

**BRAHMANANDA SARASWATI
FOUNDATION**

Independent Auditors' Report
Financial Statements

December 31, 2010 and 2009

BRAHMANANDA SARASWATI FOUNDATION

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Independent Auditors' Report

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

We have audited the accompanying statements of financial position of Brahmananda Saraswati Foundation (a non-profit Foundation) as of December 31, 2010 and 2009, and the related statements of activities, functional expenses and changes in net assets, and cash flows for the years then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these 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 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 audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Brahmananda Saraswati Foundation as of December 31, 2010 and 2009, and the changes in net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

TD&T Financial Group, P.C.

Oskaloosa, Iowa
April 4, 2011

BRAHMANANDA SARASWATI FOUNDATION

Statements of Financial Position December 31, 2010 and 2009

	<u>Assets</u>	
	<u>2010</u>	<u>2009</u>
Cash	\$ 760,564	696,916
Prepaid expense	3,508	3,186
Miscellaneous receivable	-	1,541
Total assets	<u>\$ 764,072</u>	<u>701,643</u>
	<u>Liabilities and Net Assets</u>	
Accounts payable	\$ 1,379	747
Deferred revenue	226,966	-
Total liabilities	<u>228,345</u>	<u>747</u>
Net assets:		
Unrestricted net assets (deficit)	(31,682)	22,223
Temporarily restricted net assets	321,737	471,242
Permanently restricted net assets	245,672	207,431
	<u>535,727</u>	<u>700,896</u>
Total liabilities and net assets	<u>\$ 764,072</u>	<u>701,643</u>

See accompanying notes to financial statements.

BRAHMANANDA SARASWATI FOUNDATION

Statements of Activities, Functional Expenses and Changes in Net Assets

For the Years Ended December 31, 2010 and 2009

	2010			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues:				
Contributions	\$ 1,861,151	128,258	38,241	2,027,650
Interest income	-	1,129	-	1,129
Net assets released from restrictions	278,892	(278,892)	-	-
Total revenues	2,140,043	(149,505)	38,241	2,028,779
Expenses:				
Program:				
Charitable distributions	2,159,507	-	-	2,159,507
Internet and webhosting	550	-	-	550
Total program expenses	2,160,057	-	-	2,160,057
Supporting services:				
Management and general:				
Accounting	10,660	-	-	10,660
Professional fees	269	-	-	269
Bank fees	140	-	-	140
Insurance	3,887	-	-	3,887
Permits and licenses	1,400	-	-	1,400
Supplies	30	-	-	30
Telephone	216	-	-	216
Occupancy	488	-	-	488
Postage	225	-	-	225
Total management and general	17,315	-	-	17,315
Fundraising:				
Conferences and meetings	1,125	-	-	1,125
Professional fees	6,263	-	-	6,263
Permits and licenses	2,478	-	-	2,478
Credit card and bank fees	5,428	-	-	5,428
Internet, webhosting and printing	1,282	-	-	1,282
Total fundraising	16,576	-	-	16,576
Total expenses	2,193,948	-	-	2,193,948
Change in net assets	(53,905)	(149,505)	38,241	(165,169)
Net assets at beginning of year	22,223	471,242	207,431	700,896
Net assets at end of year (deficit)	\$ (31,682)	321,737	245,672	535,727

See accompanying notes to financial statements.

2009

Unrestricted	Temporarily Restricted	Permanently Restricted	Total
430,093	470,466	207,431	1,107,990
-	776	-	776
-	-	-	-
<u>430,093</u>	<u>471,242</u>	<u>207,431</u>	<u>1,108,766</u>
400,000	-	-	400,000
-	-	-	-
<u>400,000</u>	<u>-</u>	<u>-</u>	<u>400,000</u>
3,180	-	-	3,180
-	-	-	-
431	-	-	431
637	-	-	637
279	-	-	279
-	-	-	-
-	-	-	-
-	-	-	-
38	-	-	38
<u>4,565</u>	<u>-</u>	<u>-</u>	<u>4,565</u>
1,282	-	-	1,282
-	-	-	-
-	-	-	-
1,740	-	-	1,740
283	-	-	283
<u>3,305</u>	<u>-</u>	<u>-</u>	<u>3,305</u>
<u>407,870</u>	<u>-</u>	<u>-</u>	<u>407,870</u>
22,223	471,242	207,431	700,896
-	-	-	-
<u>22,223</u>	<u>471,242</u>	<u>207,431</u>	<u>700,896</u>

BRAHMANANDA SARASWATI FOUNDATION

Statements of Cash Flows For the Years Ended December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Operating activities:		
Change in net assets	\$ <u>(165,169)</u>	<u>700,896</u>
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
(Increase) decrease in:		
Prepaid expense	(322)	(3,186)
Accounts receivable	1,541	(1,541)
Increase (decrease) in:		
Accounts payable	632	747
Deferred revenue	<u>226,966</u>	<u>-</u>
	<u>228,817</u>	<u>(3,980)</u>
Net cash provided (used) by operating activities	<u>63,648</u>	<u>696,916</u>
Net increase (decrease) in cash	63,648	696,916
Cash and cash equivalents at beginning of year	<u>696,916</u>	<u>-</u>
Cash and cash equivalents at end of year	\$ <u><u>760,564</u></u>	<u><u>696,916</u></u>

See accompanying notes to financial statements.

BRAHMANANDA SARASWATI FOUNDATION

Notes to Financial Statements December 31, 2010 and 2009

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 of Natural Law brought to light by His Holiness Maharishi Mahesh Yogi.
4. 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.
5. 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.

The Foundation is exempt from Federal income tax as a Foundation described in Section 501(c)(3) of the Internal Revenue Code.

Accrual Basis

The 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.

Cash and Cash Equivalents

The Foundation considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

(continued)

BRAHMANANDA SARASWATI FOUNDATION

Notes to Financial Statements (Continued) December 31, 2010 and 2009

Note 1 – Summary of Significant Accounting Policies (Continued)

Basis of Presentation

Financial statement presentation follows the recommendations of the FASB ASC Topic 958, *Financial Statements of Not-for-Profit Organizations*. Under FASB ASC Topic 958, the Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Expirations of temporary 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. Contributions with donor-imposed restrictions that are met within the same reporting period are reported as unrestricted revenues.

Deferred Revenue

Deferred revenues consists of fees paid in advance to attend the inaugural or any other scheduled in-residence course for guests from outside of India, to be offered at the International Center for Maharishi Vedic Pandits at the Brahmasthan (the geographical center) of India.

Use of Estimates

The preparation of 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 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.

Date of Management Review

Management has evaluated subsequent events through April 4, 2011, the date which the financial statements were available to be issued.

BRAHMANANDA SARASWATI FOUNDATION

Notes to Financial Statements (Continued) December 31, 2010 and 2009

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

The Foundation maintains its cash balances in one financial institution. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2010 and 2009, the Foundation's uninsured cash balances total \$510,564 and \$446,916, respectively.

Note 3 – Nature and Amount of Permanent and Temporary Restrictions

Temporarily restricted net assets are available for the following purposes as of December 31:

	<u>2010</u>	<u>2009</u>
Support for Vedic Pandits	\$ 177,581	181,372
Construction of Facilities for Vedic Pandits in India	55,582	277,950
Maharishi Memorial Educational Center	58,149	11,144
Development Office	28,520	-
Endowment	<u>1,905</u>	<u>776</u>
	\$ <u>321,737</u>	<u>471,242</u>

Permanently restricted net assets include the following:

Endowed for Vedic Pandits	\$ 245,672	207,431
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Note 4 – Donor-Designated Endowments

The Foundation's endowment consists of one fund established to support the Vedic Pandits generation after generation. 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.

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BRAHMANANDA SARASWATI FOUNDATION

Notes to Financial Statements (Continued) December 31, 2010 and 2009

Note 4 – Donor-Designated Endowments (Continued)

The Board of Directors of the Foundation has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) 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 as permanently restricted net assets (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 permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, 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.

Investment Return Objectives, Risk Parameters and Strategies. The Foundation has not yet adopted formal investment and spending policies for endowment assets. The funds are currently deposited in a high yield savings account.

Spending Policy. The Foundation has not yet adopted a formal spending policy.

Endowment net assets as of December 31, 2010 are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total Endowment Net Assets</u>
Donor-restricted endowment funds	\$ -	1,905	245,672	247,577

Changes in endowment net assets as December 31, 2010 are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total Endowment Net Assets</u>
Endowment net assets, beginning of year	\$ -	776	207,431	208,207
Contributions	-	-	38,241	38,241
Investment income	-	<u>1,129</u>	-	<u>1,129</u>
Endowment net assets, end of year	\$ <u>-</u>	<u>1,905</u>	<u>245,672</u>	<u>247,577</u>

(continued)

BRAHMANANDA SARASWATI FOUNDATION

Notes to Financial Statements (Continued) December 31, 2010 and 2009

Note 4 – Donor-Designated Endowments (Continued)

Endowment net assets as of December 31, 2009 are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total Endowment Net Assets</u>
Donor-restricted endowment funds	\$ -	776	207,431	208,207

Changes in endowment net assets as December 31, 2009 are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total Endowment Net Assets</u>
Endowment net assets, beginning of year	\$ -	-	-	-
Contributions	-	-	207,431	207,431
Investment income	-	776	-	776
Endowment net assets, end of year	\$ <u>-</u>	<u>776</u>	<u>207,431</u>	<u>208,207</u>

Note 5 – Concentrations

The Foundation received approximately 51 percent of its contributions from two donors during the year ended December 31, 2010. The two donors contributed 35 percent and 16 percent, respectively, of the total contributions during the year.

The Foundation's charitable distributions were granted to four organizations during the year ended December 31, 2010. The four organizations received 49 percent, 32 percent, 18 percent and 1 percent, respectively, of the total charitable distributions during the year.

Note 6 – Grantee Organizations

The three major Grantee organizations in India all have corporate missions that align with and support the corporate purposes of the Foundation. These charitable trust organizations include as their major spheres of activity the following:

Maharishi Ved Vigyan Vishwa Vidya Peetham – enrolls, trains, houses and maintains the daily needs of thousands of Maharishi Vedic Pandits at several dozen locations around India.

Spiritual Regeneration Movement – supports Maharishi Vedic Pandit activities including acquiring land and constructing campuses, such as the Brahmasthan of India, to support the lifestyle and daily performances of the Maharishi Vedic Pandits in India.

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BRAHMANANDA SARASWATI FOUNDATION

Notes to Financial Statements (Continued) December 31, 2010 and 2009

Note 6 – Grantee Organizations (Continued)

Swami Brahmananda Saraswati Charitable Trust (SBSCT) - has as its principle focus maintaining a large group of Maharishi Vedic Pandits at the Pandit campus at Prayag (Allahabad) India. In addition, SBSCT is constructing a major facility, the Maharishi Smarak (Memorial), to inspire awareness of and expand support for the Vedic tradition of knowledge and its practical technologies as revived by His Holiness Maharishi Mahesh Yogi, to create world peace, affluence in every nation and individual enlightenment for the present and future generations.