

**BRAHMANANDA SARASWATI  
FOUNDATION**

Independent Auditors' Report  
Financial Statements

December 31, 2016 and 2015

# BRAHMANANDA SARASWATI FOUNDATION

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## Independent Auditors' Report

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Brahmananda Saraswati Foundation (a nonprofit organization) as of and for the years ended December 31, 2016 and 2015, which comprise the 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 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 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 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 auditors' 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 organization'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 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 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 Brahmananda Saraswati Foundation, as of December 31, 2016 and 2015, 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.

*TD&T CPAs and Advisors, P.C.*

Pella, Iowa  
April 18, 2017

**BRAHMANANDA SARASWATI FOUNDATION**  
**Statements of Financial Position**  
**December 31, 2016 and 2015**

Assets		
	2016	2015
<b>Current assets:</b>		
Cash and cash equivalents	\$ 2,643,020	1,505,652
Accrued interest receivable	47,687	6,730
Course fees receivable	19,256	6,814
App fees receivable	4,012	1,072
Prepaid expenses	18,166	5,498
Investments	953,243	914,683
Receivable from affiliates	178,285	32,197
Total current assets	3,863,669	2,472,646
<b>Long-term assets:</b>		
Property held for investment	51,518,679	-
Long-term investments	11,273,749	10,710,220
Long-term interest receivable	148,572	5,533
Notes receivable	8,530,403	1,424,700
Total long-term assets	71,471,403	12,140,453
<b>Property and equipment:</b>		
Land	1,629,190	379,200
Buildings	3,720,810	2,620,800
Computer equipment	2,895	1,655
	5,352,895	3,001,655
Less accumulated depreciation	138,448	13,579
Net property and equipment	5,214,447	2,988,076
Total assets	\$ 80,549,519	17,601,175

See accompanying notes to financial statements.

**BRAHMANANDA SARASWATI FOUNDATION**  
**Statements of Financial Position**  
**December 31, 2016 and 2015**

<b>Liabilities and Net Assets</b>		
	2016	2015
<b>Current liabilities:</b>		
Accounts payable	\$ 213,684	96,772
Accrued payroll	14,547	16,188
Deferred revenue	251,950	285,340
Accrued interest payable	4,325	1,967
Current portion of long-term debt	20,000	-
Total current liabilities	504,506	400,267
Long-term debt, less current portion	251,632	108,000
Total liabilities	756,138	508,267
<b>Net assets:</b>		
Unrestricted	72,674,834	11,628,618
Temporarily restricted	3,183,796	1,786,369
Permanently restricted	3,934,751	3,677,921
Total net assets	79,793,381	17,092,908
Total liabilities and net assets	\$ 80,549,519	17,601,175

See accompanying notes to financial statements.

**BRAHMANANDA SARASWATI FOUNDATION**  
**Statements of Activities and Changes in Net Assets**  
**For the Years Ended December 31, 2016 and 2015**

	2016				2015			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Revenues:</b>								
Contributions	\$ 68,276,134	1,154,378	256,830	69,687,342	9,612,381	197,099	130	9,809,610
Course fee revenue	553,547	-	-	553,547	522,178	-	-	522,178
Investment income (loss)	95,273	(37,606)	-	57,667	348,949	168,572	-	517,521
Unrealized gain (loss) on investments	572,908	294,806	-	867,714	(512,801)	(244,549)	-	(757,350)
Unrealized (loss) on foreign currency adjustment	(2,831,852)	-	-	(2,831,852)	-	-	-	-
Other income	-	-	-	-	24,828	-	-	24,828
Net assets released from restrictions	14,151	(14,151)	-	-	241,167	(241,167)	-	-
<b>Total revenues</b>	<b>66,680,161</b>	<b>1,397,427</b>	<b>256,830</b>	<b>68,334,418</b>	<b>10,236,702</b>	<b>(120,045)</b>	<b>130</b>	<b>10,116,787</b>
<b>Functional expenses:</b>								
Program services	4,916,973	-	-	4,916,973	6,233,905	-	-	6,233,905
Supporting services:								
Management and general	405,716	-	-	405,716	170,811	-	-	170,811
Fundraising	311,256	-	-	311,256	298,629	-	-	298,629
<b>Total expenses</b>	<b>5,633,945</b>	<b>-</b>	<b>-</b>	<b>5,633,945</b>	<b>6,703,345</b>	<b>-</b>	<b>-</b>	<b>6,703,345</b>
<b>Change in net assets</b>	<b>61,046,216</b>	<b>1,397,427</b>	<b>256,830</b>	<b>62,700,473</b>	<b>3,533,357</b>	<b>(120,045)</b>	<b>130</b>	<b>3,413,442</b>
<b>Net assets at beginning of year</b>	<b>11,628,618</b>	<b>1,786,369</b>	<b>3,677,921</b>	<b>17,092,908</b>	<b>8,095,261</b>	<b>1,906,414</b>	<b>3,677,791</b>	<b>13,679,466</b>
<b>Net assets at end of year</b>	<b>\$ 72,674,834</b>	<b>3,183,796</b>	<b>3,934,751</b>	<b>79,793,381</b>	<b>11,628,618</b>	<b>1,786,369</b>	<b>3,677,921</b>	<b>17,092,908</b>

See accompanying notes to financial statements.

**BRAHMANANDA SARASWATI FOUNDATION**  
**Statements of Cash Flows**  
**For the Years Ended December 31, 2016 and 2015**

	2016	2015
<b>Operating activities:</b>		
Change in net assets	\$ 62,700,473	3,413,442
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	124,373	11,924
Noncash contributions of property and receivables	(59,175,018)	-
Noncash contributions of securities	(1,958,970)	-
Noncash addition to property and equipment	(2,350,000)	-
Noncash repayment of notes receivable	2,263,051	-
Noncash assumption of debt	196,632	-
(Gain) loss on foreign currency adjustment	2,831,852	-
Reinvested investment income	(146,693)	(103,779)
Unrealized (gain) loss on investments	(867,714)	757,350
Contributions restricted for long-term investment	(256,830)	(130)
(Increase) decrease in:		
Receivables	(345,466)	3,130
Prepaid expenses	(12,668)	(5,071)
Increase (decrease) in:		
Accounts payable	116,912	(57,446)
Accrued expenses	717	396
Deferred revenue	(33,390)	(51,121)
	<u>(59,613,212)</u>	<u>555,253</u>
Net cash provided (used) by operating activities	<u>3,087,261</u>	<u>3,968,695</u>
<b>Investing activities:</b>		
Purchases of investments	(7,234,436)	(12,321,171)
Sales of investments	9,605,724	7,552,468
Issuance of notes receivable	(4,549,011)	(1,424,700)
Payments received on notes receivable	4,000	-
Purchase of land and buildings	-	(3,000,000)
Net cash provided (used) by investing activities	<u>(2,173,723)</u>	<u>(9,193,403)</u>
<b>Financing activities:</b>		
Contributions restricted for long-term investment	256,830	130
Proceeds from issuance of long-term debt	-	88,000
Payments on long-term debt	(33,000)	(113,000)
Net cash provided (used) by financing activities	<u>223,830</u>	<u>(24,870)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>1,137,368</b>	<b>(5,249,578)</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>1,505,652</b>	<b>6,755,230</b>
<b>Cash and cash equivalents at end of year</b>	<b>\$ <u>2,643,020</u></b>	<b><u>1,505,652</u></b>
<b>Supplemental information:</b>		
Cash payments for interest	\$ <u>1,823</u>	<u>5,792</u>

See accompanying notes to financial statements. 5

**BRAHMANANDA SARASWATI FOUNDATION**  
**Statements of Functional Expenses**  
**For the Years Ended December 31, 2016 and 2015**

	2016				2015			
	Program	Management and General	Fundraising	Total	Program	Management and General	Fundraising	Total
Charitable distributions	\$ 4,405,882	-	-	4,405,882	\$ 5,883,225	-	-	5,883,225
In-kind gift of occupancy	182,407	-	-	182,407	24,828	-	-	24,828
Payroll expenses	16,934	66,685	105,042	188,661	16,845	67,444	104,871	189,160
Course expenses	218,285	-	-	218,285	231,063	-	-	231,063
Consulting and professional fees	18,710	19,801	6,000	44,511	13,663	19,684	6,000	39,347
Insurance	-	9,571	-	9,571	-	6,914	-	6,914
Permits and licenses	-	-	6,183	6,183	-	-	4,636	4,636
Supplies	14,820	2,750	3,773	21,343	12,070	848	2,755	15,673
Telephone	-	1,156	883	2,039	-	1,145	871	2,016
Credit card and bank fees	16,569	44,428	107,607	168,604	12,872	56,260	98,317	167,449
Interest	3,939	242	-	4,181	5,240	-	-	5,240
Facilities expense/occupancy	-	63,175	2,574	65,749	1,389	5,964	3,859	11,212
Travel and meetings	11,940	126	24	12,090	10,593	250	2,372	13,215
Postage	-	348	607	955	82	118	301	501
Internet, webhosting, and printing	-	3,067	586	3,653	1,100	-	197	1,297
App and website development	27,487	144	77,977	105,608	20,935	260	74,450	95,645
Real estate management expenses	-	69,850	-	69,850	-	-	-	-
Depreciation	-	124,373	-	124,373	-	11,924	-	11,924
	<u>\$ 4,916,973</u>	<u>405,716</u>	<u>311,256</u>	<u>5,633,945</u>	<u>\$ 6,233,905</u>	<u>170,811</u>	<u>298,629</u>	<u>6,703,345</u>

See accompanying notes to financial statements.



**BRAHMANANDA SARASWATI FOUNDATION**  
**Notes to Financial Statements**  
**December 31, 2016 and 2015**

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**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.

*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 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.

*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.

*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:

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

**BRAHMANANDA SARASWATI FOUNDATION**  
**Notes to Financial Statements**  
**December 31, 2016 and 2015**

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**Note 1 – Summary of Significant Accounting Policies (Continued)**

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.

*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 and cash or cash equivalents. 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 unrestricted, temporarily restricted or permanently restricted net assets based upon donor-imposed restrictions. Realized losses included in investment income for the year ended December 31, 2016 were \$544,734, and realized losses included in investment income for the year ended December 31, 2015 were \$40,504.

Investment income is reported in the statement of activities as unrestricted, temporarily restricted or permanently restricted revenue based upon donor-imposed restrictions. Gains and investment income that are limited to specific uses by donor-imposed restrictions are reported in unrestricted net assets when the restrictions are met in the same reporting period as the gains and income are recognized.

*Property Held for Investment* - The Foundation maintains several real estate holdings for investment purposes, which were received from the Maharishi Global Development Fund in 2016 as described in Note 11. These properties are valued on the financial statements at fair market value as of the date of receipt (foreign investments adjusted for currency valuation as of December 31, 2016), based on valuations and appraisals of the properties. At December 31, 2016, the properties are held for income and appreciation purposes or are held for sale as shown below:

Held for sale properties	\$ 31,500,000
Held for long-term investment	<u>20,018,679</u>
Total	\$ <u>51,518,679</u>

**BRAHMANANDA SARASWATI FOUNDATION**  
**Notes to Financial Statements**  
**December 31, 2016 and 2015**

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**Note 1 – Summary of Significant Accounting Policies (Continued)**

*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 \$79,841 of the total deferred revenue as of December 31, 2016, 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. Of the total, \$77,671 must be used by March 31, 2021, and \$2,170 must be used by March 31, 2017.

*Date of Management Review* - Management has evaluated subsequent events through April 18, 2017, 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, 2016, the Foundation's uninsured cash balances total \$2,076,533.

**Note 3 – Vedic City Campus**

During the year ended December 31, 2015, the Foundation purchased the Vedic City campus from Global Country of World Peace (one of the organizations the Foundation supports). The Foundation continues to allow Global Country of World Peace to use the campus rent-free as an in-kind contribution, estimating a monthly gift of approximately \$15,200. For the year ended December 31, 2016, the total in-kind contributions to Global Country of World Peace were \$182,407.

**BRAHMANANDA SARASWATI FOUNDATION**  
**Notes to Financial Statements**  
**December 31, 2016 and 2015**

**Note 4 – Restricted Net Assets**

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

	2016	2015
Support for Vedic Pandits	\$ 2,482,594	1,335,478
Maharishi Memorial Educational Center	1,166	1,166
Development of mobile device app	5,001	-
Bijauri Construction	258,425	256,166
Earnings on amounts endowed for Vedic Pandits	436,610	193,559
	<u>\$ 3,183,796</u>	<u>1,786,369</u>

Permanently restricted net assets include the following as of December 31:

Endowed for Vedic Pandits	\$ 3,934,751	3,677,721
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During the years ended December 31, 2016 and 2015, net assets were released from donor restrictions by satisfying the purpose or time restrictions specified by donors as follows:

	2016	2015
Support for Vedic Pandits	\$ -	35,319
Development of mobile device app	-	1,747
Earnings on endowment	-	204,101
	<u>\$ -</u>	<u>241,167</u>

**Note 5 – Long-Term Debt**

Long-term debt consists of the following:

	2016	2015
Unsecured notes payable to private parties and foundations for construction of a men’s residence facility in India with varying maturity dates between July 2017 and August 2020 and interest rates of 4.5%. One note totaling \$20,000 scheduled to mature in 2014 was extended during 2014 to have a maturity date in 2017.	\$ 75,000	108,000
Note payable to a corporation in Japan with maturity date in May 2019 and interest rate of 2.5% with interest payable annually.	196,632	-
Less current portion	<u>(20,000)</u>	-
Long-term portion	<u>\$ 251,632</u>	<u>108,000</u>

**BRAHMANANDA SARASWATI FOUNDATION**  
**Notes to Financial Statements**  
**December 31, 2016 and 2015**

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**Note 5 – Long-Term Debt**

The current portions due during the next five years are as follows:

		Period Ending December 31,	
2017	\$	20,000	
2018		-	
2019		196,632	
2020		55,000	
2021		-	
Total	\$	271,632	

**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. Its 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 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 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.

*Investment Return Objectives, Risk Parameters and Strategies.* Brahmananda Saraswati Foundation's primary investment objective is to preserve and protect its assets. Brahmananda Saraswati Foundation currently maintains operating bank accounts and investment accounts at brokerage houses. Brahmananda Saraswati Foundation has appointed an investment committee to manage, supervise, monitor, and support the investments of the Foundation. Endowment funds are currently deposited in high yield savings accounts, marketable debt and equity securities, and mutual funds at brokerage houses.

**BRAHMANANDA SARASWATI FOUNDATION**  
**Notes to Financial Statements**  
**December 31, 2016 and 2015**

**Note 6 – Endowments (Continued)**

*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, 2016 are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total Endowment Net Assets
Board-designated endowment funds	\$ 53,229,192	-	-	53,229,192
Donor-restricted endowment funds	-	436,609	3,934,751	4,371,360
Total	\$ 53,229,192	436,609	3,934,751	57,600,552

Changes in endowment net assets for the year ended December 31, 2016 are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total Endowment Net Assets
Endowment net assets, beginning of year	\$ 7,706,551	193,560	3,677,921	11,578,032
Contributions	47,445,884	-	256,830	47,702,714
Investment income (loss)	(2,501)	(37,606)	-	(40,107)
Unrealized gain (loss)	586,840	294,806	-	881,646
Unrealized loss – foreign currency adjustment	(2,507,582)	-	-	(2,507,582)
Appropriation of endowment assets for expenditure	-	(14,151)	-	(14,151)
Endowment net assets, end of year	\$ 53,229,192	436,609	3,934,751	57,600,552

**BRAHMANANDA SARASWATI FOUNDATION**  
**Notes to Financial Statements**  
**December 31, 2016 and 2015**

**Note 6 – Endowments (Continued)**

Endowment net assets as of December 31, 2015 are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total Endowment Net Assets
Board-designated endowment funds	\$ 7,706,551	-	-	7,706,551
Donor-restricted endowment funds	-	193,559	3,677,921	3,871,480
<b>Total</b>	<b>\$ 7,706,551</b>	<b>193,559</b>	<b>3,677,921</b>	<b>11,578,031</b>

Changes in endowment net assets for the year ended December 31, 2015 are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total Endowment Net Assets
Endowment net assets, beginning of year	\$ 7,880,000	473,637	3,677,791	12,031,428
Contributions	-	-	130	130
Investment income	289,730	168,572	-	458,302
Unrealized loss	(463,179)	(244,549)	-	(707,728)
Appropriation of endowment assets for expenditure	-	(204,101)	-	(204,101)
<b>Endowment net assets, end of year</b>	<b>\$ 7,706,551</b>	<b>193,559</b>	<b>3,677,921</b>	<b>11,578,031</b>

**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
- 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.

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**Note 7 – Fair Value Measurements (Continued)**

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.

*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 investment assets and liabilities measured at fair value by classification within the fair value hierarchy as of December 31, 2016.

	December 31, 2016	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money market accounts	\$ 355,360	355,360	-	-
Marketable equity securities	\$ 6,865,964	6,865,964	-	-
Equity and fixed income mutual funds	5,005,668	5,005,668	-	-
<b>Total assets, at fair value</b>	<b>\$ 12,226,992</b>	<b>12,226,992</b>	<b>-</b>	<b>-</b>

The following table presents assets measured at fair value by classification within the fair value hierarchy as of December 31, 2015:

	December 31, 2015	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Marketable equity securities	\$ 6,203,534	6,203,534	-	-
Equity and fixed income mutual funds	5,421,369	5,421,369	-	-
<b>Total assets, at fair value</b>	<b>\$ 11,624,903</b>	<b>11,624,903</b>	<b>-</b>	<b>-</b>



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**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, 2016 and 2015:

		2016	2015
Investments - current	\$	953,243	914,683
Long-term investments		11,273,749	10,710,220
	\$	12,226,992	11,624,903

**Note 8 – Concentrations**

The Foundation received approximately 96 percent of its contributions from one donor (see Note 11) during the year ended December 31, 2016. The Foundation received approximately 19 percent of its contributions from two donors during the year ended December 31, 2015.

The Foundation's charitable distributions were granted to five organizations during the year ended December 31, 2016. One organization received a total of 95 percent of the total charitable distributions during the year ended December 31, 2016. During the year ended December 31, 2015, charitable distributions were granted to six organizations. Two of the organizations received a total of 97 percent of the total charitable distributions during the year ended December 31, 2015.

**Note 9 – Grantee Organizations**

The major grantee organizations 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.

Global Country of World Peace – a U.S. non-profit, educational organization, which has as one of its major program services, to support a large group of highly trained Vedic Scholars from India at its campus in Fairfield, IA. The campus can host up to 2,000 guest scholars. The activities of these scholars are to support the growth of peace, affluence and international harmony in the collective consciousness of all nations.

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.

Maharishi Global Country of World Peace Stichting - develops and promotes teaching and instruction in Maharishi Vedic Science and Technology and all that belongs thereto, including the support and care of the Maharishi Vedic Pandits who play a vital role in maintaining the science and practical technologies of the Vedic tradition.

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**Note 10 – Notes Receivable**

Notes receivable consist of the following:

	2016	2015
Notes receivable from Global Country of World Peace (GCWP) with maturity dates between 2019 and 2022 and with various interest rates. Principal and interest are payable upon maturity. Several of these notes were transferred to the Foundation by the Maharishi Global Development Fund as discussed in Note 11.	\$ 4,389,524	1,424,700
Notes receivable from Maharishi Ayurveda Products International with maturity date in July 2018 and interest rate of 4.25% with interest payable monthly. Note was transferred to the Foundation by the Maharishi Global Development Fund as discussed in Note 11.	1,303,692	-
Notes receivable from Association of Science of Creative Intelligence (Thailand) with maturity date in August 2018 and interest rate of 1%. Principal and interest are payable upon maturity. This note was transferred to the Foundation by the Maharishi Global Development Fund as discussed in Note 11.	100,000	-
Notes receivable from Stichting Maharishi University of Management with maturity date in January 2018 and interest rates of 4%. Principal and interest are payable upon maturity.	2,675,493	-
Note receivable from GCWP in Northern Ireland with maturity date in June 2018 and interest rate of 1%.	61,694	-
Total notes receivable	8,530,403	1,424,700
Less current portion	-	-
Long-term portion	\$ 8,530,403	1,4324,700

**Note 11 – Transfer of Assets and Liabilities from Maharishi Global Development Fund (MGDF)**

Another nonprofit organization with a similar purpose, MGDF, ceased operations at the end of 2016 and transferred its remaining assets and liabilities to the Foundation throughout 2016. Total assets received from MGDF were \$58,462,717. Liabilities assumed as part of the transfer totaled \$196,632. Included in the assets received were several real estate holdings, assignments of loans receivable, and cash, which are described in the preceding notes and included on the statement of financial position.