

JET USA, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2016

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JET USA, Inc.

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CERTIFIED PUBLIC ACCOUNTANTS

FIRMFOUNDATION
INDEPENDENTLY OWNED MEMBER

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
of JET USA Inc.

Cranbury, NJ

We have audited the accompanying financial statements of JET USA Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2016, and the related statements of activities 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 from 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 of JET USA Inc. as of December 31, 2016, 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.

Ram Associates

Ram Associates

Hamilton, NJ

August 10, 2018

JET USA, INC.
STATEMENT OF FINANCIAL POSITION
December 31, 2016

ASSETS

Current aseets:

Cash and cash equivalents	\$	856,153
Investments		224,303
Other current assets		673,610
Total current assets		1,754,066

Property and equipment-net		2,130,234
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Total Assets	\$	3,884,300
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LIABILITIES AND NET ASSETS

Current liabilities:

Other current liabilities	\$	7,674
Current portion of long-term loan		40,554
Total current liabilities		48,228

Long-term liabilities

Long-term loan-net of current portion		625,162
Total current and long-term liabilities		673,390

Net assets

Unrestricted		1,324,703
Temporarily restricted		1,886,207
Total Net assets		3,210,910
Total Liabilities and Net assets	\$	3,884,300

- See accompanying notes to financial statements-

JET USA, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<u>Revenues, Gains and Other support:</u>			
General contributions	\$ 13,011	\$ -	\$ 13,011
Book sales	71,565	-	71,565
Hundi collections	8,131	-	8,131
Pooja/festival/religious events	125,934	-	125,934
JIVA and Vedic Schools	-	28,837	28,837
Building fund contributions	-	4,571	4,571
Annadanam contributions	-	4,711	4,711
Contributions for Gurukul schools	-	27,526	27,526
Contributions for School for Blind	-	74,621	74,621
Sri Ramanuja Memorial Contruction Fund	-	3,311,196	3,311,196
Contributions for Temple preservation	-	28,883	28,883
Prajna receipts	336,976	-	336,976
Contributions for Calamities Relief Fund	-	100	100
Contributions for Veterinary Services	20,342	-	20,342
Unrealised Gains	56,962	-	56,962
Gold and silver jewelry	4,292	-	4,292
Other receipts	128,400	-	128,400
	<hr/>	<hr/>	<hr/>
Total Revenue and Support	765,613	3,480,445	4,246,058
<u>Expenses:</u>			
Program services:			
Pooja and religious services	157,310	-	157,310
Prajna Learning Center	90,609	-	90,609
Sri Ramanuja Memorial Contruction	-	3,866,575	3,866,575
Contributions for Veterinary Services	8,000	-	8,000
Total Program services	<hr/>	<hr/>	<hr/>
	255,919	3,866,575	4,122,494
Supporting Activities:			
General and administrative expenses	538,510	-	538,510
Fund-raising expenses	76,386	-	76,386
Total supporting activities	<hr/>	<hr/>	<hr/>
	614,896	-	614,896
Total expenses	<hr/>	<hr/>	<hr/>
	870,815	3,866,575	4,737,390
	<hr/>	<hr/>	<hr/>
Change in net assets from operations	(105,202)	(386,130)	(491,332)
Other income	74	-	74
Depreciation	(93,650)	-	(93,650)
Change in net assets	<hr/>	<hr/>	<hr/>
	(198,778)	(386,130)	(584,908)
Beginning net assets	1,523,481	2,272,337	3,795,818
Ending net assets	<hr/>	<hr/>	<hr/>
	\$ 1,324,703	\$ 1,886,207	\$ 3,210,910

- See accompanying notes to financial statements-

JET, USA INC.
STATEMENT OF CASH FLOWS
December 31, 2016

Cash flows from operating activities:	
Change in net assets	\$ (584,908)
Adjustment to reconcile net assets to net cash used in operating activities:	
Depreciation	93,650
Changes in operating assets and liabilities	
(Increase) / Decrease in other current assets	(312,441)
Increase / (Decrease) in other current liabilities	5,174
Total adjustments	<u>(213,617)</u>
Net cash used in operating activities	<u>(798,525)</u>
Cash flows from investing activities:	
Purchase of fixed assets	(47,783)
Increase in Investments	(56,962)
Net cash used in investing activities	<u>(104,745)</u>
Cash flows from financing activities:	
Decrease in long -term liability	(42,228)
Increase in current portion of term liability	2,134
Net cash used in financing activities	<u>(40,094)</u>
Net decrease in cash and cash equivalents	(943,364)
Cash at the beginning of the year	<u>1,799,517</u>
Cash at the end of the year	<u>\$ 856,153</u>
Supplementary disclosure of cash flows information	
Cash paid during the year for	
Interest	\$ 34,855
Income taxes paid	-

- See accompanying notes to financial statements-

JET USA, INC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

1. ORGANIZATION

JET U.S.A. INC. (the "Organization") is a private, not-for-profit organization which provide spiritual and religious services to the community, education for blind and underprivileged tribal, providing food bank, cancer and other health awareness programs, environmental awareness programs, veterinary care, and propagate Vedic studies and research through JIVA. The Organization was founded in 1994 and registered as a Non-Profit Organization under section 501(c) (3) of the Internal Revenue Code of 1986.

The Organization also organizes, operates and maintains a place of worship for the mutual and spiritual benefit of its membership.

2. GENERAL ACTIVITIES

Worship and Spiritual Growth:

Planning and conducting activities of worship and providing service to our local and global communities to address needs of the body, mind and spirit. Vedic priests are employed for Jeeyar Asramam at head office and also at major locations to provide Vedic and spiritual services to the community.

Education and Personality Development for today's youth:

An Education and personality development program called 'Prajna' was introduced as weekend classes to the children and youth in USA. More than 3,000 children participate to learn the Vedic way of living through examples. With this training, the children are doing better at regular school, developing the service attitude to others, to the environment and in general becoming better citizens of this world.

Education and support for blind and underprivileged children:

The organization is actively supporting in providing education for blind and visually challenged, and also for underprivileged tribal in remote and neglected areas in India. Currently, the organization is supporting the following schools.

- Primary school for blind and visually challenged at Vizag, AP.
- Junior College for blind and visually challenged at Hyderabad, Telangana.
- Degree College for blind and visually challenged at Hyderabad, Telangana.

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- Jeeyar Gurukul (school for tribal) at Allampalli, Telangana.
- Jeeyar Gurukul (school for tribal) at Beersaipet, Telangana.
- Jeeyar Gurukul (school for tribal) at Katharivaripalem, AP.

Vedic Schools:

The organization is actively supporting Vedic Schools and Vedic research center operated by Jeeyar Integrated Vedic Academy (JIVA). The organization is supporting the following schools.

- JIVA Gurukulam at Hyderabad, Telangana – for all four Vedas, Aagama, Prbandham, Tarkam and Nyaayam.
- Veda Viswa Vidyalayam at Sithanagaram, AP - for all four Vedas, Aagama and Prbandham.
- Veda Viswa Vidyalayam at Vizag, AP - for Rugvedam and Sukla Yajurvedam.
- Veda Viswa Vidyalayam at Karimnagar, Telangana – for Mythraayani Saakha Yajurvedam and Atharva Vedam.

Community Health Awareness programs:

The organization is actively supporting health awareness programs like -

- Providing general public awareness of cancer by conducting cancer awareness programs in the villages, as well as screening and providing healthcare through the participating hospitals.
- Eye and Dental screening for school children.
- JIMS (Jeeyar Integrated Medical Services) Hospital for providing low cost medical services.

Statue of Equality (SOE) / Sri Ramanuja Sahasrabdi (SRS) Project:

Jeeyar Educational Trust (JET) India, has taken up a project to commemorate 1,000 years of Bhagavad Sri Ramanujacharya Swamy, an Icon of Equality. The Statue of Equality project is a global appeal for a more compassionate humanity, celebrating the virtues of mutual respect and opportunity. This inspirational iconic project convenes new understanding in our pursuit of equality by bringing together diverse set of voices, perceptions and lives around the globe.

Some of the outstanding features of SOE are -

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- A 216 feet metal alloy statue of Sri Ramanujacharya as one of the tallest (2nd as of date) sitting statues in the world.
- Total 108 Temples around the statue called Divya Desams.
- Hall of Equality dedicated to honoring high profile global leaders who made significant contributions towards equality and made an indelible mark on human history e.g. MLK, Oprah, and Mandela etc.
- Exhibits, Omni-Theater, educational programs, seminars etc., providing a more mindful view of equality through the lens of past, present, and future generations.
- An International Vedic research center and library to promote equality among diverse cultures and civilizations.

The projects stand on a 50-acre land near Hyderabad, India. The first phase of the project will be complete by Q2/2019 and opened to public after inauguration. JETUSA is actively participating and fundraising to support this mega project. A total of \$3,866,375 been contributed in support of this project during the year ended December 31, 2016.

Other Programs:

JET USA also supports many other programs like environmental awareness programs, veterinary care, provide support to the victims of natural calamities, food distribution services in many areas in USA and India etc.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING

These financial statements are prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (GAAP); consequently, revenue is recognized when services are rendered, and expenses reflected when costs are incurred

FEDERAL INCOME TAXES

The organization is exempt from Federal income tax under Section 501(C) (3) of the Internal Revenue Code. Therefore, no provisions have been made for Federal income taxes in the accompanying financial statements.

JET USA, INC
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The Organization was determined to be exempt from federal income tax under Provisions of Section 501(c) (3) of the Internal Revenue Code of 1986 (IRC) and qualifies for the 50% charitable deduction for individual donors.

FINANCIAL STATEMENT PRESENTATION

Under Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations, the Organization is required to report information regarding its financial position and activities per three classes of net assets:

- **Unrestricted net assets:** Net assets not subject to donor-imposed restrictions
- **Temporarily restricted net assets:** Net assets subject to donor-imposed restrictions that will be met by actions of the organization and/or the passage of time
- **Permanently restricted net assets:** Net assets subject to donor-imposed restrictions that they be maintained permanently by the organization.

CONTRIBUTIONS

Contributions received are measured at their fair values on the date of donation and are reported as an increase in net assets. The organization 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, or if they are designated as support for future periods. When a donor restriction expires, that is when a stipulated time restriction ends, or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of revenues expenses of revenues and changes in fund balance as net assets released from restrictions. There are no permanently restricted funds in the organization as on December 31, 2016.

ESTIMATES

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and

JET USA, INC
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disclosure of contingent assets and liabilities at end date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes all monies deposited in banks, money market funds in brokerage accounts and demand deposits held at the JET USA INC.

INVESTMENTS

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair value in the statements of financial position. As on December 31, 2016 there was \$56,962 unrealized gains on the investment as per the valuation statement of Merrill Lynch Wealth Management and the gain is included in the change in net assets.

DONATED SERVICES

The Organization receives a variety of volunteer services. The value of these services and support is not reflected in these statements as such services are not susceptible to objective measurements or valuation.

4. PROPERTY AND EQUIPMENT

Property and equipment valued at \$1,000 or greater are recorded at cost or if donated at the approximate fair value at the date of donation. Fixed assets are depreciated on a straight- line basis over their estimated useful lives as follows:

Building	40 years
Parsonage	25 years
Parking lot improvements	20 years
Furniture, pianos and organ	10 years
Equipment and vehicles	3-7 years

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Property and equipment consists of:

Land	\$ 682,278
Temple Building	828,002
Gold and Silver Jewelry	144,363
Buildings	1,025,061
Office Equipment	42,205
Gross Assets	<u>2,721,909</u>
Less: Accumulated depreciation	<u>(591,675)</u>
Net Assets	<u>\$ 2,130,234</u>

5. INVESTMENTS

	Carrying Value <u>At Fair Value</u>
Investment fund with Bank of America (ML)	\$224,303

6. TEMPORARILY RESTRICTED NET ASSET

Temporarily restricted net assets consist of:

Special Projects (buildings and other projects)	\$ 791,357
Sri Ramanuja Memorial Construction Fund	<u>1,094,850</u>
Total	<u>\$ 1,886,207</u>

7. LONG TERM LOAN

The organization has a long-term loan with Bank of America for \$786,049. The loan is subject to interest at 5% per annum. The loan will mature by October 2018 and can be renewed for another 5-year term. The outstanding loan as on December 31, 2016 was \$ 665,716 and the loan is secured against land and building of the organization. The loan was renewed for another five years.

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Total interest paid for the year ended on December 31, 2016 was \$34,855.

The loan amortization as follows:

<u>Year</u>	<u>Amount</u>
2017	\$ 40,554
2018	42,844
2019	45,462
2020	49,119
2021 & after	<u>487,737</u>
Total	<u>\$ 665,716</u>

8. RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENTS:

- i) On November 17, 2016, the FASB issued ASU 2016-18, Statement of Cash Flows (Topic 230): Restricted Cash. It is intended to reduce diversity in the presentation of restricted cash and restricted cash equivalents in the statement of cash flows. The new standard requires that restricted cash and restricted cash equivalents be included as components of total cash and cash equivalents as presented on the statement of cash flows. As a result, entities will no longer present transfers between cash and cash equivalents and restricted cash and restricted cash equivalents in the statement of cash flows. ASU 2016-18 is effective for annual periods beginning after December 15, 2017 including interim periods within those fiscal years. Earlier adoption is permitted.

9. GOLD AND SILVER JEWELRY:

Gold, diamonds, precious stones and other jewellery items has been valued by the management at a fair value and not by a certified expert appraiser. The actual quality in karats of gold, carats of diamonds, precious stones are not specified, and these factors may affect the value of the assets.

As on December 31, 2016, the management has listed all the gold and silver jewelry items donated by devotees and valued about \$ 144,363.

JET USA, INC
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10. SUBSEQUENT EVENTS:

The Organization has evaluated subsequent events through the date August 10, 2018 which the financial statements were available to be issued. No reportable subsequent events have occurred through the issue date August 10, 2018, which would have significant effect on the financial statements as of December 31, 2016, except as otherwise disclosed.