

**BRAHMANANDA SARASWATI
FOUNDATION**

Independent Auditors' Report
Consolidated Financial Statements

December 31, 2020 and 2019

BRAHMANANDA SARASWATI FOUNDATION

Contents	Page(s)
Independent Auditors' Report	1-2
Financial Statements:	
Consolidated Statements of Financial Position	3-4
Consolidated Statements of Activities and Changes in Net Assets	5
Consolidated Statements of Cash Flows	6
Consolidated Statements of Functional Expenses	7
Notes to Consolidated Financial Statements	8-19



Independent Auditors' Report

To the Board of Directors of
Brahmananda Saraswati Foundation
Fairfield, Iowa

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Brahmananda Saraswati Foundation (a nonprofit organization) as of and for the years ended December 31, 2020 and 2019, which comprise the consolidated financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization's preparation and fair presentation of the consolidated 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 organization'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 consolidated financial statements.

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

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Burlington	Cedar Rapids	Centerville	Fairfield	Mt. Pleasant	Oskaloosa	Pella	West Des Moines
319.753.9877	319.393.2374	641.437.4296	641.472.6171	319.385.9718	641.672.2523	641.628.9411	515.657.5800

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Brahmananda Saraswati Foundation, as of December 31, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 15 to the financial statements, the 2019 financial statements have been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

TDT CPAs and Advisors, P.C.

Cedar Rapids, Iowa
April 20, 2021

BRAHMANANDA SARASWATI FOUNDATION
Consolidated Statements of Financial Position
December 31, 2020 and 2019

Assets		
	2020	2019
Current assets:		
Cash and cash equivalents	\$ 3,028,982	1,335,774
Accrued interest receivable	1,342	2,552
Course fees receivable	-	937
App fees receivable	16,877	11,116
Current portion of notes receivable	280,261	155,143
Prepaid expenses	18,964	33,108
Investments	979,895	970,478
Notes receivable - short-term	98,821	98,296
Receivable from affiliates	-	16,888
Total current assets	4,425,142	2,624,292
Long-term assets:		
Other investments - Real Estate	11,505,262	11,475,138
Long-term investments	44,619,935	41,315,963
Long-term interest receivable	-	19,902
Notes receivable, net of allowance	1,728,860	4,939,117
Total long-term assets	57,854,057	57,750,120
Property and equipment:		
Land	24,748,843	23,756,109
Buildings	4,880,277	4,493,810
Computer equipment	2,895	2,895
	29,632,015	28,252,814
Less accumulated depreciation	358,121	587,421
Net property and equipment	29,273,894	27,665,393
Total assets	\$ 91,553,093	88,039,805

See accompanying notes to financial statements.

BRAHMANANDA SARASWATI FOUNDATION
Consolidated Statements of Financial Position
December 31, 2020 and 2019

Liabilities and Net Assets		
	<u>2020</u>	<u>2019</u>
Current liabilities:		
Accounts payable	\$ 390,670	174,320
Contingency - environmental remediation	5,000,000	4,000,000
Deferred revenue	181,025	221,044
Refundable advance (PPP loan)	51,400	-
Total current liabilities	<u>5,623,095</u>	<u>4,395,364</u>
Net assets:		
Without donor restrictions	71,594,163	72,419,353
With donor restrictions	<u>14,335,835</u>	<u>11,225,088</u>
Total net assets	<u>85,929,998</u>	<u>83,644,441</u>
Total liabilities and net assets	<u>\$ 91,553,093</u>	<u>88,039,805</u>

See accompanying notes to financial statements.

BRAHMANANDA SARASWATI FOUNDATION
Consolidated Statements of Activities and Changes in Net Assets
For the Years Ended December 31, 2020 and 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues:						
Contributions	\$ 2,644,023	6,348,642	8,992,665	1,836,140	7,199,368	9,035,508
Course fee revenue	188,369	-	188,369	463,053	-	463,053
Investment income (loss)	822,503	195,180	1,017,683	895,135	157,901	1,053,036
Unrealized gain (loss) on investments	1,597,433	391,823	1,989,256	5,021,878	885,854	5,907,732
Unrealized gain (loss) on foreign currency adjustment	-	-	-	(17,749)	-	(17,749)
Real estate investment income	885,157	-	885,157	756,422	-	756,422
In-kind grant income	362,025	-	362,025	182,407	-	182,407
Farm income	116,054	-	116,054	25,295	-	25,295
Other income	161,288	-	161,288	118,766	-	118,766
Net assets released from restrictions	3,824,898	(3,824,898)	-	5,067,789	(5,067,789)	-
Total revenues	<u>10,601,750</u>	<u>3,110,747</u>	<u>13,712,497</u>	<u>14,349,136</u>	<u>3,175,334</u>	<u>17,524,470</u>
Functional expenses:						
Program services	5,310,740	-	5,310,740	6,856,056	-	6,856,056
Supporting services:						
Management and general	2,182,068	-	2,182,068	1,347,588	-	1,347,588
Fundraising	217,686	-	217,686	235,424	-	235,424
Total expenses	<u>7,710,494</u>	<u>-</u>	<u>7,710,494</u>	<u>8,439,068</u>	<u>-</u>	<u>8,439,068</u>
Other income (expenses):						
Mineral rights depletion expense	(192,979)	-	(192,979)	(218,548)	-	(218,548)
Environmental remediation costs	(4,330,718)	-	(4,330,718)	(3,805,570)	-	(3,805,570)
Gain (loss) on sale of property	807,251	-	807,251	(134,637)	-	(134,637)
Total other income (expenses)	<u>(3,716,446)</u>	<u>-</u>	<u>(3,716,446)</u>	<u>(4,158,755)</u>	<u>-</u>	<u>(4,158,755)</u>
Change in net assets	(825,190)	3,110,747	2,285,557	1,751,313	3,175,334	4,926,647
Net assets at beginning of year, restated	<u>72,419,353</u>	<u>11,225,088</u>	<u>83,644,441</u>	<u>70,668,040</u>	<u>8,049,754</u>	<u>78,717,794</u>
Net assets at end of year	<u>\$ 71,594,163</u>	<u>14,335,835</u>	<u>85,929,998</u>	<u>72,419,353</u>	<u>11,225,088</u>	<u>83,644,441</u>

See accompanying notes to financial statements.

BRAHMANANDA SARASWATI FOUNDATION
Consolidated Statements of Cash Flows
For the Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Operating activities:		
Change in net assets	\$ 2,285,557	4,926,647
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	256,012	163,395
Depletion - mineral rights	192,979	218,548
(Gain) loss on sale of other investments - real estate	(811,935)	-
(Gain) loss on sale of property	4,684	134,637
(Gain) loss on foreign currency adjustment	-	17,749
Reinvested investment income	(1,017,683)	(1,053,036)
Unrealized (gain) loss on investments	(1,989,256)	(5,907,732)
Contributions restricted for long-term investment	(6,348,642)	(7,199,368)
(Increase) decrease in:		
Receivables	(882,210)	9,400
Prepaid expenses	14,144	1,667
Increase (decrease) in:		
Accounts payable	216,350	(6,824)
Contingency - environmental remediation	1,000,000	2,850,000
Refundable advance (PPP loan)	51,400	-
Accrued expenses	-	(24,513)
Deferred revenue	(40,019)	(27,376)
	<u>(9,354,176)</u>	<u>(10,823,453)</u>
Net cash provided (used) by operating activities	<u>(7,068,619)</u>	<u>(5,896,806)</u>
Investing activities:		
Purchases of investments	(1,867,060)	(3,512,776)
Sales of investments	1,560,610	1,924,159
Proceeds from sale of other investments - real estate	2,519,635	-
Proceeds from sale of property and equipment	200,000	-
Payments received on notes receivable	-	763,541
Net cash provided (used) by investing activities	<u>2,413,185</u>	<u>(825,076)</u>
Financing activities:		
Contributions restricted for long-term investment	6,348,642	7,199,368
Payments on long-term debt	-	(138,220)
Net cash provided (used) by financing activities	<u>6,348,642</u>	<u>7,061,148</u>
Net increase (decrease) in cash and cash equivalents	1,693,208	339,266
Cash and cash equivalents at beginning of year	1,335,774	996,508
Cash and cash equivalents at end of year	\$ <u>3,028,982</u>	<u>1,335,774</u>

BRAHMANANDA SARASWATI FOUNDATION
Consolidated Statements of Functional Expenses
For the Years Ended December 31, 2020 and 2019

	2020				2019			
	Program	Management and General	Fundraising	Total	Program	Management and General	Fundraising	Total
Charitable distributions	\$ 4,626,175	-	-	4,626,175	\$ 6,182,402	-	-	6,182,402
In-kind gift of occupancy	362,025	-	-	362,025	182,407	-	-	182,407
Payroll expenses	32,833	189,670	80,151	302,654	31,649	203,848	78,545	314,042
Course expenses	117,911	-	-	117,911	272,182	-	-	272,182
Consulting and professional fees	33,958	245,490	-	279,448	92,857	184,489	2,710	280,056
Insurance	-	45,679	-	45,679	-	38,071	-	38,071
Permits and licenses	-	17,103	5,026	22,129	-	31,761	5,542	37,303
Supplies	107	-	1,413	1,520	52,674	13,110	2,314	68,098
Office expenses	260	3,240	319	3,819	598	3,473	132	4,203
Credit card and bank fees	9,408	3,192	82,695	95,295	1,139	3,362	89,153	93,654
Facilities expense/occupancy	-	559,804	-	559,804	-	589,077	-	589,077
Property research & development	-	449,906	-	449,906	-	5,980	-	5,980
Travel and meetings	3,291	1,165	1,159	5,615	4,260	13,150	240	17,650
App and website development	124,772	2,593	46,923	174,288	35,888	2,807	56,788	95,483
Real estate management expenses	-	408,214	-	408,214	-	29,930	-	29,930
Debt forgiveness	-	-	-	-	-	65,135	-	65,135
Depreciation	-	256,012	-	256,012	-	163,395	-	163,395
	<u>\$ 5,310,740</u>	<u>2,182,068</u>	<u>217,686</u>	<u>7,710,494</u>	<u>\$ 6,856,056</u>	<u>1,347,588</u>	<u>235,424</u>	<u>8,439,068</u>

See accompanying notes to financial statements.

BRAHMANANDA SARASWATI FOUNDATION
Notes to Consolidated Financial Statements
December 31, 2020 and 2019

Note 1 - Summary of Significant Accounting Policies

Nature of Operations - Brahmananda Saraswati Foundation is a Delaware non-profit corporation founded by His Holiness Maharishi Mahesh Yogi exclusively for charitable, educational, and scientific purposes. The specific purposes for which the Foundation was formed are:

1. To secure the safety and invincibility for all future life by perpetually providing support for the Vedic performances of the Vedic Pandits from the precious Vedic families of India for perpetual global invincibility.
2. To create and maintain a fund, the income from which will support the Vedic Pandits generation after generation.
3. To promote throughout the world the knowledge that life is the everlasting evolving expression of Natural Law, which administers the universe with perfect order, and to apply the Total Knowledge and highly practical, consciousness-based technologies of Natural Law brought to light by His Holiness Maharishi Mahesh Yogi for the welfare of all people, everywhere.
4. To (i) train and maintain groups of individuals practicing the Transcendental Meditation and TM-Sidhi program, including Yogic Flying in every country, (ii) provide educational and related facilities for these groups of Yogic Flyers and (iii) support the establishment of educational and research facilities throughout the world to implement the foregoing purposes.
5. To accept, hold, invest, reinvest, and administer any gifts, legacies, bequests, devises, trusts, remainder trusts, funds and property of any sort or nature, and to use, expand, or donate the income or principle thereof for, and to devote the same to, the foregoing purposes of the Foundation.
6. To perform any and all lawful acts which may be necessary, useful, suitable, or proper for the furtherance of the accomplishment of the purposes of the Foundation.

In 2019, the Foundation formed three LLCs to own and administer some of the Foundation's fixed assets. Central Farm LLC owns farmland in Kansas, ILA Campus LLC owns the land and buildings of the former pandit campus in Maharishi Vedic City, IA, and MVC Farm LLC owns the farmland around ILA campus. The financial activity of these organizations has been included in the Foundation's consolidated financial statements.

Income Taxes - The Foundation is exempt from Federal income tax as a Foundation described in Section 501(c)(3) of the Internal Revenue Code. The Foundation is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

Use of Estimates - The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and revenues and expenses during the reporting period. In these consolidated financial statements, assets, liabilities, and the reported amount of revenues and expenses involve extensive reliance on management's estimates. Actual results could differ from those estimates.

Accrual Basis - The consolidated financial statements of Brahmananda Saraswati Foundation have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

BRAHMANANDA SARASWATI FOUNDATION
Notes to Consolidated Financial Statements
December 31, 2020 and 2019

Note 1 - Summary of Significant Accounting Policies (Continued)

Basis of Presentation - Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

- *Net assets without donor restrictions* - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in helping to accomplish the primary objectives of the Foundation. These net assets may be used at the discretion of the Foundation's management and the board of directors.
- *Net assets with donor restrictions* - Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Expirations of donor restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

Contributions, including unconditional promises to give, are recognized as revenue in the period received. Conditional promises to give are not recognized until they become unconditional; that is, when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value.

Cash and Cash Equivalents - The Foundation considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents. Cash restricted for long-term purposes is excluded from cash and cash equivalents and is classified as restricted cash.

Investments - Investments include marketable equity and debt securities, private equity and real estate investments, and money market accounts. Investments in marketable equity and debt securities are carried at fair value with unrealized and realized gains and losses on investments reported as an increase or decrease in net assets without donor restrictions or net assets with donor restrictions based upon donor-imposed restrictions. Realized gains included in investment income for the year ended December 31, 2020 and 2019 were \$589,635 and \$388,463, respectively.

Investment income is reported in the statement of activities as revenue with donor restrictions or revenue without donor restrictions based upon donor-imposed restrictions. Gains and investment income that are limited to specific uses by donor-imposed restrictions are reported in net assets without restrictions when the restrictions are met in the same reporting period as the gains and income are recognized.

BRAHMANANDA SARASWATI FOUNDATION
Notes to Consolidated Financial Statements
December 31, 2020 and 2019

Note 1 - Summary of Significant Accounting Policies (Continued)

Other Investments – Real Estate - The Foundation maintains several real estate holdings for investment purposes, which were received from donors and from the four-organization agreement as described in Note 11. These properties are valued on the financial statements at cost basis (fair market value as of the date of receipt) as allowed by FASB ASC 958-325-35. At December 31, 2020 and 2019, the properties are held for income and appreciation purposes or are classified as long-term assets.

Course Fees Receivable and Receivables from Affiliates - The Foundation carries its course fees receivable and receivables from affiliates at cost less an allowance for doubtful accounts, when necessary. On a periodic basis, the Foundation evaluates its course fee receivables and receivables from affiliates and determines if an allowance is necessary based on history of past write-offs and collections and current credit conditions. Currently there is no allowance deemed necessary. All course fees and other receivables are receivable within one year.

Property and Equipment - Purchased property and equipment is recorded at cost. Maintenance and repairs are charged to expense. Renewals and betterments which substantially extend the useful life of property and cost more than \$5,000 are capitalized. Depreciation has been calculated based on the straight-line method over the estimated useful lives of the depreciable assets of 10 to 27.5 years.

Deferred Revenue - Deferred revenue consists of fees paid in advance by certain course participants from outside of India to attend scheduled in-residence courses, to be offered at the International Center for Maharishi Vedic Pandits at the Brahmasthan (the geographical center) of India. For \$70,234 of the total deferred revenue as of December 31, 2020, the course participants have agreed that if they do not attend the courses as of specified dates, their prepaid course fees will have expired and will no longer be available. The entire \$70,234 was originally scheduled to end by March 31, 2021. However, given the uncertainty of travel during the COVID-19 pandemic and thus the ability of course participants to use their credit, this deferred revenue has been extended to March 31, 2022; and might have to be extended further depending on the continuing health concerns.

Reclassifications - Certain amounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.

Date of Management Review - Management has evaluated subsequent events through April 20, 2021, the date which the financial statements were available to be issued.

Note 2 - Concentrations of Credit Risk Arising from Cash Deposits in Excess of Insured Limits

The Foundation maintains its cash balances in three financial institutions. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2020, the Foundation's uninsured cash balances totaled \$2,448,519.

BRAHMANANDA SARASWATI FOUNDATION
Notes to Consolidated Financial Statements
December 31, 2020 and 2019

Note 3 - Availability and Liquidity

The following represents the Foundation's financial assets at December 31, 2020:

Financial assets at year end:	
Cash and cash equivalents	\$ 3,028,982
Receivables	2,126,161
Investments	57,105,092
Total financial assets	<u>62,260,235</u>
Less amounts not available to be used within one year:	
Property held for investment	11,505,262
Long-term investments	44,620,534
Long-term receivables	1,728,860
	<u>57,854,656</u>
Financial assets available to meet general expenditures	
Over the next twelve months	<u>\$ 4,405,579</u>

The Foundation has a policy to maintain adequate financial assets on hand to meet its obligations as they become due. As part of the Foundation's liquidity plan, the Board-designated endowment funds held by the Foundation as long-term investments are available to be appropriated to meet cash flow needs.

Note 4 - Vedic City Campus and Livingston Manor

The Foundation allows Maharishi Foundation USA to use the Vedic City campus rent-free as an in-kind contribution, estimating a monthly gift of approximately \$15,200. Beginning March 2020, the Foundation allows Maharishi Global Administration through Natural Law to use the Livingston manor rent-free as an in-kind contribution, estimating a monthly gift of approximately \$17,962. For the years ended December 31, 2020 and 2019, the total in-kind contributions for use of the campus and manor totaled \$362,025 and \$182,407, respectively.

Note 5 - Net Assets with Donor Restrictions

Net assets with donor restrictions are available for the following purposes as of December 31:

	<u>2020</u>	<u>2019</u>
Temporary (time or purpose) restrictions:		
Support for Vedic Pandits	\$ 4,774,061	3,317,755
Maharishi Memorial Educational Center	1,166	1,166
Brahmasthan Construction	200,509	171,247
5500 Edson	38,781	39,671
Northeast Peace Palace, CT	16,261	40,383
Earnings on amounts endowed for Vedic Pandits	2,264,412	1,677,408
Permanent restrictions:		
Endowed for Vedic Pandits	<u>7,040,645</u>	<u>5,977,458</u>
	<u>\$ 14,335,835</u>	<u>11,225,088</u>

BRAHMANANDA SARASWATI FOUNDATION
Notes to Consolidated Financial Statements
December 31, 2020 and 2019

Note 5 - Net Assets with Donor Restrictions (Continued)

During the years ended December 31, 2020 and 2019, net assets were released from donor restrictions by satisfying the purpose or time restrictions specified by donors as follows:

	<u>2020</u>	<u>2019</u>
Brahmasthan Construction	\$ 25,403	102,518
Support for Vedic Pandits	3,678,608	4,890,957
Dhammarcharinee School	65,000	-
Mobile App	-	10,000
Northeast Peace Palace, CT	27,526	18,717
5500 Edson	28,361	30,597
5504 Edson	-	15,000
	<u>\$ 3,824,898</u>	<u>5,067,789</u>

Note 6 - Endowments

The Foundation's endowment consists of funds established to support the Vedic Pandits generation after generation. The endowment may also be used to help support large groups practicing Transcendental Meditation and its advanced techniques to create coherence, peace and harmony in the world, and to support the establishment of educational and research facilities throughout the world. In addition, the endowment supports the programs of Maharishi Vedic Science for the welfare of the world, including Maharishi Ayurveda Veda. The Foundation's endowment includes both donor-restricted funds and funds designated by the Board of Directors to function as endowments. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of the Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in net assets with donor restrictions is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Foundation, and (7) the Foundation's investment policies.

BRAHMANANDA SARASWATI FOUNDATION
Notes to Consolidated Financial Statements
December 31, 2020 and 2019

Note 6 - Endowments (Continued)

Investment Return Objectives, Risk Parameters and Strategies - Brahmananda Saraswati Foundation's primary investment objective is to preserve and protect its assets while attempting to earn a prudent return for the support of its goals. Brahmananda Saraswati Foundation currently maintains operating bank accounts and investment accounts at brokerage and investment houses. Brahmananda Saraswati Foundation has appointed an Investment Committee to manage, supervise, monitor, and support the investments of the Foundation. In 2017, Brahmananda Saraswati Foundation hired an outside independent investment advisor to assist its Investment Committee in analysis and risk control for its investments.

Endowment funds are currently deposited in high yield savings accounts, public marketable debt, public and private equity securities, and mutual funds at brokerage and investment houses.

Spending Policy - The investment committee is responsible for advising the investment consultants and advisors of Brahmananda Saraswati Foundation's cash distribution requirements from any managed portfolio or fund.

Endowment net assets as of December 31, 2020 are as follows:

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total Endowment Net Assets
Board-designated endowment funds	\$ 54,070,534	-	54,070,534
Donor-restricted endowment funds	-	9,305,057	9,305,057
Total	\$ 54,070,534	9,305,057	63,375,591

Changes in endowment net assets for the year ended December 31, 2020 are as follows:

	Net Assets without Donor Restrictions	Net Assets with Donor Restrictions	Total Endowment Net Assets
Endowment net assets, beginning of year, restated	\$ 52,434,417	7,654,866	60,089,283
Contributions	808,550	1,063,188	1,871,738
Investment income	783,231	195,180	978,411
Unrealized gain	1,572,336	391,823	1,964,159
Appropriation of endowment assets for expenditure	(1,528,000)	-	(1,528,000)
Endowment net assets, end of year	\$ 54,070,534	9,305,057	63,375,591

BRAHMANANDA SARASWATI FOUNDATION
Notes to Consolidated Financial Statements
December 31, 2020 and 2019

Note 6 - Endowments (Continued)

Endowment net assets as of December 31, 2019 are as follows:

	Net Assets without Donor Restrictions	Net Assets with Donor Restrictions	Total Endowment Net Assets
Board-designated endowment funds	\$ 52,434,417	-	52,434,417
Donor-restricted endowment funds	-	7,654,866	7,654,866
Total	\$ 52,434,417	7,654,866	60,089,283

Changes in endowment net assets for the year ended December 31, 2019 are as follows:

	Net Assets without Donor Restrictions	Net Assets with Donor Restrictions	Total Endowment Net Assets
Endowment net assets, beginning of year, restated	\$ 47,661,298	4,631,343	52,292,641
Contributions	-	1,979,768	1,979,768
Investment income	825,261	157,901	983,162
Unrealized gain	5,021,878	885,854	5,907,732
Appropriation of endowment assets for expenditure	(1,074,020)	-	(1,074,020)
Endowment net assets, end of year	\$ 52,434,417	7,654,866	60,089,283

Note 7 - Fair Value Measurements

In determining fair value, the Foundation uses various valuation approaches within the FASB fair value measurement framework. Fair value measurements are determined based on the assumptions that market participants would use in pricing an asset or liability.

The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

- Level 1 - Valuations based on unadjusted quoted prices for identical assets or liabilities in active markets;
- Level 2 - Valuations based on quoted prices for similar assets or liabilities or identical assets or liabilities in less active markets, such as dealer or broker markets; and

BRAHMANANDA SARASWATI FOUNDATION
Notes to Consolidated Financial Statements
December 31, 2020 and 2019

Note 7 - Fair Value Measurements (Continued)

- Level 3 - Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable, such as pricing models, discounted cash flow models and similar techniques.

Following is a description of the valuation methodologies used for instruments measured at fair value and their classification in the valuation hierarchy.

Money market accounts: Valued at cost, which is equivalent to the fair value.

Private equity and hedge funds: Valued at the net asset value of shares of investment pools held by the Foundation through its equity partners at year end.

Marketable equity securities and mutual funds: Valued at the quoted net asset value of shares held by the Foundation at year end.

Assets are classified in their entirety based upon the lowest level of input that is significant to the fair value measurement.

The following table presents assets measured at fair value by classification within the fair value hierarchy as of December 31, 2020.

	December 31, 2020	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money market accounts	\$ 3,119,187	3,119,187	-	-
Marketable equity securities	23,550,103	23,550,103	-	-
Private equity and hedge funds	10,984,500	-	10,984,500	-
Equity and fixed income mutual funds	7,946,040	7,946,040	-	-
Total assets, at fair value	\$ 45,599,830	34,615,330	10,984,500	-

The following table presents assets measured at fair value by classification within the fair value hierarchy as of December 31, 2019:

	December 31, 2019	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money market accounts	\$ 1,248,411	1,248,411	-	-
Marketable equity securities	22,114,875	22,114,875	-	-
Private equity and hedge funds	12,324,764	-	12,324,764	-
Equity and fixed income mutual funds	6,598,391	6,598,391	-	-
Total assets, at fair value	\$ 42,286,441	29,961,677	12,324,764	-

BRAHMANANDA SARASWATI FOUNDATION
Notes to Consolidated Financial Statements
December 31, 2020 and 2019

Note 7 - Fair Value Measurements (Continued)

Following is a reconciliation of investments valued at fair value above to investments as shown on the statements of financial position at December 31, 2020 and 2019:

		2020	2019
Investments - current	\$	979,296	970,478
Long-term investments		44,620,534	41,315,963
	\$	45,599,830	42,286,441

Note 8 - Concentrations

The Foundation received approximately 45 percent of its contributions from five donors during the year ended December 31, 2020. The Foundation received approximately 42 percent of its contributions from three donors during the year ended December 31, 2019.

The Foundation's charitable distributions were granted to eighteen organizations during the year ended December 31, 2020. One organization received a total of 67 percent of the total charitable distributions during the year ended December 31, 2020. During the year ended December 31, 2019, charitable distributions were granted to seventeen organizations. One organization received a total of 69 percent of the total charitable distributions during the year ended December 31, 2019.

BRAHMANANDA SARASWATI FOUNDATION
Notes to Consolidated Financial Statements
December 31, 2020 and 2019

Note 9 - Notes Receivable

Notes receivable consist of the following:

	2020	2019
Notes receivable from Global Country of World Peace (GCWP) which had varying maturity dates between 2019 and 2022 and with various interest rates. Principal and interest were payable upon maturity. In 2018, under the agreement discussed in Note 11, the Foundation arranged to forgive these amounts after receipt of certain real property. The remaining notes will be forgiven once the property is received. Amounts are shown net of allowance for uncollectible amounts of \$-0- (see Note 12) and \$1,644,244 for December 31, 2020 and 2019, respectively. The notes have been forgiven in the year ended December 31, 2020.	\$ -0-	4,000,000
Notes receivable from Maharishi Ayurveda Products International with maturity date in June 2027 and interest rate of 4.25% with principal of \$4,000 plus interest payable monthly	912,860	-0-
Note receivable from BSYF in the Netherlands with maturity date in June 2025 and interest rate of 6% with payments quarterly of \$58,246 of principal and interest.	510,547	558,546
Note receivable from MGTWP with maturity date in July 2021 and interest rate of 1%. Principal and interest due in lump sum at maturity.	50,000	-0-
Note receivable from Raam Raj Foundation with a maturity date in May 2024 and a beginning interest rate of 5% which increases 0.50% each year. Principal is due in annual payments of \$107,143 starting one year from inception of the note, and accrued interest is also due annually.	535,714	535,714
Total notes receivable	2,009,121	5,094,260
Less current portion	280,261	155,143
Long-term portion	\$ 1,728,860	4,939,117

Note 10 - Transfer of Assets and Liabilities Under Four Organization Agreement

In 2018, the Foundation and three other entities made an agreement to eliminate certain liabilities between the entities in exchange for real property, cash, and forgiveness of other debt. Under the agreement, the Foundation received cash, real property, and accounts receivable (estimated based on expected sales of properties). The Foundation agreed to release the other entities from their obligations under previous agreements. As of December 31, 2020, all properties have been transferred to the Foundation. As such, the Foundation has forgiven the notes receivable from GCWP as disclosed in Note 11.

BRAHMANANDA SARASWATI FOUNDATION
Notes to Consolidated Financial Statements
December 31, 2020 and 2019

Note 11 - Significant Estimates and Contingencies

Environmental Remediation Costs - In 2018, Japanese governmental authorities identified serious problems on the Foundation's Kyoto Japan property, caused by illegal dumping at a high and remote place on that property by nefarious third parties. Nonetheless, the government holds the owner, the Foundation, responsible. The Foundation has incurred costs in 2018, 2019 and 2020 to remediate the pollution, and management anticipates additional costs going forward of approximately \$5,000,000. Management has concluded that it is at least reasonably possible that the amount of the loss will change in the near term.

Estimate of proceeds from sales of properties - As part of the Four Organization Agreement discussed in Note 10, the Foundation is entitled to the proceeds (less costs to sell) from sales of several properties held by Stichting Maharishi Global Financing Research (SMGFR). Management determined that the receipt of funds from those under contract was probable as of December 31, 2018 and recorded a note receivable of \$645,000 for the estimated proceeds from the sales of these properties. All of the sales of these properties closed in 2019 and 2020, and management recorded the proceeds as a reduction of the receivable, resulting in a zero balance as of December 31, 2020.

Note 12 - Functional Expense Allocations

The cost of providing the Foundation's programs and other activities is summarized on a functional basis in the statement of activities and statement of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions benefited based on the estimates made by the Foundation's management. The Foundation allocates salaries based on employee time and effort to each function. Occupancy costs are allocated based on an overall allocation of salaries and benefits.

Note 13 - Supplemental Cash Flow Information

	<u>2020</u>	<u>2019</u>
Cash paid for interest	\$ 342	1,391
Noncash repayments of notes receivable	\$ 4,000,000	-0-
Noncash transfer between fixed assets and other investments	\$ 1,935,488	-0-

Note 14 - Refundable Advance (PPP Loan)

In April 2020, the Foundation received a federal paycheck protection plan payment in the amount of \$51,400 from the US Small Business Administration as part of the CARES Act. The loan shall mature in April 2022. Payments will be required beginning in May 2021 and will be an amount equal to the amount necessary to fully amortize the then-outstanding principal balance of the loan. Section 10 of the Paycheck Protection Program Note outlines the portion of the loan that may be forgiven. Pursuant to Section 1106 of the Federal Coronavirus Aid, Relief, and Economic Security Act, limited loan forgiveness is provided for amounts spent on payroll costs, rent and utility payments, and interest payments on mortgages for borrowers that apply. The Foundation can elect either an 8- or 24-week period beginning on the loan date to calculate forgivable costs. Subsequent to December 31, 2020, the Foundation received notice that the entire balance had been forgiven. This revenue will be recorded in the year ended December 31, 2021. The refundable advance balance was \$51,400 on December 31, 2020.

BRAHMANANDA SARASWATI FOUNDATION
Notes to Consolidated Financial Statements
December 31, 2020 and 2019

Note 15 - Prior Period Adjustment

During preparation of the December 31, 2020 financial statement, an error in the application of the Accounting Standards Codification (ASC) was noted and corrected. Under ASC 830-10-45, nonmonetary assets (such as real estate assets) are converted to the functional currency (in the Foundation's case, the U.S. Dollar) and then not remeasured in future years, with any adjustments occurring at the time of sale or disposal of the related asset. In 2016, the Foundation received several parcels of land located in Japan, which were correctly valued as of the date of receipt, but subsequently remeasured each year. The Foundation recognized a gain or loss each year in error. The financial statements have been restated to correct the error. The restatements resulted in an increase in net assets without donor restrictions as of January 1, 2019 of \$1,668,338 and a decrease in the change in net assets for 2019 of \$247,314. These changes resulted in a net addition to December 31, 2019 net assets of \$1,421,024. In addition, a portion of the land was included in the Foundation's endowment, and as such, Note 6 has been restated, which resulted in a net increase of \$1,477,301 to January 1, 2019 Board-designated endowment assets, and elimination of the foreign currency gains included in Note 6. The adjustment was noncash in nature, only affecting the valuation of the real estate.