

NORTH SOUTH FOUNDATION
(An Illinois Not for Profit Organization)
Financial Statements for the
Year ended on April 30, 2008

NORTH SOUTH FOUNDATION
(An Illinois Not for Profit Organization)

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RADHE S. PURANMALKA
CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
North South Foundation
2 Marissa Court
Burr Ridge , Illinois 60527

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying statements of assets and liabilities arising from cash transactions of NORTH SOUTH FOUNDATION as of April 30, 2008 and the related statement of cash receipts and disbursements for the period May 1, 2007 through April 30, 2008. 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 thereon present fairly, in all material respects, the assets and liabilities arising from cash transactions of the North South Foundation, as of April 30, 2008 and the cash receipts and disbursements for the period May 01, 2007 through April 30, 2008, on the basis of accounting described in Note 2.

Radhe S. Puranmalka

December 29, 2008

RADHE S. PURANMALKA
CERTIFIED PUBLIC ACCOUNTANTS

NORTH SOUTH FOUNDATION

(An Illinois Not for Profit Organization)

Statement of Assets, Liabilities and Foundation Equity

April 30, 2008

Assets

Current Assets:

Operating Accounts:

Spelling Bee Account	\$ 7,988
SAT Account	\$ 14,163
Regular Operating Account	\$ 65,342
US Scholarship Account	\$ 32,278
General Account	\$ 573,896
Endowment Account	\$ 14,260
Donor Advisor Accounts	\$ 5,931
Total Operating Cash Accounts	\$ 713,858

Investment in Marketable Securities Cost basis (Schedule A)	\$ 2,047,727
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Total Assets	\$ 2,761,585
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Current Liabilities	-
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Foundation Equity (See page 5)	\$ 2,761,585
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Total Liabilities and Foundation Equity	\$ 2,761,585
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The accompanying notes are an integral part of the financial statements.

RADHE S. PURANMALKA
CERTIFIED PUBLIC ACCOUNTANTS

NORTH SOUTH FOUNDATION
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Statement of Receipts and Disbursements

Year ended on April 30, 2008

Revenues:

Program Service Fees	\$ 142,253
Investment income	
Interest & Dividend	\$ 59,827
Capital Gain (Losses) from marketable securities Per Schedule (B)	\$ 81,670

Net Revenue: \$ 283,750

Disbursements:

Program Fees & Expenses	\$ 70,691
Management and General	\$ 500
Newsletter, credit card fees etc.	\$ 10,327

Net Expenses \$ 81,518

Net Receipts in excess of disbursements before
Provision for income taxes and charitable donations \$ 202,232

Charitable Donations disbursed \$ 195,000

Net cash receipts in excess of disbursements for the period \$ 7,232

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

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CERTIFIED PUBLIC ACCOUNTANTS

NORTH SOUTH FOUNDATION
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Statement of Foundation Equity

April 30, 2008

Foundation Equity (includes restrictions) as of April 30, 2007		\$2,332,828
Contributions Received		
Cash Contributions	\$390,646	
Non Cash Contributions	\$ 30,879	\$ 421,525
(Listed at market value on the date of contribution)		
Net receipts in excess of disbursements		\$ 7,232
Foundation Equity (includes restrictions) as of April 30, 2008		\$2,761,585

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

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NORTH SOUTH FOUNDATION

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Schedule (A) - Marketable Securities

As on April 30, 2008

Investment Portfolio:	AT COST	
	Shares	Amount
DODGE & COX BALANCED FUND (DODBX)	2,880.336	\$ 224,827
DODGE & COX INCOME FUND (DODIX)	4,308.128	\$ 55,372
ISHARES TR (DVY)	860.090	\$ 57,342
ISHARES TRUST MSCI EMERGING (EEM)	734.031	\$ 79,269
ISHARES TRUST (EFA)	1,507.105	\$ 94,551
ISHARES TRUST RUSSELL 2000 (IWN)	2,500.719	\$ 148,565
ISHARES TRUST (IWO)	239.979	\$ 18,408
ISHARES TR (IWS)	677.226	\$ 103,311
Janus Mid cap Value (JMCVX)	2,000.412	\$ 39,104
MANAGERS FDS (MBDFX)	3,681.955	\$ 38,544
MAIRS & POWER GROWTH FD INC (MPGFX)	1,368.999	\$ 89,868
HARRIS ASSOCIATES INVT TRUST (OAKBX)	7,835.374	\$ 187,451
NASDAQ 100 SHARES (QQQQ)	3,544.357	\$ 162,693
ROYCE FUND (RYLPX)	3,242.027	\$ 39,016
SOUND SHORE FUND INC (SSHFX)	1,122.357	\$ 36,890
AMERICAN CENTURY TWENTIETH (TWE GX)	4,192.012	\$ 61,378
VANGUARD SECTOR INDEX FDS (VDE)	212.761	\$ 18,371
VANGUARD SPECIALIZED (VGENX)	1,630.082	\$ 103,091
VANGUARD SPECIALIZED (VGHCX)	645.259	\$ 88,122
VANGUARD INFL-PROTECTED SECS (VIPSX)	3,154.418	\$ 39,111
VANGUARD WELLINGTON FUND INC (VWELX)	6,350.167	\$ 193,162
Yahoo Inc.	4,000.000	\$ 169,280
Grand total	56,687.794	\$ 2,047,727

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

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Schedule (B) – Capital Gain (Loss) on Marketable Securities

Year ended on April 30, 2008

Sale proceeds of 175 Apple Shares	\$ 30,420
Less: Market value of the above donated securities (On the date of donation)	\$ 30,879
Short term capital loss	\$ (\$459)
Capital gain distributions received from investment In mutual funds	\$ 82,129
Capital Gain	\$ 81,670

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

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NORTH SOUTH FOUNDATION

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Notes to Financial Statements

As of April 30, 2008

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.

4) 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.

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5) 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.

6) 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.

7) General Fund:

This is mostly unrestricted fund where funds are deposited unless they belong to the restricted funds stated above.

8) Operating Cash Accounts:

Foundation treats the funds lying in checking accounts and saving accounts with commercial banks and money market account with share brokers as equivalent to operating cash.

9) Investment in marketable securities shown in schedule A at cost includes funds from followings:

<u>Donor Advised Account:</u>	\$ 858,606
<u>Endowment Account:</u>	\$ 261,773
<u>US Scholarship Account:</u>	\$ 142,751
<u>General Account:</u>	\$ 784,597

10) Foundation does not record any unrealized gain or loss on market value of its investment in stocks and mutual funds. Value of such investment as on 04.30.2008 was estimated by management as \$2,139,276. Unrealized capital gain as on 04/30/2008 estimated by management is \$91,549.

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

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11) Subsequent Events:

Subsequent to the date of balance sheet and the date of signing this report, there is a substantial reduction in market value of Foundation's investment in marketable securities. The market value of its investment has come down to \$1,430,471 as on 11/30/2008 (the available statement date) from the market value of \$2,139,276 as on 04/30/2008. Management has estimated that there is no substantial change in the value of investment from November 30, 2008 till the date of signing this report.

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