

**BRAHMANANDA SARASWATI  
FOUNDATION**

Independent Auditors' Report  
Consolidated Financial Statements

December 31, 2019 and 2018

## **BRAHMANANDA SARASWATI FOUNDATION**

<b>Contents</b>	<b>Page(s)</b>
<b>Independent Auditors' Report</b>	1-2
<b>Financial Statements:</b>	
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, 2019 and 2018, 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.

tdtpc.com

Burlington	Cedar Rapids	Centerville	Fairfield	Mt. Pleasant	Muscatine	Oskaloosa	Pella	West Des Moines
319.753.9877	319.393.2374	641.437.4296	641.472.6171	319.385.9718	563.264.2727	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, 2019 and 2018, 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.

*TDT CPAs and Advisors, P.C.*

West Des Moines, Iowa  
April 28, 2020

**BRAHMANANDA SARASWATI FOUNDATION**  
**Consolidated Statements of Financial Position**  
**December 31, 2019 and 2018**

Assets		
	2019	2018
<b>Current assets:</b>		
Cash and cash equivalents	\$ 1,335,774	996,508
Accrued interest receivable	2,552	3,182
Course fees receivable	937	6,903
App fees receivable	11,116	7,155
Current portion of notes receivable	155,143	155,143
Prepaid expenses	33,108	34,775
Investments	970,478	945,391
Notes receivable - short-term	98,296	645,000
Receivable from affiliates	16,888	18,221
Total current assets	2,624,292	2,812,278
<b>Long-term assets:</b>		
Property held for investment	28,832,603	28,635,860
Long-term investments	41,315,963	31,718,502
Long-term interest receivable	19,902	25,334
Notes receivable, net of allowance	4,939,117	5,155,954
Total long-term assets	75,107,585	65,535,650
<b>Property and equipment:</b>		
Land	4,977,620	6,353,397
Buildings	4,493,810	4,493,810
Computer equipment	2,895	2,895
	9,474,325	10,850,102
Less accumulated depreciation	587,421	424,026
Net property and equipment	8,886,904	10,426,076
Total assets	\$ 86,618,781	78,774,004

See accompanying notes to financial statements.

**BRAHMANANDA SARASWATI FOUNDATION**  
**Consolidated Statements of Financial Position**  
**December 31, 2019 and 2018**

<b>Liabilities and Net Assets</b>		
	<b>2019</b>	<b>2018</b>
<b>Current liabilities:</b>		
Accounts payable	\$ 174,320	181,144
Contingency - environmental remediation	4,000,000	1,150,000
Accrued payroll	-	24,513
Deferred revenue	221,044	248,420
Current portion of long-term debt	-	62,452
Total current liabilities	4,395,364	1,666,529
<b>Long-term debt, less current portion</b>	-	58,019
Total liabilities	4,395,364	1,724,548
<b>Net assets:</b>		
Without donor restrictions	70,998,329	68,999,702
With donor restrictions	11,225,088	8,049,754
Total net assets	82,223,417	77,049,456
Total liabilities and net assets	\$ 86,618,781	78,774,004

See accompanying notes to financial statements.

**BRAHMANANDA SARASWATI FOUNDATION**  
**Consolidated Statements of Activities and Changes in Net Assets**  
**For the Years Ended December 31, 2019 and 2018**

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenues:</b>						
Contributions	\$ 1,836,140	7,199,368	9,035,508	1,639,134	5,668,997	7,308,131
Contributions - corporate stock	-	-	-	2,985,750	-	2,985,750
Contributions under Four Organization Agreement	-	-	-	4,095,006	-	4,095,006
Course fee revenue	463,053	-	463,053	546,935	-	546,935
Investment income (loss)	895,135	157,901	1,053,036	2,548,108	116,071	2,664,179
Unrealized gain (loss) on investments	5,021,878	885,854	5,907,732	(4,784,529)	(542,564)	(5,327,093)
Unrealized gain (loss) on foreign currency adjustment	229,565	-	229,565	456,541	-	456,541
Real estate investment income	756,422	-	756,422	813,193	-	813,193
In-kind grant income	182,407	-	182,407	182,407	-	182,407
Farm income	25,295	-	25,295	-	-	-
Other income	118,766	-	118,766	95,283	-	95,283
Net assets released from restrictions	5,067,789	(5,067,789)	-	5,717,050	(5,717,050)	-
Total revenues	<u>14,596,450</u>	<u>3,175,334</u>	<u>17,771,784</u>	<u>14,294,878</u>	<u>(474,546)</u>	<u>13,820,332</u>
<b>Functional expenses:</b>						
Program services	6,856,056	-	6,856,056	10,346,786	-	10,346,786
Supporting services:						
Management and general	1,347,588	-	1,347,588	1,054,649	-	1,054,649
Fundraising	235,424	-	235,424	253,701	-	253,701
Total expenses	<u>8,439,068</u>	<u>-</u>	<u>8,439,068</u>	<u>11,655,136</u>	<u>-</u>	<u>11,655,136</u>
<b>Other income (expenses):</b>						
Mineral rights depletion expense	(218,548)	-	(218,548)	(215,654)	-	(215,654)
Environmental remediation costs	(3,805,570)	-	(3,805,570)	(1,466,647)	-	(1,466,647)
Loss on sale of property	(134,637)	-	(134,637)	(3,374)	-	(3,374)
Total other income (expenses)	<u>(4,158,755)</u>	<u>-</u>	<u>(4,158,755)</u>	<u>(1,685,675)</u>	<u>-</u>	<u>(1,685,675)</u>
<b>Change in net assets</b>	1,998,627	3,175,334	5,173,961	954,067	(474,546)	479,521
<b>Net assets at beginning of year</b>	<u>68,999,702</u>	<u>8,049,754</u>	<u>77,049,456</u>	<u>68,045,635</u>	<u>8,524,300</u>	<u>76,569,935</u>
<b>Net assets at end of year</b>	<u>\$ 70,998,329</u>	<u>11,225,088</u>	<u>82,223,417</u>	<u>68,999,702</u>	<u>8,049,754</u>	<u>77,049,456</u>

See accompanying notes to financial statements.

**BRAHMANANDA SARASWATI FOUNDATION**  
**Consolidated Statements of Cash Flows**  
**For the Years Ended December 31, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
<b>Operating activities:</b>		
Change in net assets	\$ 5,173,961	479,521
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	163,395	150,290
Depletion - mineral rights	218,548	215,654
Loss on sale of property	134,637	3,374
Noncash contribution from 4 Organization Agreement	-	(4,015,551)
(Gain) loss on foreign currency adjustment	(229,565)	(456,541)
Reinvested investment income	(1,053,036)	(2,664,179)
Unrealized (gain) loss on investments	(5,907,732)	5,327,093
Contributions restricted for long-term investment	(7,199,368)	(77,119)
(Increase) decrease in:		
Receivables	9,400	346,461
Prepaid expenses	1,667	(6,289)
Increase (decrease) in:		
Accounts payable	(6,824)	41,813
Environmental remediation	2,850,000	1,150,000
Accrued expenses	(24,513)	3,279
Deferred revenue	(27,376)	(17,433)
	<u>(11,070,767)</u>	<u>852</u>
Net cash provided (used) by operating activities	<u>(5,896,806)</u>	<u>480,373</u>
<b>Investing activities:</b>		
Purchases of investments	(3,512,776)	(26,665,264)
Sales of investments	1,924,159	25,859,804
Issuance of notes receivable	-	-
Payments received on notes receivable	763,541	155,143
Net cash provided (used) by investing activities	<u>(825,076)</u>	<u>(650,317)</u>
<b>Financing activities:</b>		
Contributions restricted for long-term investment	7,199,368	77,119
Payments on long-term debt	(138,220)	(80,129)
Net cash provided (used) by financing activities	<u>7,061,148</u>	<u>(3,010)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>339,266</b>	<b>(172,954)</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>996,508</b>	<b>1,169,462</b>
<b>Cash and cash equivalents at end of year</b>	<b>\$ <u>1,335,774</u></b>	<b><u>996,508</u></b>

See accompanying notes to financial statements.



**BRAHMANANDA SARASWATI FOUNDATION**  
**Consolidated Statements of Functional Expenses**  
**For the Years Ended December 31, 2019 and 2018**

	2019				2018			
	Program	Management and General	Fundraising	Total	Program	Management and General	Fundraising	Total
Charitable distributions	\$ 6,182,402	-	-	6,182,402	\$ 9,517,250	-	15,286	9,532,536
In-kind gift of occupancy	182,407	-	-	182,407	182,407	-	-	182,407
Payroll expenses	31,649	203,848	78,545	314,042	17,400	189,282	64,712	271,394
Course expenses	272,182	-	-	272,182	284,145	-	-	284,145
Consulting and professional fees	92,857	184,489	2,710	280,056	56,389	62,707	-	119,096
Insurance	-	38,071	-	38,071	-	22,364	-	22,364
Permits and licenses	-	31,761	5,542	37,303	-	475	4,471	4,946
Supplies	52,674	13,110	2,314	68,098	46,367	25,735	4,004	76,106
Telephone	-	1,949	54	2,003	-	1,396	532	1,928
Credit card and bank fees	1,139	3,362	89,153	93,654	16,337	3,007	80,897	100,241
Interest	542	849	-	1,391	1,149	7,783	-	8,932
Facilities expense/occupancy	-	595,057	-	595,057	168,653	462,229	-	630,882
Travel and meetings	4,260	13,150	240	17,650	19,303	-	610	19,913
Postage	56	643	78	777	146	363	81	590
Internet, webhosting, and printing	-	32	-	32	-	209	-	209
App and website development	35,888	2,807	56,788	95,483	37,240	6,144	83,108	126,492
Real estate management expenses	-	29,930	-	29,930	-	17,472	-	17,472
Debt forgiveness	-	65,135	-	65,135	-	105,193	-	105,193
Depreciation	-	163,395	-	163,395	-	150,290	-	150,290
	<u>\$ 6,856,056</u>	<u>1,347,588</u>	<u>235,424</u>	<u>8,439,068</u>	<u>\$ 10,346,786</u>	<u>1,054,649</u>	<u>253,701</u>	<u>11,655,136</u>

See accompanying notes to financial statements.

**BRAHMANANDA SARASWATI FOUNDATION**  
**Notes to Consolidated Financial Statements**  
**December 31, 2019 and 2018**

---

**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 3 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, 2019 and 2018**

---

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

*New Accounting Pronouncement* - In May 2014, FASB issued ASU 2014-09 - *Revenue from Contracts with Customers (Topic 606)*. This framework ensures that entities appropriately reflect the consideration to which they expect to be entitled in exchange for goods and services, by allocating a transactions price to identified performance obligations, and recognizing that revenue as performance obligations are satisfied. Qualitative and quantitative disclosures are required to enable users of the financial statements to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The change became effective for the Foundation on January 1, 2019. There was no material impact from adoption. The ASU has been applied retrospectively to all periods presented, with no effect on net assets or previously issued financial statements.

*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 performing 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 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, 2019 and 2018 were \$388,463 and \$1,720,392, respectively.

**BRAHMANANDA SARASWATI FOUNDATION**  
**Notes to Consolidated Financial Statements**  
**December 31, 2019 and 2018**

---

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

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.

*Property Held for Investment* - 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. Foreign investments are adjusted for currency valuation as of December 31, 2019 and 2018. At December 31, 2019 and 2018, the properties are held for income and appreciation purposes or are held for sale as shown below:

	<b>2019</b>	<b>2018</b>
Held for sale properties	\$ 10,102,927	9,236,880
Held for long-term investment	18,729,676	19,398,980
Total	\$ 28,832,603	28,635,860

*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, 2019, 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 must be used by March 31, 2021.

*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 28, 2020, 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, 2019, the Foundation's uninsured cash balances totaled \$869,627.

**BRAHMANANDA SARASWATI FOUNDATION**  
**Notes to Consolidated Financial Statements**  
**December 31, 2019 and 2018**

**Note 3 - Availability and Liquidity**

The following represents the Foundation's financial assets at December 31, 2019:

Financial assets at year end:	
Cash and cash equivalents	\$ 1,335,774
Receivables	5,243,951
Investments	71,119,044
Total financial assets	<u>77,698,769</u>
Less amounts not available to be used within one year:	
Property held for investment	28,832,603
Long-term investments	41,315,963
Long-term receivables	4,959,019
	<u>75,107,585</u>
Financial assets available to meet general expenditures Over the next twelve months	<u>\$ 2,591,184</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**

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 allows Maharishi Foundation USA to use the campus rent-free as an in-kind contribution, estimating a monthly gift of approximately \$15,200. For each of the years ended December 31, 2019 and 2018, the total in-kind contributions of use of the campus totaled \$182,407.

**Note 5 - Net Assets with Donor Restrictions**

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

	<u>2019</u>	<u>2018</u>
Temporary (time or purpose) restrictions:		
Support for Vedic Pandits	\$ 3,317,755	3,177,730
Maharishi Memorial Educational Center	1,166	1,166
Bijauri Construction	171,247	198,464
5500 Edson	39,671	38,152
Northeast Peace Palace, CT	40,383	2,899
Earnings on amounts endowed for Vedic Pandits	1,677,408	633,652
Permanent restrictions:		
Endowed for Vedic Pandits	<u>5,977,458</u>	<u>3,997,691</u>
	<u>\$ 11,225,088</u>	<u>8,049,754</u>

**BRAHMANANDA SARASWATI FOUNDATION**  
**Notes to Consolidated Financial Statements**  
**December 31, 2019 and 2018**

---

**Note 5 - Net Assets with Donor Restrictions (Continued)**

During the years ended December 31, 2019 and 2018, net assets were released from donor restrictions by satisfying the purpose or time restrictions specified by donors as follows:

	<u>2019</u>	<u>2018</u>
Bijauri Construction	\$ 102,518	66,465
Celebration donations	716,389	763,200
Support for Vedic Pandits	4,174,568	4,547,762
Purusha courses		290,000
Mobile App	10,000	-
Northeast Peace Palace, CT	18,717	5,899
Kansas	-	3,103
5500 Edson	30,597	33,621
5504 Edson	15,000	7,000
	<u>\$ 5,067,789</u>	<u>5,717,050</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. 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 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, 2019 and 2018**

**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, 2019 are as follows:

	<b>Net Assets Without Donor Restrictions</b>	<b>Net Assets With Donor Restrictions</b>	<b>Total Endowment Net Assets</b>
Board-designated endowment funds	\$ 51,176,110	-	51,176,110
Donor-restricted endowment funds	-	7,654,866	7,654,866
Total	\$ 51,176,110	7,654,866	58,830,976

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

	<b>Net Assets without Donor Restrictions</b>	<b>Net Assets with Donor Restrictions</b>	<b>Total Endowment Net Assets</b>
Endowment net assets, beginning of year	\$ 46,183,997	4,631,343	50,815,340
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
Unrealized gain – foreign currency adjustment	218,994	-	218,994
Appropriation of endowment assets for expenditure	(1,074,020)	-	(1,074,020)
Endowment net assets, end of year	\$ 51,176,110	7,654,866	58,830,976

**BRAHMANANDA SARASWATI FOUNDATION**  
**Notes to Consolidated Financial Statements**  
**December 31, 2019 and 2018**

**Note 6 - Endowments (Continued)**

Endowment net assets as of December 31, 2018 are as follows:

	<b>Net Assets without Donor Restrictions</b>	<b>Net Assets with Donor Restrictions</b>	<b>Total Endowment Net Assets</b>
Board-designated endowment funds	\$ 46,183,997	-	46,183,997
Donor-restricted endowment funds	-	4,631,343	4,631,343
<b>Total</b>	<b>\$ 46,183,997</b>	<b>4,631,343</b>	<b>50,815,340</b>

Changes in endowment net assets for the year ended December 31, 2018 are as follows:

	<b>Net Assets without Donor Restrictions</b>	<b>Net Assets with Donor Restrictions</b>	<b>Total Endowment Net Assets</b>
Endowment net assets, beginning of year	\$ 48,134,160	5,044,997	53,179,157
Contributions	-	12,841	12,841
Investment income	652,040	116,070	768,110
Unrealized gain (loss)	(3,047,906)	(511,205)	(3,559,111)
Unrealized loss – foreign currency adjustment	405,906	-	405,906
Interest income	39,797	-	39,797
Appropriation of endowment assets for expenditure	-	(31,360)	(31,360)
<b>Endowment net assets, end of year</b>	<b>\$ 46,183,997</b>	<b>4,631,343</b>	<b>50,815,340</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



**BRAHMANANDA SARASWATI FOUNDATION**  
**Notes to Consolidated Financial Statements**  
**December 31, 2019 and 2018**

**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, 2019.

	<b>December 31, 2019</b>	<b>Quoted Prices in Active Markets for Identical Assets (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>	<b>Significant Unobservable Inputs (Level 3)</b>
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	-	-
<b>Total assets, at fair value</b>	<b>\$ 42,286,441</b>	<b>29,961,677</b>	<b>12,324,764</b>	<b>-</b>

The following table presents assets measured at fair value by classification within the fair value hierarchy as of December 31, 2018:

	<b>December 31, 2018</b>	<b>Quoted Prices in Active Markets for Identical Assets (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>	<b>Significant Unobservable Inputs (Level 3)</b>
Money market accounts	\$ 1,200,191	1,200,191	-	-
Marketable equity securities	17,811,242	17,811,242	-	-
Private equity and hedge funds	9,653,555	-	9,653,555	-
Equity and fixed income mutual funds	3,998,905	3,998,905	-	-
<b>Total assets, at fair value</b>	<b>\$ 32,663,893</b>	<b>23,010,338</b>	<b>9,653,555</b>	<b>-</b>

**BRAHMANANDA SARASWATI FOUNDATION**  
**Notes to Consolidated Financial Statements**  
**December 31, 2019 and 2018**

---

**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, 2019 and 2018:

		<b>2019</b>	<b>2018</b>
Investments - current	\$	970,478	945,391
Long-term investments		41,315,963	31,718,502
	\$	42,286,441	32,663,893

**Note 8 - Concentrations**

The Foundation received approximately 42 percent of its contributions from three donors during the year ended December 31, 2019. The Foundation received approximately 29 percent of its contributions from two donors during the year ended December 31, 2018.

The Foundation's charitable distributions were granted to seventeen organizations during the year ended December 31, 2019. One organization received a total of 69 percent of the total charitable distributions during the year ended December 31, 2019. During the year ended December 31, 2018, charitable distributions were granted to thirteen organizations. Two organizations received a total of 84 percent of the total charitable distributions during the year ended December 31, 2018.

**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.

Maharishi Foundation USA - a U.S. non-profit, educational organization whose main focus is the teaching of Transcendental Meditation in the USA.

Maharishi Integrative Health Foundation – a supporting organization to help carry out the charitable purposes of the Foundation and the Raam Raj Foundation.

Nepal MF for Vedic Culture – Supports Maharishi Vedic Pandits in Nepal in order to create a sphere of influence of harmony, prosperity and peace in the collective consciousness of all nations.

**BRAHMANANDA SARASWATI FOUNDATION**  
**Notes to Consolidated Financial Statements**  
**December 31, 2019 and 2018**

**Note 10 - Notes Receivable**

Notes receivable consist of the following:

	<b>2019</b>	<b>2018</b>
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 \$1,644,244 (see Note 12) and \$-0- for December 31, 2019 and 2018 respectively.	\$ 4,000,000	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	558,546	606,546
Note receivable from GCWP in Northern Ireland with maturity date in June 2023 and interest rate of 1%. This note was forgiven during the year ended December 31, 2019 in its entirety.	-0-	61,694
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	642,857
Total notes receivable	5,094,260	5,311,097
Less current portion	155,143	155,143
Long-term portion	\$ 4,939,117	5,155,954

**Note 11 - 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, 2019, one property had not yet transferred to the Foundation. As such, the Foundation has not yet forgiven the notes receivable from GCWP as disclosed in Note 12.

**BRAHMANANDA SARASWATI FOUNDATION**  
**Notes to Consolidated Financial Statements**  
**December 31, 2019 and 2018**

---

**Note 12 – Significant Estimates and Contingencies**

*Environmental Remediation Costs* - During 2018, Japanese regulators identified pollution on the Foundation's Japan property, and required the Foundation to mitigate the pollution. The Foundation has incurred costs in 2018 and 2019 to remediate the pollution, and management anticipates additional costs going forward of approximately \$4,000,000. 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 11, 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. The majority of the sales of these properties closed in 2019, and management recorded the proceeds as a reduction of the receivable. Proceeds from the remaining properties are contingent on SMGFR listing and selling such properties, and management does not have an estimate on the amount of funds to be received. Management has concluded that it is at least reasonably possible that the amounts to be received from SMGFR from sales of its properties will change in the near term.

*Estimate of allowance on Notes Receivable* - Under the Four Organization Agreement, the Foundation agreed to release Global Country for World Peace (GCWP) from its amounts owed to the Foundation (and all accrued interest) in exchange for consideration received, which included several properties. At December 31, 2019, one property had not yet been transferred to the Foundation. Under the terms of the agreement, the Foundation will not release GCWP from its obligations until the remaining property is received. As a result, the notes receivable from GCWP continue to be carried on the Statement of Financial Position at the full amount, however, management has recorded an allowance for uncollectible receivables of \$1,644,244, which represents the difference between the estimated value of the remaining property to be received and the total receivable from GCWP (including accrued interest). It is at least reasonably possible that the value of the consideration to be received will change in the near term.

**Note 13 - 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.

**BRAHMANANDA SARASWATI FOUNDATION**  
**Notes to Consolidated Financial Statements**  
**December 31, 2019 and 2018**

---

**Note 14 - Supplemental Cash Flow Information**

	<u>2019</u>	<u>2018</u>
Cash paid for interest	\$ 1,391	8,932
Noncash contributions under Four Organization Agreement	-0-	4,015,551
Noncash addition of property and equipment	-0-	3,259,900
Noncash satisfaction of notes receivable	-0-	4,434,244
Noncash addition on notes receivable	-0-	(645,000)

**Note 15 - Subsequent Event**

Subsequent to year-end, world equity and bond markets experienced substantial declines. The Foundation has experienced material unrealized losses as a result of the market declines.