NORTH SOUTH FOUNDATION
(An Illinois Not for Profit Organization)

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INDEPENDENT AUDITOR’S REPORT

We have audited the accompanying statement of financial position arising from cash transactions of North South Foundation as of April 30, 2010 and the related statements of activities, functional Expenses and cash flows for the year then ended. All records supporting these financial statements are the responsibility of the management of the Foundation. 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.

As described in Note 2, these financial statements have been prepared on the cash basis of accounting which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above read with notes #1 to 16 thereon present fairly, in all material respects, the financial position arising from cash transactions of the North South Foundation, as of April 30, 2010 and the changes in its net assets and its cash flows for the year then ended on the basis of accounting described in Note 2.

Radhe S. Puranmalka

December 31, 2010
NORTH SOUTH FOUNDATION
(An Illinois Not for Profit Organization)

Statement of Financial Position
April 30, 2010

ASSETS

Current Assets:

- Cash and Cash Equivalents: Note-4, 14 $1,069,128

Total Current Assets $1,069,128

Investment in Marketable Securities
(at cost) Notes 11-13 $2,173,575

TOTAL ASSETS $3,242,703

LIABILITIES AND NET ASSETS

Total Liabilities -

Net Assets:

- Unrestricted Fund: Note: 9 1,975,522
- Temporarily Restricted Fund: Notes: 6, 8-10 1,012,981
- Permanently Restricted fund: Notes-7, 10 254,200

TOTAL LIABILITIES AND NET ASSETS $3,242,703

The accompanying notes are an integral part of the financial statements.
NORTH SOUTH FOUNDATION
(An Illinois Not for Profit Organization)

Statement of Activities
Year ended on April 30, 2010

<table>
<thead>
<tr>
<th>Unrestricted</th>
<th>Temporarily Restricted</th>
<th>Permanently Restricted</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public Support and other revenue:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Public Support:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Public Support –Direct</td>
<td>$121,361</td>
<td>$40,400</td>
<td>-</td>
</tr>
<tr>
<td>Public Support- indirect</td>
<td>$242,788</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total Public Support-Revenue</td>
<td>$364,149</td>
<td>$40,400</td>
<td>$-</td>
</tr>
<tr>
<td>Program Service Revenue:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ed. Contest &amp; Workshop</td>
<td>$121,391</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Meals and educational materials</td>
<td>29,106</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total Program Service Revenue</td>
<td>150,497</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment Income</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest</td>
<td>$35</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Dividend</td>
<td>$25,462</td>
<td>$14,789</td>
<td>$-</td>
</tr>
<tr>
<td>Dividend-Capital Gain distribution</td>
<td>3,594</td>
<td>$868</td>
<td>$-</td>
</tr>
<tr>
<td>Net loss on sale of investments</td>
<td>$(103,100)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total Investment Income</td>
<td>$(74,010)</td>
<td>$15,657</td>
<td>$-</td>
</tr>
<tr>
<td>Net assets released from restrictions</td>
<td>48,458</td>
<td>$(48,458)</td>
<td>$-</td>
</tr>
<tr>
<td>Total Public Support and Other Revenues:</td>
<td>$489,094</td>
<td>$7,599</td>
<td>$-</td>
</tr>
<tr>
<td>Distributions and Expenses:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Program Service Expenses</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grants and distributions</td>
<td>$169,300</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other program Services</td>
<td>$91,698</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Program Service Exp</td>
<td>$260,998</td>
<td></td>
<td></td>
</tr>
<tr>
<td>General &amp; Adm. Expenses</td>
<td>5,430</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Distribution and Exp.</td>
<td>$266,429</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Changes in Net assets:</td>
<td>$222,665</td>
<td>$7,599</td>
<td>-</td>
</tr>
<tr>
<td>Net Assets at beginning of year (As Certified by management)</td>
<td>1,752,857</td>
<td>1,005,382</td>
<td>254,200</td>
</tr>
<tr>
<td>Net Assets at the end of year:</td>
<td>1,975,522</td>
<td>$1,012,981</td>
<td>$254,200</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of the financial statements.
NORTH SOUTH FOUNDATION

(An Illinois Not for Profit Organization)
Statement of Functional Expenses
Year ended on April 30, 2010

<table>
<thead>
<tr>
<th>Functional Expenses</th>
<th>Program Services</th>
<th>General &amp; Administrative</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries &amp; Related Expenses</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contract Service Expenses:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounting Fees</td>
<td>$ -</td>
<td>$ 2,001</td>
<td>$ 2,001</td>
</tr>
<tr>
<td>Total Contract Service Expenses</td>
<td>$ -</td>
<td>$ 2,001</td>
<td>$ 2,001</td>
</tr>
<tr>
<td>Operating Expenses:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Supplies</td>
<td>$ 7,455</td>
<td>$ -</td>
<td>$ 7,455</td>
</tr>
<tr>
<td>Postage &amp; mailing services</td>
<td>$ 728</td>
<td>$ 690</td>
<td>$ 1,418</td>
</tr>
<tr>
<td>Printing &amp; copying</td>
<td>$ 10,008</td>
<td>$ 2,293</td>
<td>$ 12,301</td>
</tr>
<tr>
<td>Trophies &amp; medals</td>
<td>$ 14,330</td>
<td></td>
<td>$ 14,330</td>
</tr>
<tr>
<td>Event meals</td>
<td>$ 16,348</td>
<td></td>
<td>$ 16,348</td>
</tr>
<tr>
<td>Education materials for sale</td>
<td>$ 9,464</td>
<td></td>
<td>$ 9,464</td>
</tr>
<tr>
<td>Total Operating Expenses</td>
<td>$58,333</td>
<td>$ 2,983</td>
<td>$ 61,316</td>
</tr>
<tr>
<td>Facility &amp; Equipment Expenses:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rent-Real Estate</td>
<td>$15,037</td>
<td>$ -</td>
<td>$15,037</td>
</tr>
<tr>
<td>Rent-Furniture &amp; Equipment</td>
<td>$ 2,224</td>
<td></td>
<td>$ 2,224</td>
</tr>
<tr>
<td>Total Facility &amp; Equip. exp</td>
<td>$ 17,261</td>
<td></td>
<td>$ 17,261</td>
</tr>
<tr>
<td>Travel Expenses:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Airfare</td>
<td>$ 1,130</td>
<td>$ -</td>
<td>$ 1,130</td>
</tr>
<tr>
<td>Hotels and car rentals</td>
<td>$ 1,187</td>
<td></td>
<td>$ 1,187</td>
</tr>
<tr>
<td>Total Travel Expenses</td>
<td>$ 2,317</td>
<td>$ -</td>
<td>$ 2,317</td>
</tr>
<tr>
<td>Other Expenses:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bank &amp; Credit Card fees</td>
<td>$ 6,699</td>
<td>$ 421</td>
<td>$ 7,120</td>
</tr>
<tr>
<td>Insurance</td>
<td>$ 167</td>
<td>-</td>
<td>$ 167</td>
</tr>
<tr>
<td>Computer services</td>
<td>$ 6,116</td>
<td>-</td>
<td>$ 6,116</td>
</tr>
<tr>
<td>Other Business Expenses</td>
<td>$ 805</td>
<td>$ 25</td>
<td>$ 830</td>
</tr>
<tr>
<td>Total Other Expenses</td>
<td>$13,787</td>
<td>$ 446</td>
<td>$14,234</td>
</tr>
<tr>
<td>Total Functional Expenses</td>
<td>$91,698</td>
<td>$ 5,430</td>
<td>$97,129</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of the financial statements.
NORTH SOUTH FOUNDATION
(An Illinois Not for Profit Organization)

Statement of Cash Flows
Year ended April 30, 2010

Cash Flows from Operating Activities:
  Change in net assets $230,264
  Adjustment to reconcile change in net assets to net cash provided by operating activities:
    Realized Investment Losses $103,100

Net Cash from Operating Activities: $333,363

Cash Flows from Investing Activities:
  Investments in securities ($172,528)
  Net Cash used by investment activities ($172,528)

Cash Flows from financing Activities: -

Net Change in Cash and Cash Equivalents: $160,835
  Cash and cash Equivalents at beginning of year $908,293
  Cash and Cash Equivalents at the end of the year $1,069,128

The accompanying notes are an integral part of the financial statements.
NORTH SOUTH FOUNDATION

(An Illinois Not for Profit Organization)

Notes to Financial Statements

As of April 30, 2010

1) Purpose of Organization:

The Foundation was founded in 1989 for operating exclusively for charitable and educational purposes, or such other purposes as may be provided in section 501(c)(3) of the Internal Revenue Code including, for such purposes, the granting of scholarships to qualified third world country students who otherwise could not afford to further their education. Current funds are used to fund educational contests in the US, scholarships to students both in USA and India and other charitable purposes.

2) Basis of Accounting:

The foundation maintains its books and records on the cash basis of accounting and as such financial statements of the foundation have been prepared using the same basis. Under the cash basis of accounting, revenues and related assets are recognized when received rather than earned and expenses are recognized when paid rather than when obligation is incurred.

3) Valuation of non cash contribution:

The Foundation values the non cash contribution by donors at market value on the date the contribution is received even if the actual cost to the foundation is nil.

4) Cash and Cash Equivalents:

Foundation treats cash in hand, cash at banks and investment in money market accounts as cash equivalents. The breakdown by account as of April 30, 2010 is as follows:

The accompanying notes are an integral part of the financial statements.
General Bank Account $165,657
Educational Contests Bank Account $6,829
Educational Materials Bank Account $11,296
Donor Advised Money Market Account $1,974
Endowment Money Market Account $14,447
Scholarship Money Market Account $41,538
General Money Market Account $827,387
Total $1,069,128

5) Indirect Public Support:

The foundation allocates two third of contributions received from various educational contests and workshops as charitable contributions and treats the remaining as non charitable contributions.
100% of revenues received for meals and educational materials are considered program service revenues and there is no indirect support in those payments.

6) Donor Advised Fund:

This is a restricted fund managed by the Foundation based on the directives of the donors. Based on the advice of the donors, the Foundation makes disbursements to charities of their choice provided the recipients meet necessary guidelines.

7) Endowment Fund:

This is a restricted fund from which the Foundation can only use income for disbursements in charitable purposes. Donors contribute set amount of principal to the Foundation with the stipulation that the Foundation will disburse the income for a stated purpose. For example, a donor can currently set up a $5,000 endowment fund for one scholarship each year in perpetuity.

8) US Scholarship Fund:

This is a restricted fund set up to meet the obligation of the scholarships awarded to the national finals champions each year. The Foundation started educational contests in 1993. The scholarship is redeemable by the awardees during the freshman year of college and is payable to the awardees through their institutions. Foundation treats unclaimed amount of scholarship as restricted fund to meet obligation of foundation towards future awards.

The accompanying notes are an integral part of the financial statements.
9) **General Fund:**

   This is mostly unrestricted fund where funds are deposited unless they belong to the restricted funds stated above or the donor has imposed a restriction on the use of funds contributed.

10) **Classification of Net Assets:**

   During the year under audit, management has classified its net assets in three categories:

   1. Unrestricted Funds
   2. Temporarily Restricted Funds (Includes mainly scholarship and Donor Advised Funds)
   3. Permanently Restricted Funds (Endowment fund)

   Opening balances of these funds have been taken in financial statements as certified by management.

   To verify the correctness of Scholarship funds and Endowment funds, letters were mailed to various donors with a request to make direct confirmation to auditors. Letter also stated that if no confirmation is received by certain date, it would be presumed that the amount of contribution stated in the letter of Foundation to respective donor is correct.

   Auditors received letters from 13 donors confirming contribution to Endowment Fund of Foundation amounting to $148,000 and also from 9 donors confirming contribution to scholarship fund amounting to $83,250. No letter was received from any of the donors disputing the amount stated in the letter of foundation.

11) **Investment in marketable securities (stocks and mutual funds) has been shown in the financial statements at cost as on April 30, 2010. Details are as follows:**

The accompanying notes are an integral part of the financial statements.
<table>
<thead>
<tr>
<th>Investment Portfolio:</th>
<th>AT COST</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Quantity</td>
</tr>
<tr>
<td>DODGE &amp; COX BALANCED FUND (DODBX)</td>
<td>3,047</td>
</tr>
<tr>
<td>DODGE &amp; COX INCOME FUND (DODIX)</td>
<td>14,198</td>
</tr>
<tr>
<td>MANAGERS FDS (MBDFX)</td>
<td>16,029</td>
</tr>
<tr>
<td>ISHARES TRUST MSCI EMERGING (EEM)*</td>
<td>2,293</td>
</tr>
<tr>
<td>JANUS Mid CAP VALUE (JMCVX)</td>
<td>2,147</td>
</tr>
<tr>
<td>MAIRS &amp; POWER GROWTH FD INC (MPGFX)</td>
<td>1,450</td>
</tr>
<tr>
<td>ISHARES TRUST (IWO)*</td>
<td>1,029</td>
</tr>
<tr>
<td>WISDOMETREE WORLD EX-US GROWTH FUND (DNL)</td>
<td>1,014</td>
</tr>
<tr>
<td>JAUNS INVT FD PERKINS SML CP VL (JSCVX)</td>
<td>1,028</td>
</tr>
<tr>
<td>ROYCE FD SPL EQUITY FD (RYSEX)</td>
<td>1,214</td>
</tr>
<tr>
<td>AMERICAN CENTY CAP PORT</td>
<td></td>
</tr>
<tr>
<td>MDCAP(ACMVX)</td>
<td>2,046</td>
</tr>
<tr>
<td>HARRIS ASSOCIATES INVT TRUST (OAKBX)</td>
<td>8,283</td>
</tr>
<tr>
<td>NASDAQ 100 SHARES (QQQQ)</td>
<td>3,576</td>
</tr>
<tr>
<td>ROYCE FUND (RYLPX)</td>
<td>3,354</td>
</tr>
<tr>
<td>SOUND SHORE FUND INC (SSHFX)</td>
<td>1,143</td>
</tr>
<tr>
<td>VANGUARD SECTOR INDEX FDS (VDE)</td>
<td>220</td>
</tr>
<tr>
<td>VANGUARD SPECIALIZED (VGENX)</td>
<td>1,736</td>
</tr>
<tr>
<td>VANGUARD SPECIALIZED (VGHCX)</td>
<td>733</td>
</tr>
<tr>
<td>VANGUARD INFL-PROTECTED SECS (VIPSX)</td>
<td>12,960</td>
</tr>
<tr>
<td>VANGUARD WELLINGTON FUND INC (VWELX)</td>
<td>6,811</td>
</tr>
<tr>
<td>Yahoo Inc.</td>
<td>4,000</td>
</tr>
<tr>
<td><strong>Grand total</strong></td>
<td></td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of the financial statements
12) Investment in marketable securities consists of the investments in the following accounts maintained by the Foundation.

<table>
<thead>
<tr>
<th>Account</th>
<th>Cost</th>
<th>Market Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Donor Advised fund</td>
<td>$884,107</td>
<td>$831,485</td>
</tr>
<tr>
<td>Endowment Fund</td>
<td>$272,383</td>
<td>$274,675</td>
</tr>
<tr>
<td>Scholarship Fund</td>
<td>$143,508</td>
<td>$140,567</td>
</tr>
<tr>
<td>General Fund</td>
<td>$873,576</td>
<td>$898,403</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$2,173,575</strong></td>
<td><strong>$2,145,131</strong></td>
</tr>
</tbody>
</table>

13) Foundation does not recognize unrealized gain or loss on market value of its investments consistent with the cash basis of accounting. As such, no provision for unrealized capital loss of $28,444 as on April 30, 2010 has been made by management in the financial statements.

14) Concentrations:

Foundation maintains cash and cash equivalents in bank deposit accounts and money market accounts which at times may exceed federally insured limits. The foundation has not experienced any losses in such accounts. The foundation believes it is not exposed to any significant credit risk on cash and cash equivalents.

15) Comparative Data:

Financial statements do not include data relating to prior year which need to be reclassified for making it comparable.

16) Subsequent Events:

Management has stated that there is a recovery in the market value of its investment in shares and mutual funds subsequent to the date of financial statements till the date of signing of this report. Management has estimated the fair market value of its investment in shares and mutual funds held by it on December 29, 2010 as $2,292,985.

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