

**BRAHMANANDA SARASWATI
FOUNDATION**

Independent Auditors' Report
Consolidated Financial Statements

December 31, 2021 and 2020

BRAHMANANDA SARASWATI FOUNDATION

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Independent Auditors' Report

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

Opinions

We have audited the accompanying consolidated financial statements of Brahmananda Saraswati Foundation (a non-profit organization), which comprise the consolidated statements of financial position as of December 31, 2021 and 2020, and the related consolidated statements of activities and changes in net assets, cash flows, and functional expenses for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Brahmananda Saraswati Foundation as of December 31, 2021 and 2020, and the changes in its net assets, cash flows, and functional expenses for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Brahmananda Saraswati Foundation and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Brahmananda Saraswati Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and Government Auditing Standards, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtained an understanding of internal control relevant to the audit 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 Brahmananda Saraswati Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Brahmananda Saraswati Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

TDT CPAs and Advisors, P.C.

Cedar Rapids, Iowa
April 23, 2022

BRAHMANANDA SARASWATI FOUNDATION
Consolidated Statements of Financial Position
December 31, 2021 and 2020

Assets		
	2021	2020
Current assets:		
Cash and cash equivalents	\$ 2,214,474	3,028,982
Accrued interest receivable	559	1,342
App fees receivable	17,899	16,877
Current portion of notes receivable	226,720	280,261
Prepaid expenses	29,378	18,964
Investments	983,220	979,895
Other receivables - short-term	1,036	98,821
Total current assets	<u>3,473,286</u>	<u>4,425,142</u>
Long-term assets:		
Other investments - real estate	8,666,398	11,505,262
Long-term investments	51,232,179	44,619,935
Notes receivable, net of allowance and current portion	3,763,695	1,728,860
Total long-term assets	<u>63,662,272</u>	<u>57,854,057</u>
Property and equipment:		
Land	24,479,707	24,748,843
Buildings	5,440,277	4,880,277
Computer equipment	2,895	2,895
	<u>29,922,879</u>	<u>29,632,015</u>
Less accumulated depreciation	555,930	358,121
Net property and equipment	<u>29,366,949</u>	<u>29,273,894</u>
 Total assets	 <u>\$ 96,502,507</u>	 <u>91,553,093</u>

See accompanying notes to financial statements.

BRAHMANANDA SARASWATI FOUNDATION
Consolidated Statements of Financial Position
December 31, 2021 and 2020

Liabilities and Net Assets		
	<u>2021</u>	<u>2020</u>
Current liabilities:		
Accounts payable	\$ 300,866	390,670
Contingency - environmental remediation	2,166,000	5,000,000
Deferred revenue	97,625	181,025
Refundable advance (PPP loan)	-	51,400
Total current liabilities	<u>2,564,491</u>	<u>5,623,095</u>
Net assets:		
Without donor restrictions	76,295,582	71,594,163
With donor restrictions	<u>17,642,434</u>	<u>14,335,835</u>
Total net assets	<u>93,938,016</u>	<u>85,929,998</u>
Total liabilities and net assets	\$ <u>96,502,507</u>	<u>91,553,093</u>

See accompanying notes to financial statements.

BRAHMANANDA SARASWATI FOUNDATION
Consolidated Statements of Activities and Changes in Net Assets
For the Years Ended December 31, 2021 and 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues:						
Contributions	\$ 4,758,508	6,090,858	10,849,366	2,644,023	6,348,642	8,992,665
Course fee revenue	-	-	-	188,369	-	188,369
Investment income (loss)	1,157,275	464,501	1,621,776	822,503	195,180	1,017,683
Unrealized gain (loss) on investments	4,489,895	1,175,465	5,665,360	1,597,433	391,823	1,989,256
Real estate investment income	933,893	-	933,893	885,157	-	885,157
In-kind grant income	397,948	-	397,948	362,025	-	362,025
Farm income	65,340	-	65,340	116,054	-	116,054
Other income	204,844	-	204,844	161,288	-	161,288
Net assets released from restrictions	4,424,225	(4,424,225)	-	3,824,898	(3,824,898)	-
Total revenues	16,431,928	3,306,599	19,738,527	10,601,750	3,110,747	13,712,497
Functional expenses:						
Program services	8,612,639	-	8,612,639	5,310,740	-	5,310,740
Supporting services:						
Management and general	1,338,110	-	1,338,110	2,182,068	-	2,182,068
Fundraising	267,704	-	267,704	217,686	-	217,686
Total expenses	10,218,453	-	10,218,453	7,710,494	-	7,710,494
Other income (expenses):						
Mineral rights depletion expense	-	-	-	(192,979)	-	(192,979)
Environmental remediation costs	(1,301,526)	-	(1,301,526)	(4,330,718)	-	(4,330,718)
Gain (loss) on sale of property	(210,530)	-	(210,530)	807,251	-	807,251
Total other income (expenses)	(1,512,056)	-	(1,512,056)	(3,716,446)	-	(3,716,446)
Change in net assets	4,701,419	3,306,599	8,008,018	(825,190)	3,110,747	2,285,557
Net assets at beginning of year	71,594,163	14,335,835	85,929,998	72,419,353	11,225,088	83,644,441
Net assets at end of year	\$ 76,295,582	17,642,434	93,938,016	71,594,163	14,335,835	85,929,998

See accompanying notes to financial statements.

BRAHMANANDA SARASWATI FOUNDATION
Consolidated Statements of Cash Flows
For the Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Operating activities:		
Change in net assets	\$ 8,008,018	2,285,557
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	197,808	256,012
Depletion - mineral rights	-	192,979
Exchange rate loss on notes receivable (noncash)	66,389	-
Forgiveness of notes receivable (noncash)	50,000	-
Forgiveness of PPP loan (noncash)	(51,400)	-
Acquisition of PPP loan (noncash)	-	51,400
(Gain) loss on sale of other investments - real estate	210,530	(811,935)
(Gain) loss on sale of property	-	4,684
Reinvested investment income	(1,621,776)	(1,017,683)
Unrealized (gain) loss on investments	(5,665,360)	(1,989,256)
Contributions restricted for long-term investment	(6,090,858)	(6,348,642)
(Increase) decrease in:		
Receivables	(2,000,137)	(882,210)
Prepaid expenses	(10,414)	14,144
Increase (decrease) in:		
Accounts payable	(89,804)	216,350
Contingency - environmental remediation	(2,834,000)	1,000,000
Deferred revenue	(83,400)	(40,019)
	<u>(17,922,422)</u>	<u>(9,354,176)</u>
Net cash provided (used) by operating activities	<u>(9,914,404)</u>	<u>(7,068,619)</u>
Investing activities:		
Purchases of investments	671,567	(1,867,060)
Sales of investments	-	1,560,610
Proceeds from sale of other investments - real estate	2,337,471	2,519,635
Proceeds from sale of property and equipment	-	200,000
Net cash provided (used) by investing activities	<u>3,009,038</u>	<u>2,413,185</u>
Financing activities:		
Contributions restricted for long-term investment	6,090,858	6,348,642
Net cash provided (used) by financing activities	<u>6,090,858</u>	<u>6,348,642</u>
Net increase (decrease) in cash and cash equivalents	(814,508)	1,693,208
Cash and cash equivalents at beginning of year	<u>3,028,982</u>	<u>1,335,774</u>
Cash and cash equivalents at end of year	\$ <u>2,214,474</u>	<u>3,028,982</u>

See accompanying notes to financial statements.

BRAHMANANDA SARASWATI FOUNDATION
Consolidated Statements of Functional Expenses
For the Years Ended December 31, 2021 and 2020

	2021				2020			
	Program	Management and General	Fundraising	Total	Program	Management and General	Fundraising	Total
Charitable distributions	\$ 7,934,474	-	-	7,934,474	\$ 4,626,175	-	-	4,626,175
In-kind gift of occupancy	397,948	-	-	397,948	362,025	-	-	362,025
Payroll expenses	19,372	179,683	99,511	298,566	32,833	189,670	80,151	302,654
Course expenses	3,215	-	-	3,215	117,911	-	-	117,911
Consulting and professional fees	120,333	232,689	-	353,022	33,958	245,490	-	279,448
Insurance	-	47,461	-	47,461	-	45,679	-	45,679
Permits and licenses	-	61,953	4,709	66,662	-	17,103	5,026	22,129
Supplies	-	18,265	-	18,265	107	-	1,413	1,520
Office expenses	-	1,287	-	1,287	260	3,240	319	3,819
Credit card and bank fees	-	4,842	89,759	94,601	9,408	3,192	82,695	95,295
Facilities expense/occupancy	-	378,334	-	378,334	-	559,804	-	559,804
Property research & development	-	1,040	-	1,040	-	449,906	-	449,906
Travel and meetings	-	-	-	-	3,291	1,165	1,159	5,615
App and website development	137,297	6,305	73,725	217,327	124,772	2,593	46,923	174,288
Real estate management expenses	-	208,443	-	208,443	-	408,214	-	408,214
Depreciation	-	197,808	-	197,808	-	256,012	-	256,012
	<u>\$ 8,612,639</u>	<u>1,338,110</u>	<u>267,704</u>	<u>10,218,453</u>	<u>\$ 5,310,740</u>	<u>2,182,068</u>	<u>217,686</u>	<u>7,710,494</u>

See accompanying notes to financial statements.

BRAHMANANDA SARASWATI FOUNDATION
Notes to Consolidated Financial Statements
December 31, 2021 and 2020

Note 1 - Summary of Significant Accounting Policies

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

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

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

The consolidated financial statements include the activity of the Foundation and its subsidiaries. All significant intercompany accounts and transactions have been eliminated in the 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.

BRAHMANANDA SARASWATI FOUNDATION
Notes to Consolidated Financial Statements
December 31, 2021 and 2020

Note 1 - Summary of Significant Accounting Policies (Continued)

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.

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

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

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

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

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

Investments - Investments include marketable equity and debt securities, private equity and real estate investments, and money market accounts. Investments in marketable equity and debt securities are carried at fair value with unrealized and realized gains and losses on investments reported as an increase or decrease in net assets without donor restrictions or net assets with donor restrictions based upon donor-imposed restrictions. Realized gains included in investment income for the year ended December 31, 2021 and 2020 were \$1,412,373 and \$589,635, respectively.

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

BRAHMANANDA SARASWATI FOUNDATION
Notes to Consolidated Financial Statements
December 31, 2021 and 2020

Note 1 - Summary of Significant Accounting Policies (Continued)

Other Investments – Real Estate - The Foundation maintains several real estate holdings for investment purposes, which were received from donors and from the four-organization agreement as described in Note 11. These properties are valued on the financial statements at cost basis (fair market value as of the date of receipt) as allowed by FASB ASC 958-325-35. At December 31, 2021 and 2020, the properties are held for income and appreciation purposes or are classified as long-term assets.

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

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

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

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

Date of Management Review - Management has evaluated subsequent events through April 23, 2022, 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, 2021, the Foundation's uninsured cash balances totaled \$1,684,101.

BRAHMANANDA SARASWATI FOUNDATION
Notes to Consolidated Financial Statements
December 31, 2021 and 2020

Note 3 - Availability and Liquidity

The following represents the Foundation's financial assets at December 31, 2021 and 2020:

	2021	2020
Financial assets at year-end:		
Cash and cash equivalents	\$ 2,214,474	3,028,982
Receivables	4,009,909	2,126,161
Investments	60,881,797	57,105,092
Total financial assets	<u>67,106,180</u>	<u>62,260,235</u>
Less amounts not available to be used within one year:		
Property held for investment	8,666,398	11,505,262
Long-term investments	51,232,179	44,619,935
Long-term receivables	3,763,695	1,728,860
	<u>63,662,272</u>	<u>57,854,057</u>
Financial assets available to meet general expenditures over the next twelve months	\$ <u>3,443,908</u>	<u>4,406,178</u>

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

Note 4 - Vedic City Campus and Livingston Manor

The Foundation allows Maharishi Foundation USA to use the Vedic City campus rent-free as an in-kind contribution, estimating a monthly gift of approximately \$15,200. Beginning March 2020, the Foundation allows Maharishi Global Administration through Natural Law to use the Livingston manor rent-free as an in-kind contribution, estimating a monthly gift of approximately \$17,962. For the years ended December 31, 2021 and 2020, the total in-kind contributions for use of the campus and manor totaled \$397,948 and \$362,025, respectively.

Note 5 - Net Assets with Donor Restrictions

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

	2021	2020
Temporary (time or purpose) restrictions:		
Support for Vedic Pandits	\$ 5,734,387	4,774,061
Maharishi Memorial Educational Center	1,166	1,166
Brahmasthan Construction	155,515	200,509
5500 Edson	44,105	38,781
Northeast Peace Palace, CT	-	16,261
Ayurveda	100,000	-
Earnings on amounts endowed for Vedic Pandits	3,904,376	2,264,412
Permanent restrictions:		
Endowed for Vedic Pandits	<u>7,702,885</u>	<u>7,040,645</u>
	<u>\$ 17,642,434</u>	<u>14,335,835</u>

BRAHMANANDA SARASWATI FOUNDATION
Notes to Consolidated Financial Statements
December 31, 2021 and 2020

Note 5 - Net Assets with Donor Restrictions (Continued)

During the years ended December 31, 2021 and 2020, net assets were released from donor restrictions by satisfying the purpose or time restrictions specified by donors as follows:

	<u>2021</u>	<u>2020</u>
Brahmasthan Construction	\$ 45,803	25,403
Support for Vedic Pandits	4,332,200	3,678,608
Dhammarcharinee School	-	65,000
Northeast Peace Palace, CT	22,439	27,526
5500 Edson	23,783	28,361
	<u>\$ 4,424,225</u>	<u>3,824,898</u>

Note 6 - Endowments

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

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

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

BRAHMANANDA SARASWATI FOUNDATION
Notes to Consolidated Financial Statements
December 31, 2021 and 2020

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 public marketable debt, public and private equity securities, private real estate 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, 2021 are as follows:

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total Endowment Net Assets
Board-designated endowment funds	\$ 56,757,238	-	56,757,238
Donor-restricted endowment funds	-	11,607,261	11,607,261
Total	\$ 56,757,238	11,607,261	68,364,499

Changes in endowment net assets for the year ended December 31, 2021 are as follows:

	Net Assets without Donor Restrictions	Net Assets with Donor Restrictions	Total Endowment Net Assets
Endowment net assets, beginning of year	\$ 54,070,534	9,305,057	63,375,591
Contributions	990,446	662,238	1,652,684
Investment income	1,865,793	464,501	2,330,294
Unrealized gain	4,087,146	1,175,465	5,262,611
Appropriation of endowment assets for expenditure	(4,256,681)	-	(4,256,681)
Endowment net assets	\$ 56,757,238	11,607,261	68,364,499

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Note 6 - Endowments (Continued)

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

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

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

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

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.

Private equity, private real estate, 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, 2021.

		December 31, 2021	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money market accounts	\$	6,779,359	6,779,359	-	-
Marketable equity securities		28,270,852	28,270,852	-	-
Private equity, real estate and hedge funds		12,718,600	-	12,718,600	-
Equity and fixed income mutual funds		4,446,588	4,446,588	-	-
Total assets, at fair value	\$	52,215,399	39,496,799	12,718,600	-

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

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

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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, 2021 and 2020:

		<u>2021</u>	<u>2020</u>
Investments - current	\$	983,220	979,296
Long-term investments		<u>51,232,179</u>	<u>44,620,534</u>
	\$	<u>52,215,399</u>	<u>45,599,830</u>

Note 8 - Concentrations

The Foundation received approximately 38 percent of its contributions from five donors during the year ended December 31, 2021. The Foundation received approximately 45 percent of its contributions from five donors during the year ended December 31, 2020.

The Foundation's charitable distributions were granted to eighteen organizations during the year ended December 31, 2021. Two organizations received a total of 63 percent of the total charitable distributions during the year ended December 31, 2021. During the year ended December 31, 2020, charitable distributions were granted to eighteen organizations. One organization received a total of 67 percent of the total charitable distributions during the year ended December 31, 2020.

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Note 9 - Notes Receivable

Notes receivable consist of the following:

	<u>2021</u>	<u>2020</u>
Note receivable from Map Europe BV with maturity date in May 2027 and interest rate of 5% with payments monthly of \$20,000 of principal and interest.	\$ 1,372,154	-0-
Note receivable from Lancaster LLC with maturity date in January 2047 and interest rate of 3% with payments monthly of \$7,587 of principal and interest.	1,600,000	-0-
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.	482,547	510,547
Note receivable from BSYF with maturity date in June 2025 and interest rate of 6% with payments quarterly of \$58,246 of principal and interest. This note was repaid in full during 2021.	-0-	912,860
Note receivable from MGTWP with maturity date in July 2021 and interest rate of 1%. Principal and interest due in lump sum at maturity. The note has been forgiven in the year ended December 31, 2021.	-0-	50,000
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.	<u>535,714</u>	<u>535,714</u>
Total notes receivable	3,990,415	2,009,121
Less current portion	<u>226,720</u>	<u>280,261</u>
Long-term portion	<u>\$ 3,763,695</u>	<u>1,728,860</u>

Note 11 - Significant Estimates and Contingencies

Environmental Remediation Costs - In 2018, Japanese governmental authorities identified serious problems on the Foundation's Kyoto Japan property, caused by illegal dumping at a high and remote place on that property by nefarious third parties. Nonetheless, the government holds the owner, the Foundation, responsible. The Foundation has incurred costs in 2018, 2019, 2020, and 2021 to remediate the pollution, and management anticipates additional costs going forward of approximately \$2,166,000. Management has concluded that it is at least reasonably possible that the amount of the loss will change in the near term.

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Note 12 - Functional Expense Allocations

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

Note 13 - Supplemental Cash Flow Information

	2021	2020
Cash paid for interest	\$ 339	342
Noncash repayments of notes receivable	\$ -	4,000,000
Noncash transfer between fixed assets and other investments	\$ 290,863	1,935,488

Note 14 - Refundable Advance (PPP Loan)

During the year ended December 31, 2020, the Foundation received government assistance under the CARES Act in the form of a Paycheck Protection Program (PPP) loan. The Foundation has applied FASB ASC 958-605 to initially record the loan as a refundable advance. Under ASC 958-605-25-13, the loan is to be treated as a refundable advance until the condition on which it depends is substantially met. By December 31, 2021, the Foundation had incurred eligible costs to qualify for complete forgiveness of the loan and has received notice of forgiveness. As such, the full amount of the PPP loan is recognized as revenue in the statement of activities.