

THE VELLORE CHRISTIAN MEDICAL COLLEGE FOUNDATION, INC.

***FINANCIAL STATEMENTS AND
REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS***

DECEMBER 31, 2012

THE VELLORE CHRISTIAN MEDICAL COLLEGE FOUNDATION, INC.

***FINANCIAL STATEMENTS AND
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WITH SUPPLEMENTAL INFORMATION

DECEMBER 31, 2012

THE VELLORE CHRISTIAN MEDICAL COLLEGE FOUNDATION, INC.

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
The Vellore Christian Medical College Foundation, Inc.
New York, New York

We have audited the accompanying financial statements of The Vellore Christian Medical College Foundation, Inc., which comprise the balance sheets as of December 31, 2012, and the related statements of income, retained earnings, and cash flows for the six months then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position The Vellore Christian Medical College Foundation, Inc. as of December 31, 2012, and the results of their operations and their cash flows for the six months then ended in accordance with accounting principles generally accepted in the United States of America.

**Board of Directors
The Vellore Christian Medical College Foundation, Inc.
New York, New York**

Report on Summarized Comparative Information

We have previously audited The Vellore Christian Medical College Foundation, Inc. June 30, 2012 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 29, 2012. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2012 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Tait, Weller & Baker LLP

**New York, New York
July 22, 2013**

THE VELLORE CHRISTIAN MEDICAL COLLEGE FOUNDATION, INC.

STATEMENTS OF FINANCIAL POSITION

December 31, 2012 and June 30, 2012

	<u>December 31,</u> <u>2012</u>	<u>June 30,</u> <u>2012</u>
ASSETS		
Cash (principally savings accounts)	\$ 173,865	\$ 93,487
Cash restricted	126,350	26,307
Investments, at market value (<i>Note 2</i>)	5,208,864	5,103,611
Prepaid expense	4,751	4,841
Grants receivable	999,126	776,115
Pledges receivable (<i>Note 3</i>)	27,230	27,365
Cash value of life insurance (<i>Note 4</i>)	89,572	89,572
Office equipment, at cost less accumulated depreciation of \$44,992 at December 31, 2012 and \$44,716 at June 30, 2012	<u>550</u>	<u>826</u>
Total assets	<u>\$ 6,630,308</u>	<u>\$ 6,122,124</u>
LIABILITIES		
Accounts payable and accrued expense	<u>\$ 1,170,105</u>	<u>\$ 777,570</u>
Total liabilities	<u>1,170,105</u>	<u>777,570</u>
NET ASSETS		
Unrestricted		
Operations	<u>(924,253)</u>	<u>(791,101)</u>
Board designated		
Insurance fund	89,572	89,572
Net assets functioning as endowment	<u>2,176,991</u>	<u>2,134,208</u>
Total board designated	<u>2,266,563</u>	<u>2,223,780</u>
Total unrestricted	1,342,310	1,432,679
Temporarily restricted (<i>Note 5</i>)	2,163,382	1,956,364
Permanently restricted (<i>Note 5</i>)	<u>1,954,511</u>	<u>1,955,511</u>
Total net assets	<u>5,460,203</u>	<u>5,344,554</u>
Total liabilities and net assets	<u>\$ 6,630,308</u>	<u>\$ 6,122,124</u>

THE VELLORE CHRISTIAN MEDICAL COLLEGE FOUNDATION, INC.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Six Months Ended December 31, 2012 with Summarized Information for the year ended June 30, 2012

	<u>Operations</u>	<u>Unrestricted Board Designated</u>	<u>Total</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Totals</u>	
						<u>December 31, 2012</u>	<u>June 30, 2012</u>
SUPPORT AND REVENUE							
Contributions							
Individuals	\$ 132,429	\$ -	\$ 132,429	\$ 47,656	\$ -	\$ 180,085	\$ 401,803
Groups	11,344	-	11,344	44,087	-	55,431	24,447
Foundations	3,425	-	3,425	189,011	-	192,436	41,900
Institutional members	1,000	-	1,000	10,000	-	11,000	75,487
Bequests	3,220	-	3,220	-	-	3,220	4,461
Contributions in-kind	2,870	-	2,870	-	-	2,870	2,133
U.S. Government	-	-	-	208,815	-	208,815	150,406
Total contributions	<u>154,288</u>	<u>-</u>	<u>154,288</u>	<u>499,569</u>	<u>-</u>	<u>653,857</u>	<u>700,637</u>
Revenue							
Interest and dividends	35	-	35	43	-	78	23
Investment income designated for current operations	54,068	17,340	71,408	48,956	-	120,364	224,840
Increase in cash value of insurance	-	-	-	-	-	-	756
Sales of books and other revenue	4	-	4	-	-	4	1,003
Total revenue	<u>54,107</u>	<u>17,340</u>	<u>71,447</u>	<u>48,999</u>	<u>-</u>	<u>120,446</u>	<u>226,622</u>
Net assets released from restrictions (Note 6)	<u>414,694</u>	<u>-</u>	<u>414,694</u>	<u>(413,694)</u>	<u>(1,000)</u>	<u>-</u>	<u>-</u>
Total contributions and revenue	<u>623,089</u>	<u>17,340</u>	<u>640,429</u>	<u>134,874</u>	<u>(1,000)</u>	<u>774,303</u>	<u>927,259</u>

THE VELLORE CHRISTIAN MEDICAL COLLEGE FOUNDATION, INC.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS – (Continued)

Six Months Ended December 31, 2012 with Summarized Information for the year ended June 30, 2012

	<u>Operations</u>	<u>Unrestricted Board Designated</u>	<u>Total</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Totals</u>	
						<u>December 31, 2012</u>	<u>June 30, 2012</u>
EXPENSES							
Program Services							
Support for Vellore							
India	\$ 403,489	\$ -	\$ 403,489	\$ -	\$ -	\$ 403,489	\$ 684,263
USA	<u>72,074</u>	<u>-</u>	<u>72,074</u>	<u>-</u>	<u>-</u>	<u>72,074</u>	<u>185,612</u>
Total program services	<u>475,563</u>	<u>-</u>	<u>475,563</u>	<u>-</u>	<u>-</u>	<u>475,563</u>	<u>869,875</u>
Supporting Services							
Management and general	85,139	-	85,139	-	-	85,139	179,550
Fundraising	<u>195,539</u>	<u>-</u>	<u>195,539</u>	<u>-</u>	<u>-</u>	<u>195,539</u>	<u>248,727</u>
Total supporting services	<u>280,678</u>	<u>-</u>	<u>280,678</u>	<u>-</u>	<u>-</u>	<u>280,678</u>	<u>428,277</u>
Total expenses	<u>756,241</u>	<u>-</u>	<u>756,241</u>	<u>-</u>	<u>-</u>	<u>756,241</u>	<u>1,298,152</u>
Excess (deficiency) of support and revenue over expenses	(133,152)	17,340	(115,812)	134,874	(1,000)	18,062	(370,893)
OTHER CHANGES							
Investment income in excess of amount designated for current operations	-	25,443	25,443	72,279	-	97,722	70,507
Unrealized loss on remainder trusts	<u>-</u>	<u>-</u>	<u>-</u>	<u>(135)</u>	<u>-</u>	<u>(135)</u>	<u>(6,231)</u>
Net change in net assets	(133,152)	42,783	(90,369)	207,018	(1,000)	115,649	(306,617)
NET ASSETS							
Beginning of year	<u>(791,101)</u>	<u>2,223,780</u>	<u>1,432,679</u>	<u>1,956,364</u>	<u>1,955,511</u>	<u>5,344,554</u>	<u>5,651,171</u>
End of year	<u>\$ (924,253)</u>	<u>\$2,266,563</u>	<u>\$1,342,310</u>	<u>\$2,163,382</u>	<u>\$1,954,511</u>	<u>\$5,460,203</u>	<u>\$5,344,554</u>

THE VELLORE CHRISTIAN MEDICAL COLLEGE FOUNDATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES

Six Months Ended December 31, 2012 with Summarized Information for the year ended June 30, 2012

	PROGRAM SERVICES			SUPPORTING SERVICES			Totals	
	Support For Vellore		Total	Management And General	Fund Raising	Total Supporting Service	December 31, 2012	June 30, 2012
	India	USA	Program Services					
Cash remittance to Vellore	\$ 191,804	\$ -	\$ 191,804	\$ -	\$ -	\$ -	\$ 191,804	\$ 483,724
Scholarship outside of Vellore	-	-	-	-	-	-	-	48,000
Gift in Kind Remittance	2,870	-	2,870	-	-	-	2,870	2,133
ASHA purchases	208,815	-	208,815	-	-	-	208,815	150,406
Salaries and wages	-	35,609	35,609	30,199	11,319	41,518	77,127	184,908
Employee benefits	-	9,222	9,222	7,822	2,931	10,753	19,975	57,571
Travel	-	-	-	6,366	-	6,366	6,366	2,644
Rent	-	4,167	4,167	3,534	1,325	4,859	9,026	20,179
Telephone/telecommunications	-	707	707	599	225	824	1,531	5,549
Conferences and meetings	-	1,234	1,234	1,046	392	1,438	2,672	15,637
Data processing services	-	525	525	446	167	613	1,138	4,489
Professional fees	-	17,123	17,123	26,522	5,443	31,965	49,088	96,569
Equipment and office maintenance	-	1,717	1,717	1,455	546	2,001	3,718	6,623
Supplies	-	1,194	1,194	1,012	379	1,391	2,585	8,293
Postage	-	449	449	380	143	523	972	2,814
Depreciation	-	127	127	109	40	149	276	1,230
Insurance	-	-	-	4,346	-	4,346	4,346	1,492
Printing and fundraising fees	-	-	-	-	172,629	172,629	172,629	203,298
Other	-	-	-	1,303	-	1,303	1,303	2,593
Total expenses	\$ 403,489	\$ 72,074	\$ 475,563	\$ 85,139	\$ 195,539	\$ 280,678	\$ 756,241	\$ 1,298,152

See notes to financial statements.

THE VELLORE CHRISTIAN MEDICAL COLLEGE FOUNDATION, INC.

STATEMENTS OF CASH FLOWS

Six Months Ended December 31, 2012 and year ended June 30, 2012

	<u>December 31,</u> <u>2012</u>	<u>June 30,</u> <u>2012</u>
<i>Cash flows from operating activities</i>		
Cash received from contributors	\$ 427,976	\$ 755,003
Interest and dividends received	62,689	100,761
Miscellaneous receipts	4	1,003
Grants paid	(191,804)	(531,724)
Cash paid for other expenditures	<u>(168,666)</u>	<u>(612,543)</u>
Net cash provided by (used for) operating activities	<u>130,199</u>	<u>(287,500)</u>
<i>Cash flows from investing activities</i>		
Purchase of investments (a)	(969,531)	(858,951)
Proceeds from sale of investments	1,170,995	865,627
Net change in money market fund	<u>(151,242)</u>	<u>212,569</u>
Net cash provided by investing activities	<u>50,222</u>	<u>219,245</u>
Net increase/(decrease) in cash	180,421	(68,255)
<i>Cash</i>		
Beginning of year	<u>119,794</u>	<u>188,049</u>
End of year	<u>\$ 300,215</u>	<u>\$ 119,794</u>
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES		
<i>Change in net assets</i>	\$ 115,649	\$ (306,617)
<i>Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities</i>		
Depreciation	276	1,230
Unrealized (gain) loss on investments	31,976	(39,882)
Unrealized loss on remainder trusts	135	6,231
Gain on sale of investments	(185,337)	(151,300)
Dividend reinvested	(2,114)	(3,427)
(Increase) decrease in		
Grants receivable	(223,011)	56,499
Prepaid expense	90	(871)
Cash value of life insurance	-	(756)
Increase in		
Accounts payable and accrued expense	<u>392,535</u>	<u>151,393</u>
Net cash provided by (used for) operating activities	<u>\$ 130,199</u>	<u>\$ (287,500)</u>

(a) Non-cash investing activities included herein include reinvestment of dividends to purchase additional mutual fund shares of \$2,114 and \$3,427, respectively.

THE VELLORE CHRISTIAN MEDICAL COLLEGE FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2012

(1) SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION AND PURPOSE

The Vellore Christian Medical College Foundation, Inc. (the “***Foundation***”) is a non-profit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

The Foundation’s mission is to provide a focus for excellence and integrity at CMC, Vellore through participation in and continuing support of CMC’s drive to provide universal access to quality medicine and compassionate healthcare.

ACCOUNTING ESTIMATES

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management makes estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

CONCENTRATION OF CREDIT RISK

The Foundation occasionally maintains deposits in excess of federally insured limits. Accounting Standards Codification (“***ASC***”) 825, “***Financial Instruments***”, identifies these items as a concentration of credit risk requiring disclosure, regardless of the degree of risk. The risk is managed by monitoring financial institutions in which deposits are made.

INVESTMENTS

Investments are carried at market value and the accounts relating to income from investments in stocks and bonds are maintained on a cash basis; accordingly, dividends and interest are taken into income as received rather than on an accrual basis. The differences between the cash basis and the accrual basis for recording income from investments are not material.

EQUIPMENT AND DEPRECIATION

Office equipment is recorded at cost. Depreciation is provided on the straight-line method over a useful life of five years.

CASH AND CASH EQUIVALENTS

The Foundation considers all highly liquid investments with a maturity of three months or less to be cash equivalents.

THE VELLORE CHRISTIAN MEDICAL COLLEGE FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2012

NET ASSETS

A description of the three net asset categories follows:

Unrestricted net assets include the following:

- ◆ **Operations** – Undesignated net assets include the revenue and expenses associated with the principal mission of the Foundation.
- ◆ **Designated** – Designated net assets include Quasi-Endowment net assets which the Board of Directors have designated as funds functioning as endowment and accumulated earnings (realized and unrealized gains) on such funds and on the permanent restricted net assets as to which the income is unrestricted. The designated net assets also include net assets related to life insurance gifts to the Foundation.

Temporarily restricted net assets include gifts for which donor-imposed restrictions have not been met.

Permanently restricted net assets include gifts which require, by donor restriction, that the corpus be invested in perpetuity and only the income be made available for program operations in accordance with donor restrictions.

CONTRIBUTIONS

The Foundation reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are classified to unrestricted net assets and reported in the statement of activities as “*net assets released from restrictions.*” Donated medical supplies and equipment received during the year for the benefit of the College are reflected as contributions at their estimated values on the date of receipt. Shipments of these donated materials are recorded at the same values assigned on the date of receipt.

CONTRIBUTED SERVICES

Volunteers provide assistance to the Foundation on its program and support activities. These services are not subject to reasonable objective measurements and, as such, are not reflected in the accompanying financial statements.

AGENCY TRANSACTIONS

During the six months ended December 31, 2012 and the year ended June 30, 2012, the Foundation and its board members were responsible for raising approximately \$276,000 and \$286,000, respectively, of grant funding received directly by the College. This amount is not reflected in the financial statements as it represents an agency transaction on behalf of the College.

VACATION PAY

The Foundation records vacation expense when paid rather than when earned. The effect on the financial statements of not accruing vacation pay is not material.

THE VELLORE CHRISTIAN MEDICAL COLLEGE FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2012

INCOME TAXES

The Foundation is a non-profit organization which has been determined by the Internal Revenue Service to be exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

Management has reviewed the tax positions for each of the open tax years (2009 – 2011) or expected to be taken in the Foundation's 2012 tax return and has concluded that there are no significant uncertain tax positions that would require recognition in the financial statements.

PRIOR YEAR INFORMATION

The financial statements include certain prior-year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Foundation's audited financial statements for the year ended June 30, 2012 from which the summarized information was derived.

CHANGE IN YEAR-END

The Foundation changed its fiscal year-end from June 30 to December 31. Consequently, the Foundation's financial results reflect six-months of activity for the period ended December 31, 2012 and twelve months of activity for the year ended June 30, 2012.

(2) INVESTMENTS

Investments at December 31, 2012 and June 30, 2012 consisted of the following:

	<u>December 31, 2012</u>		<u>June 30, 2012</u>	
	<u>Cost</u>	<u>Market</u>	<u>Cost</u>	<u>Market</u>
Short Term Investments	\$ 210,485	\$ 210,485	\$ 59,243	\$ 59,243
Government Securities	154,735	191,656	335,492	364,592
Corporate Bonds	1,248,329	1,266,278	893,920	925,572
Mutual Funds-Balanced Growth Fund	175,261	203,982	173,147	193,450
Common Stocks	2,576,528	3,109,788	2,633,544	3,203,047
Asset Backed Securities	<u>211,202</u>	<u>226,675</u>	<u>343,966</u>	<u>357,707</u>
	<u>\$4,576,540</u>	<u>\$5,208,864</u>	<u>\$4,439,312</u>	<u>\$5,103,611</u>

The investment activity for the six months ended December 31, 2012 consisted of:

	<u>Cost</u>	<u>Unrealized Appreciation</u>	<u>Market Value</u>
Balance, June 30, 2012 consisted of:	\$4,439,312	\$664,299	\$5,103,611
Investment earnings (net of \$12,606 of advisory fees)	64,738	-	64,738
Gain on sale of investments	185,337	-	185,337
Portfolio subtractions, net	(112,847)	-	(112,847)
Increase/(decrease) in unrealized appreciation	<u>-</u>	<u>(31,975)</u>	<u>(31,975)</u>
Balance, December 31, 2012	<u>\$4,576,540</u>	<u>\$632,324</u>	<u>\$5,208,864</u>

THE VELLORE CHRISTIAN MEDICAL COLLEGE FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2012

The Foundation uses the total return concept for endowment income. Endowment income available for program and operations was established at 5% of the average market value of the prior three calendar year end market values. If the distributable amount of 5% exceeds the total return of the endowment funds in any year, then the amount needed to fund such excess will be taken from the accumulated gains on endowment funds and funds functioning as endowment, and, conversely, if total return exceeds the 5% distributable income, the remainder is added to the accumulated unrealized and realized gains on endowment funds and funds functioning as endowment.

For the six months ended December 31, 2012 and June 30, 2012, the Foundation's total return, including investment income and realized and unrealized net capital gains was \$218,086 and \$295,347, respectively. As a percentage, the total return was approximately 4% and 6% for the six months ended December 31, 2012 and the year ended June 30, 2012, respectively.

The following table summarizes the investment return and its classification in the statement of activities:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>December 31, 2012 Total</u>	<u>June 30, 2012 Total</u>
Investment and dividends	\$ 16,852	\$ 47,873	\$ 64,725	\$ 104,165
Realized/unrealized gain on investments	<u>39,928</u>	<u>113,433</u>	<u>153,361</u>	<u>191,182</u>
Total investment return	56,780	161,306	218,086	295,347
Investment income designated for current operations*	<u>31,337</u>	<u>89,027</u>	<u>120,364</u>	<u>224,840</u>
Investment income in excess of amount designated for current operations	<u>\$ 25,443</u>	<u>\$ 72,279</u>	<u>\$ 97,722</u>	<u>\$ 70,507</u>

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>December 31, 2012 Total</u>
* Reconciliation to Statement of Activities			
Investment return designated for current operations per above	\$31,337	\$ 89,027	\$ 120,364
Investment return – permanent endowment income unrestricted as to use	<u>40,071</u>	<u>(40,071)</u>	<u>-</u>
Per Statement of Activities – investment return	<u>\$71,408</u>	<u>\$ 48,956</u>	<u>\$ 120,364</u>

THE VELLORE CHRISTIAN MEDICAL COLLEGE FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2012

The Foundation utilized various methods to measure the fair value of its investments on a recurring basis. Generally accepted accounting principles establish a hierarchy that prioritizes inputs to valuation methods. The three levels of inputs are described below:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities that Pillar has the ability to access.

Level 2 – Observable inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. These inputs may include quoted prices for the identical instruments on an inactive market, prices for similar instruments, interest rates, prepayment speeds, credit risk, yield curves, default rates and similar data.

Level 3 – Unobservable inputs for the asset or liability, to the extent relevant observable inputs are not available, representing Pillar’s own assumptions about the assumptions a market participant would use in valuing the asset or liability, and would be based on the best information available.

The inputs methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

The summary of inputs used to value the Foundation’s investments as of December 31, 2012 and June 30, 2012 is as follows:

	December 31, 2012			
	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Short Term Investments	\$ 210,485	\$ 210,485	\$ -	\$ -
Government Securities	191,656	-	191,656	-
Corporate Bonds	1,266,278	-	1,266,278	-
Mutual Funds-Balanced Growth Fund	203,982	203,982	-	-
Common Stocks	3,109,788	3,109,788	-	-
Asset Backed Securities	<u>226,675</u>	<u>-</u>	<u>226,675</u>	<u>-</u>
	<u>\$5,208,864</u>	<u>\$3,524,255</u>	<u>\$1,684,609</u>	<u>\$ -</u>

	June 30, 2012			
	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Short Term Investments	\$ 59,243	\$ 59,243	\$ -	\$ -
Government Securities	364,592	-	364,592	-
Corporate Bonds	925,572	-	925,572	-
Mutual Funds-Balanced Growth Fund	193,450	193,450	-	-
Common Stocks	3,203,047	3,203,047	-	-
Asset Backed Securities	<u>357,707</u>	<u>-</u>	<u>357,707</u>	<u>-</u>
	<u>\$5,103,611</u>	<u>\$3,455,740</u>	<u>\$1,647,871</u>	<u>\$ -</u>

There were no transfers between Level 1 and Level 2 during the six months ended December 31, 2012 and the year ended June 30, 2012.

THE VELLORE CHRISTIAN MEDICAL COLLEGE FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2012

(3) PLEDGES RECEIVABLE

Unconditional promises to give are included in the financial statements as pledges receivable and the related contribution revenue is recorded in the temporarily restricted net assets. Pledges receivable of \$27,230 and \$27,365 at December 31, 2012 and June 30, 2012, respectively, pertain to remainder trusts on which Vellore does not hold the assets.

(4) CASH VALUE OF LIFE INSURANCE

The Foundation owns and is the sole beneficiary of one policy acquired by assignment. The policy in the amount of \$50,000 has a cash surrender value of \$89,572 and \$89,572 at December 31, 2012 and June 30, 2012, respectively.

(5) NET ASSETS

Temporarily restricted net assets at December 31, 2012 and June 30, 2012 are available for the following purposes:

	<u>December 31,</u> <u>2012</u>	<u>June 30,</u> <u>2012</u>
Use in future periods	\$ 27,230	\$ 27,365
Health programs	421,785	337,867
Scholarships	735,500	684,544
Endowment gains in which income is restricted as to use	861,422	821,676
Endowment gains restricted as to time	<u>117,445</u>	<u>84,912</u>
	<u>\$2,163,382</u>	<u>\$1,956,364</u>

Permanently restricted net assets at December 31, 2012 and June 30, 2012 are available for the following purposes:

	<u>December 31,</u> <u>2012</u>	<u>June 30,</u> <u>2012</u>
Endowment – restricted as to income	\$ 1,233,366	\$ 1,234,366
Endowment – unrestricted as to income	<u>721,145</u>	<u>721,145</u>
	<u>\$1,954,511</u>	<u>\$1,955,511</u>

THE VELLORE CHRISTIAN MEDICAL COLLEGE FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2012

Endowment net asset composition by type of fund as of December 31, 2012 and June 30, 2012:

	December 31, 2012			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Donor-restricted endowment funds	\$ -	\$ 978,867	\$ 1,954,511	\$ 2,933,378
Funds functioning as endowment funds	<u>2,176,991</u>	<u>-</u>	<u>-</u>	<u>2,176,991</u>
Total Funds	<u>\$ 2,176,991</u>	<u>\$ 978,867</u>	<u>\$ 1,954,511</u>	<u>\$ 5,110,369</u>

	June 30, 2012			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Donor-restricted endowment funds	\$ -	\$ 906,588	\$ 1,955,511	\$ 2,862,099
Funds functioning as endowment funds	<u>2,134,208</u>	<u>-</u>	<u>-</u>	<u>2,134,208</u>
Total Funds	<u>\$ 2,134,208</u>	<u>\$ 906,588</u>	<u>\$ 1,955,511</u>	<u>\$ 4,996,307</u>

The Foundation classifies the original value of gifts received with donor stipulations that require them to be held in perpetuity as permanently restricted net assets. Income earned on such gifts is classified as temporarily restricted until it is expended in accordance with state law and/or the donor restriction. The Foundation's board may also designate certain unrestricted gifts to function as endowment funds; such gifts are classified within unrestricted net assets as funds functioning as endowment funds.

Changes in endowment net assets for the six months ended December 31, 2012 and the year ended June 30, 2012:

	December 31, 2012			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Endowment net assets, beginning of year	\$ 2,134,208	\$ 906,588	\$ 1,955,511	\$ 4,996,307
Investment return	56,780	161,306	-	218,086
Transfers	-	-	(1,000)	(1,000)
Endowment income designated for current operations	<u>(13,997)</u>	<u>(89,027)</u>	<u>-</u>	<u>(103,024)</u>
	<u>\$ 2,176,991</u>	<u>\$ 978,867</u>	<u>\$ 1,954,511</u>	<u>\$ 5,110,369</u>

	June 30, 2012			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Endowment net assets, beginning of year	\$ 2,084,767	\$ 854,054	\$ 1,954,511	\$ 4,893,332
Investment return	75,283	220,064	-	295,347
Contributions	-	-	1,000	1,000
Endowment income designated for current operations	<u>(25,842)</u>	<u>(167,530)</u>	<u>-</u>	<u>(193,372)</u>
	<u>\$ 2,134,208</u>	<u>\$ 906,588</u>	<u>\$ 1,955,511</u>	<u>\$ 4,996,307</u>

THE VELLORE CHRISTIAN MEDICAL COLLEGE FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2012

(6) NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes.

Purpose restrictions accomplished:

Health programs	\$ 413,694
Release of endowment restriction	<u>1,000</u>
	<u>\$ 414,694</u>

(7) LEASE COMMITMENTS

Total rent expense for the six months ended December 31, 2012 and the year ended June 30, 2012 was approximately \$9,000 and \$20,200, respectively. The future basic rental commitments (exclusive of operating expense escalation) related to this lease at December 31, 2012 are as follows:

Year Ending December 31,

2013	\$20,249
2014	<u>10,125</u>
	<u>\$30,374</u>

(8) PENSION PLAN

The Foundation participates in a defined contribution retirement plan with the United Church of Christ for all of its qualified employees. Contributions to the plan are based upon a percentage of earnings of all eligible employees and are accrued and funded on a current basis. Total pension expense for the six months ended December 31, 2012 and the year ended June 30, 2012 was approximately \$5,800 and \$15,000, respectively.

(9) SUBSEQUENT EVENTS

Subsequent events after the balance sheet date through the date that the financial statements were available for issuance, July 22, 2013, have been evaluated in the preparation of the financial statements.

SUPPLEMENTAL INFORMATION

**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS
ON SUPPLEMENTAL INFORMATION**

**The Vellore Christian Medical College Foundation, Inc.
New York, New York**

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole of Vellore Christian Medical College Foundation as of and for the six months ended December 31, 2012, which are presented in the preceding section of this report. The accompanying supplemental information is presented for purposes 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 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 financial statements as a whole.

**New York, New York
July 22, 2013**

THE VELLORE CHRISTIAN MEDICAL COLLEGE FOUNDATION, INC.

DETAILED STATEMENT OF CHANGES IN DESIGNATED AND PERMANENTLY RESTRICTED NET ASSETS

Six Months Ended December 31, 2012

	<u>BOARD DESIGNATED – FUNDS FUNCTIONING AS ENDOWMENT</u>			<u>PERMANENTLY RESTRICTED</u>			<u>Grand Total</u>
	<u>Unrestricted</u>	<u>General</u>	<u>Total</u>	<u>Restricted As To Income</u>	<u>Unrestricted As To Income</u>	<u>Total</u>	
SUPPORT AND REVENUE							
Contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest and dividends reinvested	17,340	-	17,340	-	-	-	17,340
Gain on sales of investments	<u>33,768</u>	<u>-</u>	<u>33,768</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>33,768</u>
Total support and revenue	<u>51,108</u>	<u>-</u>	<u>51,108</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>51,108</u>
EXPENSES							
Health programs	-	-	-	-	-	-	-
Scholarships	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of support over expenses	51,108	-	51,108	-	-	-	51,108
OTHER CHANGES							
Reclass of net assets	-	-	-	(1,000)	-	(1,000)	(1,000)
Unrealized loss on investments	<u>(8,325)</u>	<u>-</u>	<u>(8,325)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(8,325)</u>
Net change in net assets	42,783	-	42,783	(1,000)	-	(1,000)	41,783
NET ASSETS							
Beginning of year	<u>952,550</u>	<u>1,181,658</u>	<u>2,134,208</u>	<u>1,234,366</u>	<u>721,145</u>	<u>1,955,511</u>	<u>4,089,719</u>
End of year	<u>\$ 995,333 (A)</u>	<u>\$ 1,181,658</u>	<u>\$ 2,176,991</u>	<u>\$ 1,233,366</u>	<u>\$ 721,145</u>	<u>\$ 1,954,511</u>	<u>\$ 4,131,502</u>

(A) Represents accumulated realized and unrealized capital gains as follows:

	<u>Realized</u>	<u>Unrealized</u>	<u>Total</u>
Board designated			
Education	\$ 210,855	\$ 167,557	\$ 378,412
Maney Fund	<u>562,562</u>	<u>54,359</u>	<u>616,921</u>
	<u>\$ 773,417</u>	<u>\$ 221,916</u>	<u>\$ 995,333</u>

THE VELLORE CHRISTIAN MEDICAL COLLEGE FOUNDATION, INC.

STATEMENT OF FINANCIAL POSITION (SUPPLEMENT)

December 31, 2012 and June 30, 2012

	<u>December 31,</u> <u>2012</u>	<u>June 30,</u> <u>2012</u>
ASSETS		
Cash		
Petty Cash	\$ 172	\$ 528
Operating Cash	173,693	92,959
Bayer Cash	118,556	18,513
ASHA Cash	<u>7,794</u>	<u>7,794</u>
Total Cash	<u>300,215</u>	<u>119,794</u>
Receivables		
ASHA Receivable	984,929	776,115
Pledges Receivable	<u>130,999</u>	<u>116,937</u>
Total Receivable	<u>1,115,928</u>	<u>893,052</u>
Investments		
Schwab Money Market	210,485	59,243
Schwab Investments	4,794,397	4,850,918
New Covenant Funds	202,963	192,490
PAX Funds	<u>1,019</u>	<u>960</u>
Total Investments	<u>5,208,864</u>	<u>5,103,611</u>
Other		
Prepaid expense	4,751	4,841
Office Equipment (at cost)	45,542	45,542
Accumulated Depreciation	<u>(44,992)</u>	<u>(44,716)</u>
Total Other	<u>5,301</u>	<u>5,667</u>
Total Assets	<u>\$ 6,630,308</u>	<u>\$ 6,122,124</u>
LIABILITIES		
Payables		
ASHA Payable	\$ 979,031	\$ 770,216
Accounts Payable and Accrued Expenses	190,554	7,354
Credit Cards Payable	<u>520</u>	<u>-</u>
Total Payables	<u>1,170,105</u>	<u>777,570</u>
NET ASSETS		
Unrestricted		
Operations	<u>(924,253)</u>	<u>(791,101)</u>
Board Designated		
Insurance Fund	89,572	89,572
Funds functioning as endowment	<u>2,176,991</u>	<u>2,134,208</u>
Total Board Designated	<u>2,266,563</u>	<u>2,223,780</u>
Total Unrestricted	<u>1,342,310</u>	<u>1,432,679</u>
Temporarily Restricted (<i>Note 5</i>)	2,163,382	1,956,364
Permanently Restricted (<i>Note 5</i>)	<u>1,954,511</u>	<u>1,955,511</u>
Total Net Assets	<u>5,460,203</u>	<u>5,344,554</u>
Total Liabilities and Net Assets	<u>\$ 6,630,308</u>	<u>\$ 6,122,124</u>

THE VELLORE CHRISTIAN MEDICAL COLLEGE FOUNDATION, INC.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS (SUPPLEMENT)

Six Months Ended December 31, 2012 with Summarized Information for the year ended June 30, 2012

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Totals</u>	
				<u>December 31, 2012</u>	<u>June 30, 2012</u>
CONTRIBUTIONS					
Individual donations	\$ 132,429	\$ 47,656	\$ -	\$ 180,085	\$ 401,803
Group and church donations	11,344	44,087	-	55,431	24,447
Foundation & corporation donations	3,425	189,011	-	192,436	41,900
Institutional members donations	1,000	10,000	-	11,000	75,487
Legacy donations	3,220	-	-	3,220	4,461
Contributions in-kind	2,870	-	-	2,870	2,133
ASHA	-	208,815	-	208,815	150,406
10% from temporarily restricted	14,907	(14,907)	-	-	-
5% from investment income	<u>71,408</u>	<u>48,956</u>	<u>-</u>	<u>120,364</u>	<u>224,840</u>
Total Contributions	<u>240,603</u>	<u>533,618</u>	<u>-</u>	<u>774,221</u>	<u>925,477</u>
REVENUE					
Interest, dividends & investment income	35	43	-	78	23
Other revenue	4	-	-	4	1,759
Net assets released from restrictions	<u>399,787</u>	<u>(398,787)</u>	<u>(1,000)</u>	<u>-</u>	<u>-</u>
Total Revenue	<u>399,826</u>	<u>(398,744)</u>	<u>(1,000)</u>	<u>82</u>	<u>1,782</u>
Total Contributions and Revenue	<u>640,429</u>	<u>134,874</u>	<u>(1,000)</u>	<u>774,303</u>	<u>927,259</u>
EXPENSES					
Support for Vellore					
India	403,489	-	-	403,489	684,263
USA	72,074	-	-	72,074	185,612
Management and general	85,139	-	-	85,139	179,550
Fundraising	<u>195,539</u>	<u>-</u>	<u>-</u>	<u>195,539</u>	<u>248,727</u>
Total Expenses	<u>756,241</u>	<u>-</u>	<u>-</u>	<u>756,241</u>	<u>1,298,152</u>
Contributions and revenue minus expenses	(115,812)	134,874	(1,000)	18,062	(370,893)
OTHER CHANGES					
Investment income in excess of amounts designated for current operations	25,443	72,279	-	97,722	70,507
Unrealized loss on remainder trusts	<u>-</u>	<u>(135)</u>	<u>-</u>	<u>(135)</u>	<u>(6,231)</u>
Net change in net assets	(90,369)	207,018	(1,000)	115,649	(306,617)
NET ASSETS					
Beginning of year	<u>1,432,679</u>	<u>1,956,364</u>	<u>1,955,511</u>	<u>5,344,554</u>	<u>5,651,171</u>
End of year	<u>\$ 1,342,310</u>	<u>\$ 2,163,382</u>	<u>\$ 1,954,511</u>	<u>\$ 5,460,203</u>	<u>\$ 5,344,554</u>