and protect the estate at Meherabad for its long-term development.

The urgent need continues to be the purchase of land in what is called "the Green Zone" – a large area west of the Samadhi that the Government has declared as an agricultural area where no residential development can take place. The purchase of this area would allow the Trust to keep this vast area as an open space and beautify it. Owning this land will help ensure a peaceful atmosphere around Beloved Baba's Samadhi. Other pieces of land that the Trust must purchase are near the Pilgrim Education Site in order to consolidate our land holding; a strip of land between the MPR and the Samadhi; and land near Meher English School. Although these are key parcels of land the process of acquiring them is very slow. In the current environment, the Trust does not go actively looking to acquire these properties and patiently waits for the owners to approach the Trust and this takes time.

In the 2013–14 financial year, only \$39,583 was spent on Development Plan projects as the Trust continues to exercise financial restraint. Out of that amount, purchase of land accounted for \$33,105, whereas \$200,000 was budgeted for this purpose. As explained earlier, the critical pieces of land that the Trust wants to purchase could not be acquired in the year.

Also in the 2013–14 financial year, the Trust spent \$35,810 on replacing the existing water pipeline between Ahmednagar and Meherabad. Although, this project was in the Development Plan budget for 2013-14, because of its urgency it was completed in the first half of the year at

a time when no funds were available in the Development Plan for this project. Consequently, it was funded from other donations and has not been shown as a Development Plan expenditure.

In this current year 2014–15, the Development Plan budget of \$395,794 includes \$300,000 for acquiring land. The remaining part of the budget includes \$58,000 for the development of infrastructure and \$26,667 to add permanent roofs to some more sheds at the Pilgrim

Education Site. In addition, a small amount has been budgeted to acquire furniture and equipment for the Archives buildings at Meherabad.

As you read in the Chairman's letter, the Trust continues to exercise financial restraint, and several projects continue to be deferred and remain unscheduled. However, these projects are listed at the bottom of the chart to make readers aware that they continue to be part of the Trust's long-term plans.

PROJECT	SPENT IN 2013 – 2014	TOTAL SPENT UPTO 31/3/2014	BUDGET 2014 – 2015
Meher Pilgrim Retreat (furnishing and equipment)	\$266	\$154,299	
Pilgrim Education Site		\$260,001	\$26,667
Archive Furnishings - Meherabad	\$1,924	\$154,134	\$8,127
Archive Building & Furnishing - Meherazad		\$81,121	
Administration Buildings - Staff Quarters		\$242,591	
Infrastructure Development: Samadhi Protection, Roads, Electricity, Water Supply	\$4,288	\$491,221	\$58,000
Land, including Fencing - Meherabad	\$33,105	\$386,619	\$300,000
Meher English School (furnishing & equipment only)		\$5,271	
<b>Completed Projects</b>			
Cultural Academy		\$14,320	
Dharamshala Renovation		\$17,216	
Meherazad Equipment		\$37,703	
Health Center Expansion		\$47,800	
Meher English School Expansion, including Furnishings and Equipment		\$153,482	
M.P.R. Building		\$1,271,939	
<b>Unscheduled Projects</b>			
Storerooms		\$13,050	
Auxiliary Building & Staff Quarters			
College at Meherbad - Phase One			
Administration Building			
New Dharamshala			
Addition to Meher English School			
Contingency			\$3,000
	<b>\$39,583</b>	<b>\$3,330,767</b>	<b>\$395,794</b>

# Avatar Meher Baba P. P. C. Trust

## Financial Activity From 1st April 2013 to 31st March 2014

The summary cash flow chart, showing Receipts and Payments, explains the Trust's Financial Activity and, as always, is based on the audited financial statements of the Trust. It summarizes the Trust's cash flow, i.e. money received and money disbursed, and covers all Trust activities - operating income and expenses, corpus donations received and money spent on all capital projects. This chart also 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, with one exception. "Capital Receipt", Rs. 3,91,170 (\$6,412), represents the proceeds of land the Trust received under a compulsory acquisition by the State Government of Maharashtra to construct the Ahmednagar By-Pass that runs along the West and South borders of Meherabad.

The increase in Interest on Deposits and Investments continues to be a combination of sustained high interest rates through the year and an increase in Investments during the year. We are fortunate that Interest rates in India continue to remain high despite continuing indications from government agencies that the rates will be lowered. The Trust has taken advantage of these rates and locked in a substantial portion of its Investment portfolio for terms ranging between 5 and 10 years.

Total Corpus Donations Rs.5.5 crores (\$899,071) includes a large one-time donation of over Rs. 3 crores (\$500,000).

Under the column "Payments", a description of the Operating Expenses is given for each major function as follows:

### Office & Administration:

Expenses for office and administration staff and premises, including the Trust's main office at Meher Nazar and the Meherabad Trustees office

### Liability of the First Charge:

The first responsibility of the Trust is to take care of Beloved Baba's Tomb and this represents the staff and maintenance costs thereof.

### Water Facilities:

Maintenance of wells, pipelines, electric bills of pumps, water charges and afforestation expenses. These expenses include around Rs. 10 lakhs (\$16,000) for water tankers at Meherabad to cope with the drought this year.

### 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. 1.6 crores (\$263,058).

### Medical Facilities:

This includes the maintenance of Meher Health Center, Hospital and 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 and Pune.

### Education Facilities:

The maintenance 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. 60.4 lakhs (\$99,012).

### Secular Education:

The expenses for Beloved Avatar Meher Baba's Amartithi, the maintenance of the library, study hall, museum, Archives and Research building at Upper Meherabad, Spiritual Academy at Lower Meherabad and Young Adult Sahavas.

### Other Charitable Objects:

The Avatar Meher Baba Ahmednagar Centre and funding its programs, maintenance of Guruprasad Memorial in Pune, Veterinary-Aid Centre, Help to the Poor and Needy and to local institutions and communities.

Total operating expenses in 2013-14 of Rs. 42.2 crores (\$692,487) have increased by 6.3% over the previous year which compares very favorably with the high rate of inflation in India of around 10%. Trust staff and committees are to be commended for keeping expenses in control, reflecting the climate of restraint under which we have been functioning in the past year.

The last heading in the "Payments" column is "Capital Expenditure". It shows the Capital Expenditure for the financial year, including what was incurred under the Development Plan, which is detailed in the chart above. As was the case in the previous year, the largest expenditure was on purchase of land and fencing, followed by expenditure on the infrastructure of water facilities in Meherabad. Under "Other" capital expenditure major items include permanent roofs for some of the sheds at the Pilgrim Education Site, further improvements and renovations to the Guruprasad Memorial in Pune, digging of wells and upgrades to computer equipment and software in various departments but mainly for Meher English School and Archives.

The last section of the chart shows the unspent cash received during the year that has been invested in bank deposits.

RECEIPTS	2014 Rupees	2013 Rupees	2014 US \$	2013 US \$	PAYMENTS	2014 Rupees	2013 Rupees	2014 US \$	2013 US \$
<b>Operating Receipts</b>					<b>Operating Expenses</b>				
Interest on Deposits and Investments	5,33,14,855	4,78,38,504	874,014	885,898	Office and Administration	58,82,988	52,71,055	96,442	97,612
General Donations, includes operating donations under grants:	54,59,667	1,20,73,973	89,503	223,592	Liability of first charge	3,07,851	67,837	5,047	1,256
2014 - Rs. 13,57,269 (\$22,263)					Water Facilities	34,72,548	20,64,402	56,927	38,230
2013 - Rs. 64,76,678 (\$120,100)					Facilities for Pilgrims - Meherabad	84,36,672	93,98,947	138,306	174,055
Donations from pilgrims for staying in Hostels	34,45,580	39,93,740	56,485	73,958	- Meherazad	28,26,555	22,45,751	46,337	41,588
Educational Gathering : Amartithi Donations	10,57,612	10,34,786	17,338	19,163	- Meher Pilgrim Retreat	47,83,297	43,38,719	78,415	80,347
Other	16,59,186	14,06,867	27,200	26,053	Medical Facilities	66,57,046	61,17,141	109,132	113,280
	<b>6,49,36,900</b>	<b>6,63,47,870</b>	<b>1,064,540</b>	<b>1,228,664</b>	Education Facilities - Schooling	4,18,356	3,32,397	6,858	6,156
<b>Corpus Donations</b>					- Farmers Education Centre	76,246	52,901	1,250	980
For any use in the trust under Corpus	4,51,14,728	1,84,45,427	739,586	341,582	- Music and Arts Centre	84,839	96,873	1,391	1,794
For use in any Development Plan project	23,37,514	27,33,888	38,320	50,628	- Physical Education Centre	1,96,264	1,06,368	3,217	1,970
For Specific Purposes:					- Meher English School	52,64,046	45,99,075	86,296	85,168
Dharamshala	8,28,351	13,25,339	13,580	24,543	Secular Education	26,14,775	24,25,205	42,865	44,911
Memorial Tower : includes donations under grants:	6,74,539	55,85,167	11,058	103,429	Other Charitable Objects	12,20,256	26,33,094	20,004	48,761
2014 - Rs. 6,04,039 (\$9,820)						<b>4,22,41,739</b>	<b>3,97,49,765</b>	<b>692,487</b>	<b>736,108</b>
2013 - Rs. 49,76,166 (\$92,000)					<b>Capital Expenditure:</b>				
Donations In Kind	69,618	7,390	1,141	137	Development Plan (details in Development Plan chart)	24,14,586	8,38,030	39,583	15,519
Medical Facilities	13,07,624	7,95,404	21,436	14,730	Land (including fencing)	52,00,155	73,84,418	85,248	136,748
Water Facilities	1,68,866	0	2,768	0	Memorial Tower	13,84,351	10,21,729	22,694	18,921
Educational Facilities	92,501	4,52,207	1,516	8,374	Water Pipeline and Check Dam	33,08,050	0	54,230	0
Meherazad Fencing	42,49,635	58,30,415	69,666	107,971	Other	30,47,354	22,99,158	49,957	42,577
Other	0	19,611	0	363		<b>1,53,54,496</b>	<b>1,15,43,335</b>	<b>251,712</b>	<b>213,765</b>
	<b>5,48,43,376</b>	<b>3,51,94,848</b>	<b>899,071</b>	<b>651,757</b>	Unspent cash receipts remaining in year after all expenditures, resulting in increase in cash and investments	6,25,75,211	5,12,17,702	1,025,824	948,474
<b>Capital Receipt</b>	3,91,170	9,68,084	6,412	17,926		<b>12,01,71,446</b>	<b>10,25,10,802</b>	<b>1,970,023</b>	<b>1,898,347</b>
	<b>12,01,71,446</b>	<b>10,25,10,802</b>	<b>1,970,023</b>	<b>1,898,347</b>					

NOTE—Exchange rate used—

at Rs. 61/- at Rs. 54/-

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