

THE VELLORE CHRISTIAN MEDICAL COLLEGE FOUNDATION, INC.

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

WITH SUPPLEMENTAL INFORMATION

DECEMBER 31, 2013

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 statement of financial position as of December 31, 2013, and the related statements of activities and changes in net assets, and cash flows for the year 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, 2013, and the changes in its net assets and its cash flows for the year 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.'s December 31, 2012 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 22, 2013. In our opinion, the summarized comparative information presented herein as of and for the six months ended December 31, 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
June 9, 2014**

THE VELLORE CHRISTIAN MEDICAL COLLEGE FOUNDATION, INC.

STATEMENTS OF FINANCIAL POSITION

December 31, 2013 And 2012

	<u>2013</u>	<u>2012</u>
ASSETS		
Cash (principally savings accounts)	\$ 68,121	\$ 173,865
Cash restricted	226,151	126,350
Investments, at market value <i>(Note 2)</i>	5,868,711	5,208,864
Prepaid expense	26,027	4,751
Grants and accounts receivable	182,910	999,126
Pledges receivable <i>(Note 3)</i>	28,119	27,230
Cash value of life insurance <i>(Note 4)</i>	-	89,572
Office equipment, at cost less accumulated depreciation of \$46,342 at December 31, 2013 and \$44,992 at December 31, 2012	<u>52,202</u>	<u>550</u>
Total assets	<u>\$ 6,452,241</u>	<u>\$ 6,630,308</u>
LIABILITIES		
Accounts payable and accrued expense	\$ 270,760	\$ 1,170,105
NET ASSETS		
Unrestricted		
Operations	<u>(1,124,635)</u>	<u>(924,253)</u>
Board designated		
Insurance fund	106,359	89,572
Net assets functioning as endowment	<u>2,405,224</u>	<u>2,176,991</u>
Total board designated	<u>2,511,583</u>	<u>2,266,563</u>
Total unrestricted	1,386,948	1,342,310
Temporarily restricted <i>(Note 5)</i>	2,835,516	2,163,382
Permanently restricted <i>(Note 5)</i>	<u>1,959,017</u>	<u>1,954,511</u>
Total net assets	<u>6,181,481</u>	<u>5,460,203</u>
Total liabilities and net assets	<u>\$ 6,452,241</u>	<u>\$ 6,630,308</u>

THE VELLORE CHRISTIAN MEDICAL COLLEGE FOUNDATION, INC.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year Ended December 31, 2013 With Summarized Information For The Six Months Ended December 31, 2012

	<u>Operations</u>	<u>Unrestricted Board Designated</u>	<u>Total</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Totals</u>	
						<u>2013</u>	<u>2012</u>
SUPPORT AND REVENUE							
Contributions							
Individuals	\$ 238,850	\$ 16,787	\$ 255,637	\$ 73,984	\$ 14,506	\$ 344,127	\$ 180,085
Groups	7,888	-	7,888	7,465	-	15,353	55,431
Foundations	21,705	-	21,705	100,000	-	121,705	192,436
Institutional members	53,033	-	53,033	13,400	-	66,433	11,000
Bequests	22,359	-	22,359	-	-	22,359	3,220
Contributions in-kind	-	-	-	-	-	-	2,870
U.S. Government	-	-	-	93,037	-	93,037	208,815
Total contributions	<u>343,835</u>	<u>16,787</u>	<u>360,622</u>	<u>287,886</u>	<u>14,506</u>	<u>663,014</u>	<u>653,857</u>
Revenue							
Interest and dividends	154	-	154	142	-	296	78
Investment income designated for current operations	112,421	37,581	150,002	101,791	-	251,793	120,364
Sales of books and other revenue	15	-	15	-	-	15	4
Total revenue	<u>112,590</u>	<u>37,581</u>	<u>150,171</u>	<u>101,933</u>	<u>-</u>	<u>252,104</u>	<u>120,446</u>
Net assets released from restrictions (Note 6)	<u>257,226</u>	<u>-</u>	<u>257,226</u>	<u>(247,226)</u>	<u>(10,000)</u>	<u>-</u>	<u>-</u>
Total contributions and revenue	<u>713,651</u>	<u>54,368</u>	<u>768,019</u>	<u>142,593</u>	<u>4,506</u>	<u>915,118</u>	<u>774,303</u>

THE VELLORE CHRISTIAN MEDICAL COLLEGE FOUNDATION, INC.

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

Year Ended December 31, 2013 With Summarized Information For The Six Months Ended December 31, 2012

	<u>Operations</u>	<u>Unrestricted Board Designated</u>	<u>Total</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Totals</u>	
						<u>2013</u>	<u>2012</u>
EXPENSES							
Program Services							
Support for Vellore							
India	\$ 304,455	\$ -	\$ 304,455	\$ -	\$ -	\$ 304,455	\$ 403,489
USA	<u>353,259</u>	<u>-</u>	<u>353,259</u>	<u>-</u>	<u>-</u>	<u>353,259</u>	<u>72,074</u>
Total program services	<u>657,714</u>	<u>-</u>	<u>657,714</u>	<u>-</u>	<u>-</u>	<u>657,714</u>	<u>475,563</u>
Supporting Services							
Management and general	99,925	-	99,925	-	-	99,925	85,139
Fundraising	<u>156,394</u>	<u>-</u>	<u>156,394</u>	<u>-</u>	<u>-</u>	<u>156,394</u>	<u>195,539</u>
Total supporting services	<u>256,319</u>	<u>-</u>	<u>256,319</u>	<u>-</u>	<u>-</u>	<u>256,319</u>	<u>280,678</u>
Total expenses	<u>914,033</u>	<u>-</u>	<u>914,033</u>	<u>-</u>	<u>-</u>	<u>914,033</u>	<u>756,241</u>
Excess (deficiency) of support and revenue over expenses	(200,382)	54,368	(146,014)	142,593	4,506	1,085	18,062
OTHER CHANGES							
Investment income in excess of amount designated for current operations	-	190,652	190,652	528,652	-	719,304	97,722
Unrealized gain/(loss) on remainder trusts	<u>-</u>	<u>-</u>	<u>-</u>	<u>889</u>	<u>-</u>	<u>889</u>	<u>(135)</u>
Net change in net assets	(200,382)	245,020	44,638	672,134	4,506	721,278	115,649
NET ASSETS							
Beginning 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>
End of year	<u><u>\$ (1,124,635)</u></u>	<u><u>\$ 2,511,583</u></u>	<u><u>\$ 1,386,948</u></u>	<u><u>\$ 2,835,516</u></u>	<u><u>\$ 1,959,017</u></u>	<u><u>\$ 6,181,481</u></u>	<u><u>\$ 5,460,203</u></u>

THE VELLORE CHRISTIAN MEDICAL COLLEGE FOUNDATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2013 With Summarized Information For The Six Months Ended December 31, 2012

	PROGRAM SERVICES			SUPPORTING SERVICES			Totals	
	Support For Vellore		Total Program Services	Management And General	Fund Raising	Total Supporting Service	2013	2012
	India	USA					2013	2012
Cash remittance to Vellore	\$211,418	\$ -	\$ 211,418	\$ -	\$ -	\$ -	\$ 211,418	\$ 191,804
Scholarship outside of Vellore	-	-	-	-	-	-	-	-
Gift in Kind Remittance	-	-	-	-	-	-	-	2,870
ASHA purchases	93,037	-	93,037	-	-	-	93,037	208,815
Salaries and wages	-	180,461	180,461	46,176	52,053	98,229	278,690	77,127
Employee benefits	-	61,897	61,897	15,838	17,854	33,692	95,589	19,975
Travel	-	19,887	19,887	5,089	5,736	10,825	30,712	6,366
Rent	-	15,897	15,897	4,067	4,585	8,652	24,549	9,026
Telephone/telecommunications	-	2,723	2,723	698	785	1,483	4,206	1,531
Conferences and meetings	-	7,117	7,117	1,821	2,053	3,874	10,991	2,672
Data processing services	-	1,606	1,606	411	463	874	2,480	1,138
Professional fees	-	38,157	38,157	10,971	6,507	17,478	55,635	49,088
Equipment and office maintenance	-	4,134	4,134	1,057	1,192	2,249	6,383	3,718
Supplies	-	3,646	3,646	934	1,051	1,985	5,631	2,585
Postage	-	1,213	1,213	309	350	659	1,872	972
Depreciation	-	95	95	895	360	1,255	1,350	276
Insurance	-	-	-	5,642	-	5,642	5,642	4,346
Printing and fundraising fees	-	13,928	13,928	-	63,405	63,405	77,333	172,629
Other	-	2,498	2,498	6,017	-	6,017	8,515	1,303
Total expenses	<u>\$304,455</u>	<u>\$353,259</u>	<u>\$657,714</u>	<u>\$99,925</u>	<u>\$156,394</u>	<u>\$256,319</u>	<u>\$914,033</u>	<u>\$756,241</u>

See notes to financial statements.

THE VELLORE CHRISTIAN MEDICAL COLLEGE FOUNDATION, INC.

STATEMENTS OF CASH FLOWS

Year Ended December 31, 2013 And Six Months Ended December 31, 2012

	<u>2013</u>	<u>2012</u>
<i>Cash flows from operating activities</i>		
Cash received from contributors	\$ 569,676	\$ 427,976
Cash received from U.S. Government	999,126	-
Interest and dividends received	106,693	62,689
Miscellaneous receipts	15	4
Grants paid	(1,141,337)	(191,804)
Cash paid for other expenditures	<u>(691,967)</u>	<u>(168,666)</u>
Net cash provided by (used for) operating activities	<u>(157,794)</u>	<u>130,199</u>
<i>Cash flows from investing activities</i>		
Purchase of investments (a)	(1,304,028)	(969,531)
Proceeds from sale of investments	1,505,897	1,170,995
Net change in money market fund	2,984	(151,242)
Acquisition of fixed assets	<u>(53,002)</u>	<u>-</u>
Net cash provided by investing activities	<u>151,851</u>	<u>50,222</u>
Net increase/(decrease) in cash	(5,943)	180,421
<i>Cash</i>		
Beginning of year	<u>300,215</u>	<u>119,794</u>
End of year	<u>\$ 294,272</u>	<u>\$ 300,215</u>

RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES

<i>Change in net assets</i>	\$ 721,278	\$ 115,649
<i>Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities</i>		
Depreciation	1,350	276
Unrealized (gain) loss on investments	(580,259)	31,976
Unrealized loss on remainder trusts	(889)	135
Gain on sale of investments	(281,226)	(185,337)
Dividend reinvested	(3,215)	(2,114)
(Increase) decrease in		
Grants receivable	816,216	(223,011)
Prepaid expense	(21,276)	90
Cash value of life insurance	89,572	-
Increase (decrease) in		
Accounts payable and accrued expense	<u>(899,345)</u>	<u>392,535</u>
Net cash provided by (used for) operating activities	<u>\$ (157,794)</u>	<u>\$ 130,199</u>

(a) Non-cash investing activities included herein include reinvestment of dividends to purchase additional mutual fund shares of \$3,215 and \$2,114, respectively.

THE VELLORE CHRISTIAN MEDICAL COLLEGE FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

(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, 2013

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.

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, 2013

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 (2010 – 2012) or expected to be taken in the Foundation's 2013 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 six months ended December 31, 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 December 31, 2013.

(2) INVESTMENTS

Investments at December 31, 2013 and 2012 consisted of the following:

	2013		2012	
	<u>Cost</u>	<u>Market</u>	<u>Cost</u>	<u>Market</u>
Short Term Investments	\$ 207,501	\$ 207,501	\$ 210,485	\$ 210,485
Government Securities	154,735	180,783	154,735	191,656
Corporate Bonds	1,316,284	1,284,864	1,248,329	1,266,278
Mutual Funds-Balanced Growth Fund	178,609	234,597	175,261	203,982
Common Stocks	2,587,893	3,743,612	2,576,528	3,109,788
Asset Backed Securities	<u>211,106</u>	<u>217,354</u>	<u>211,202</u>	<u>226,675</u>
	<u>\$ 4,656,128</u>	<u>\$ 5,868,711</u>	<u>\$ 4,576,540</u>	<u>\$ 5,208,864</u>

The investment activity for the year ended December 31, 2013 consisted of:

	<u>Cost</u>	<u>Unrealized Appreciation</u>	<u>Market Value</u>
Balance, December 31, 2012 consisted of:	\$4,576,540	\$ 632,324	\$5,208,864
Investment earnings (net of \$26,328 of advisory fees)	109,612	-	109,612
Gain on sale of investments	281,226	-	281,226
Portfolio subtractions, net	(311,250)	-	(311,250)
Increase in unrealized appreciation	<u>-</u>	<u>580,259</u>	<u>580,259</u>
Balance, December 31, 2013	<u>\$4,656,128</u>	<u>\$ 1,212,583</u>	<u>\$5,868,711</u>

THE VELLORE CHRISTIAN MEDICAL COLLEGE FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2013

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 year ended December 31, 2013 and the six months ended December 31, 2012, the Foundation's total return, including investment income and realized and unrealized net capital gains was \$971,097 and \$218,086, respectively. As a percentage, the total return was approximately 18% and 4% for the year ended December 31, 2013 and the six months ended December 31, 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>Year Ended December 31, 2013 Total</u>	<u>Six Months Ended December 31, 2012 Total</u>
Investment and dividends	\$ 29,053	\$ 80,559	\$ 109,612	\$ 64,725
Realized/unrealized gain on investments	<u>228,337</u>	<u>633,148</u>	<u>861,485</u>	<u>153,361</u>
Total investment return	257,390	713,707	971,097	218,086
Investment income designated for current operations*	<u>66,738</u>	<u>185,055</u>	<u>251,793</u>	<u>120,364</u>
Investment income in excess of amount designated for current operations	<u>\$ 190,652</u>	<u>\$ 528,652</u>	<u>\$ 719,304</u>	<u>\$ 97,722</u>
		<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>December 31, 2013 Total</u>
* Reconciliation to Statement of Activities				
Investment return designated for current operations per above		\$ 66,738	\$ 185,055	\$ 251,793
Investment return – permanent endowment income unrestricted as to use		<u>83,264</u>	<u>(83,264)</u>	<u>-</u>
Per Statement of Activities – investment return		<u>\$ 150,002</u>	<u>\$ 101,791</u>	<u>\$ 251,793</u>

THE VELLORE CHRISTIAN MEDICAL COLLEGE FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2013

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 the Foundation 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 the Foundation’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, 2013 and 2012 is as follows:

	December 31, 2013			
	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Short Term Investments	\$ 207,501	\$ 207,501	\$ -	\$ -
Government Securities	180,783	-	180,783	-
Corporate Bonds	1,284,864	-	1,284,864	-
Mutual Funds-Balanced Growth Fund	234,597	234,597	-	-
Common Stocks	3,743,612	3,743,612	-	-
Asset Backed Securities	<u>217,354</u>	<u>-</u>	<u>217,354</u>	<u>-</u>
	<u>\$5,868,711</u>	<u>\$4,185,710</u>	<u>\$1,683,001</u>	<u>\$ -</u>
	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>

There were no transfers between Level 1 and Level 2 during the year ended December 31, 2013 and the six months ended December 31, 2012.

THE VELLORE CHRISTIAN MEDICAL COLLEGE FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2013

(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 \$28,119 and \$27,230 at December 31, 2013 and December 31, 2012, respectively, pertain to remainder trusts on which the Foundation does not hold the assets.

(4) CASH VALUE OF LIFE INSURANCE

The Foundation owned and was the sole beneficiary of one policy acquired by assignment. The policy was redeemed due to the death of the insured during the year ended December 31, 2013 and the Foundation received approximately \$106,000 in insurance proceeds. The policy in the amount of \$50,000 had a cash surrender value of \$89,572 at December 31, 2012.

(5) NET ASSETS

Temporarily restricted net assets at December 31, 2013 and 2012 are available for the following purposes:

	<u>2013</u>	<u>2012</u>
Use in future periods	\$ 28,119	\$ 27,230
Health programs	462,588	421,785
Scholarships	837,290	735,500
Endowment gains in which income is restricted as to use	1,152,211	861,422
Endowment gains restricted as to time	<u>355,308</u>	<u>117,445</u>
	<u>\$2,835,516</u>	<u>\$2,163,382</u>

Permanently restricted net assets at December 31, 2013 and 2012 are available for the following purposes:

	<u>2013</u>	<u>2012</u>
Endowment – restricted as to income	\$ 1,237,872	\$ 1,233,366
Endowment – unrestricted as to income	<u>721,145</u>	<u>721,145</u>
	<u>\$1,959,017</u>	<u>\$1,954,511</u>

THE VELLORE CHRISTIAN MEDICAL COLLEGE FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2013

Endowment net asset composition by type of fund as of December 31, 2013 and 2012:

	2013			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Donor-restricted endowment funds	\$ -	\$ 1,507,519	\$ 1,959,017	\$ 3,466,536
Funds functioning as endowment funds	<u>2,405,224</u>	<u>-</u>	<u>-</u>	<u>2,405,224</u>
Total Funds	<u>\$ 2,405,224</u>	<u>\$ 1,507,519</u>	<u>\$ 1,959,017</u>	<u>\$ 5,871,760</u>

	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>

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 year ended December 31, 2013 and the six months ended December 31, 2012:

	Year Ended December 31, 2013			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Endowment net assets, beginning of year	\$ 2,176,991	\$ 978,867	\$ 1,954,511	\$ 5,110,369
Investment return	257,390	713,707	-	971,097
Contributions	-	-	14,506	14,506
Transfers	-	-	(10,000)	(10,000)
Endowment income designated for current operations	<u>(29,157)</u>	<u>(185,055)</u>	<u>-</u>	<u>(214,212)</u>
	<u>\$ 2,405,224</u>	<u>\$ 1,507,519</u>	<u>\$ 1,959,017</u>	<u>\$ 5,871,760</u>

	Six Months Ended 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>

THE VELLORE CHRISTIAN MEDICAL COLLEGE FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2013

(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	\$ 247,226
Release of endowment restriction	<u>10,000</u>
	<u>\$ 257,226</u>

(7) LEASE COMMITMENTS

The Foundation lease office space under a lease which expires June 2017. The lease contains a provision for a basic rent amount with annual increases for building operating costs. Total rent expense for the year ended December 31, 2013 and the six months ended December 31, 2012 was approximately \$24,500 and \$9,000, respectively. The future basic rental commitments (exclusive of operating expense escalation) related to this lease at December 31, 2013 are as follows:

Year Ending December 31,

2014	\$ 21,051
2015	21,204
2016	21,204
2017	<u>10,602</u>
	<u>\$ 74,061</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 year ended December 31, 2013 and the six months ended December 31, 2012 was approximately \$38,000 and \$5,800, respectively.

(9) SUBSEQUENT EVENTS

Subsequent events after the balance sheet date through the date that the financial statements were available for issuance, June 9, 2014, have been evaluated in the preparation of the financial statements.

SUPPLEMENTAL INFORMATION

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

**Board of Directors
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 year ended December 31, 2013, 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.

Tait, Weller & Baker LLP

**New York, New York
June 9, 2014**

THE VELLORE CHRISTIAN MEDICAL COLLEGE FOUNDATION, INC.

DETAILED STATEMENT OF CHANGES IN DESIGNATED AND PERMANENTLY RESTRICTED NET ASSETS

Year Ended December 31, 2013

	<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	\$ -	\$ -	\$ -	\$ 14,506	\$ -	\$ 14,506	\$ 14,506
Interest and dividends reinvested	37,581	-	37,581	-	-	-	37,581
Gain on sales of investments	<u>36,854</u>	<u>-</u>	<u>36,854</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>36,854</u>
Total support and revenue	<u>74,435</u>	<u>-</u>	<u>74,435</u>	<u>14,506</u>	<u>-</u>	<u>14,506</u>	<u>88,941</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	74,435	-	74,435	14,506	-	14,506	88,941
OTHER CHANGES							
Reclass of net assets	-	-	-	(10,000)	-	(10,000)	(10,000)
Unrealized gain on investments	<u>153,798</u>	<u>-</u>	<u>153,798</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>153,798</u>
Net change in net assets	228,233	-	228,233	4,506	-	4,506	232,739
NET ASSETS							
Beginning of year	<u>995,333</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>
End of year	<u>\$ 1,223,566 (A)</u>	<u>\$ 1,181,658</u>	<u>\$ 2,405,224</u>	<u>\$ 1,237,872</u>	<u>\$ 721,145</u>	<u>\$ 1,959,017</u>	<u>\$ 4,364,241</u>

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

	<u>Realized</u>	<u>Unrealized</u>	<u>Total</u>
Board designated			
Education	\$ 226,956	\$ 234,750	\$ 461,706
Maney Fund	<u>620,896</u>	<u>140,964</u>	<u>761,860</u>
	<u>\$ 847,852</u>	<u>\$ 375,714</u>	<u>\$ 1,223,566</u>

THE VELLORE CHRISTIAN MEDICAL COLLEGE FOUNDATION, INC.

STATEMENT OF FINANCIAL POSITION (SUPPLEMENT)

December 31, 2013 And 2012

	2013	2012
ASSETS		
Cash		
Petty Cash	\$ 172	\$ 172
Operating Cash	67,949	173,693
Bayer Cash	218,732	118,556
ASHA Cash	<u>7,419</u>	<u>7,794</u>
Total Cash	<u>294,272</u>	<u>300,215</u>
Receivables		
ASHA Receivable	121,004	984,929
Pledges Receivable	<u>90,025</u>	<u>130,999</u>
Total Receivable	<u>211,029</u>	<u>1,115,928</u>
Investments		
Schwab Money Market	207,501	210,485
Schwab Investments	5,426,614	4,794,397
New Covenant Funds	233,410	202,963
PAX Funds	<u>1,186</u>	<u>1,019</u>
Total Investments	<u>5,868,711</u>	<u>5,208,864</u>
Other		
Prepaid expense	26,027	4,751
Office Equipment (at cost)	98,544	45,542
Accumulated Depreciation	<u>(46,342)</u>	<u>(44,992)</u>
Total Other	<u>78,229</u>	<u>5,301</u>
Total Assets	<u>\$ 6,452,241</u>	<u>\$ 6,630,308</u>
LIABILITIES		
Payables		
ASHA Payable	\$ 115,105	\$ 979,031
Accounts Payable and Accrued Expenses	155,655	190,554
Credit Cards Payable	<u>-</u>	<u>520</u>
Total Payables	<u>270,760</u>	<u>1,170,105</u>
NET ASSETS		
Unrestricted		
Operations	<u>(1,124,635)</u>	<u>(924,253)</u>
Board Designated		
Insurance Fund	106,359	89,572
Funds functioning as endowment	<u>2,405,224</u>	<u>2,176,991</u>
Total Board Designated	<u>2,511,583</u>	<u>2,266,563</u>
Total Unrestricted	<u>1,386,948</u>	<u>1,342,310</u>
Temporarily Restricted (<i>Note 5</i>)	2,835,516	2,163,382
Permanently Restricted (<i>Note 5</i>)	<u>1,959,017</u>	<u>1,954,511</u>
Total Net Assets	<u>6,181,481</u>	<u>5,460,203</u>
Total Liabilities and Net Assets	<u>\$ 6,452,241</u>	<u>\$ 6,630,308</u>

THE VELLORE CHRISTIAN MEDICAL COLLEGE FOUNDATION, INC.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS (SUPPLEMENT)

Year Ended December 31, 2013 With Summarized Information For The Six Months Ended December 31, 2012

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Totals</u>	
				<u>2013</u>	<u>2012</u>
CONTRIBUTIONS					
Individual donations	\$ 255,637	\$ 73,984	\$ 5,000	\$ 334,621	\$ 180,085
Group and church donations	7,888	7,465	-	15,353	55,431
Foundation & corporation donations	21,705	100,000	-	121,705	192,436
Institutional members donations	53,033	13,400	-	66,433	11,000
Legacy donations	22,359	-	9,506	31,865	3,220
Contributions in-kind	-	-	-	-	2,870
ASHA	-	93,037	-	93,037	208,815
10% from temporarily restricted	11,820	(11,820)	-	-	-
5% from investment income	<u>150,002</u>	<u>101,791</u>	<u>-</u>	<u>251,793</u>	<u>120,364</u>
Total Contributions	<u>522,444</u>	<u>377,857</u>	<u>14,506</u>	<u>914,807</u>	<u>774,221</u>
REVENUE					
Interest, dividends & investment income	154	142	-	296	78
Other revenue	15	-	-	15	4
Net assets released from restrictions	<u>245,406</u>	<u>(235,406)</u>	<u>(10,000)</u>	<u>-</u>	<u>-</u>
Total Revenue	<u>245,575</u>	<u>(235,264)</u>	<u>(10,000)</u>	<u>311</u>	<u>82</u>
Total Contributions and Revenue	<u>768,019</u>	<u>142,593</u>	<u>4,506</u>	<u>915,118</u>	<u>774,303</u>
EXPENSES					
Support for Vellore					
India	304,455	-	-	304,455	403,489
USA	353,259	-	-	353,259	72,074
Management and general	99,925	-	-	99,925	85,139
Fundraising	<u>156,394</u>	<u>-</u>	<u>-</u>	<u>156,394</u>	<u>195,539</u>
Total Expenses	<u>914,033</u>	<u>-</u>	<u>-</u>	<u>914,033</u>	<u>756,241</u>
Contributions and revenue minus expenses	(146,014)	142,593	4,506	1,085	18,062
OTHER CHANGES					
Investment income in excess of amounts designated for current operations	190,652	528,652	-	719,304	97,722
Unrealized gain/(loss) on remainder trusts	<u>-</u>	<u>889</u>	<u>-</u>	<u>889</u>	<u>(135)</u>
Net change in net assets	44,638	672,134	4,506	721,278	115,649
NET ASSETS					
Beginning 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>
End of year	<u>\$ 1,386,948</u>	<u>\$ 2,835,516</u>	<u>\$ 1,959,017</u>	<u>\$ 6,181,481</u>	<u>\$ 5,460,203</u>