

**BRAHMANANDA SARASWATI
FOUNDATION**

Consolidated Financial Statements

Years ended December 31, 2022 and 2021



FORGE

FINANCIAL & MANAGEMENT CONSULTING

BRAHMANANDA SARASWATI FOUNDATION

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



FORGE

FINANCIAL & MANAGEMENT CONSULTING

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, 2022 and 2021, 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, 2022 and 2021, 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 Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated 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 consolidated 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 consolidated 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 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 consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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.

Forge Financial & Management Consulting

West Des Moines, Iowa
April 27, 2023

BRAHMANANDA SARASWATI FOUNDATION
Consolidated Statements of Financial Position
December 31, 2022 and 2021

Assets		
	2022	2021
Current assets:		
Cash and cash equivalents	\$ 1,010,239	2,214,474
Accrued interest receivable	48,751	559
App fees receivable	15,858	17,899
Current portion of notes receivable	625,759	226,720
Prepaid expenses	26,566	29,378
Investments	992,435	983,220
Other receivables - short-term	34,449	1,036
Total current assets	<u>2,754,057</u>	<u>3,473,286</u>
Long-term assets:		
Other investments - real estate	28,829,406	8,666,398
Long-term investments	42,515,618	51,232,179
Notes receivable, net of allowance and current portion	3,527,350	3,763,695
Total long-term assets	<u>74,872,374</u>	<u>63,662,272</u>
Property and equipment:		
Land	4,264,317	24,479,707
Buildings	4,742,277	5,440,277
Computer equipment	2,895	2,895
	<u>9,009,489</u>	<u>29,922,879</u>
Less accumulated depreciation	782,046	555,930
Net property and equipment	<u>8,227,443</u>	<u>29,366,949</u>
 Total assets	 <u>\$ 85,853,874</u>	 <u>96,502,507</u>

See accompanying notes to financial statements.

Liabilities and Net Assets		
	2022	2021
Current liabilities:		
Accounts payable	\$ 46,810	300,866
Contingency - environmental remediation	-	2,166,000
Deferred revenue	97,825	97,625
Total current liabilities	144,635	2,564,491
Net assets:		
Without donor restrictions	69,034,841	76,295,582
With donor restrictions	16,674,398	17,642,434
Total net assets	85,709,239	93,938,016
Total liabilities and net assets	\$ 85,853,874	96,502,507

4

BRAHMANANDA SARASWATI FOUNDATION
Consolidated Statements of Activities and Changes in Net Assets
For the Years Ended December 31, 2022 and 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues:						
Contributions	\$ 2,821,601	5,020,609	7,842,210	4,758,508	6,090,858	10,849,366
Course fee revenue	-	-	-	-	-	-
Investment income (loss)	819,419	279,046	1,098,465	1,157,275	464,501	1,621,776
Unrealized gain (loss) on investments	(3,966,915)	(1,350,898)	(5,317,813)	4,489,895	1,175,465	5,665,360
Real estate investment income	762,423	-	762,423	933,893	-	933,893
In-kind grant income	332,219	-	332,219	397,948	-	397,948
Farm income	111,449	-	111,449	65,340	-	65,340
Other income	201,436	-	201,436	204,844	-	204,844
Net assets released from restrictions	4,916,793	(4,916,793)	-	4,424,225	(4,424,225)	-
Total revenues	5,998,425	(968,036)	5,030,389	16,431,928	3,306,599	19,738,527
Functional expenses:						
Program services	11,932,530	-	11,932,530	8,526,264	-	8,526,264
Supporting services:						
Management and general	1,169,539	-	1,169,539	1,424,485	-	1,424,485
Fundraising	194,984	-	194,984	267,704	-	267,704
Total expenses	13,297,053	-	13,297,053	10,218,453	-	10,218,453
Other income (expenses):						
Environmental remediation costs (Note 10)	-	-	-	(1,301,526)	-	(1,301,526)
Change in estimate - environmental remediation (Note 10)	605,272	-	605,272	-	-	-
Loss on sale of property	(567,385)	-	(567,385)	(210,530)	-	(210,530)
Total other income (expenses)	37,887	-	37,887	(1,512,056)	-	(1,512,056)
Change in net assets	(7,260,741)	(968,036)	(8,228,777)	4,701,419	3,306,599	8,008,018
Net assets at beginning of year	76,295,582	17,642,434	93,938,016	71,594,163	14,335,835	85,929,998
Net assets at end of year	\$ 69,034,841	16,674,398	85,709,239	76,295,582	17,642,434	93,938,016

See accompanying notes to financial statements.

BRAHMANANDA SARASWATI FOUNDATION
Consolidated Statements of Cash Flows
For the Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Operating activities:		
Change in net assets	\$ (8,228,777)	8,008,018
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	172,429	197,808
Exchange rate loss on notes receivable (noncash)	82,261	66,389
Forgiveness of notes receivable (noncash)	-	50,000
Forgiveness of PPP loan (noncash)	-	(51,400)
Loss on sale of property	567,385	210,530
Reinvested investment income	(1,098,465)	(1,621,776)
Unrealized (gain) loss on investments	5,317,813	(5,665,360)
Contributions restricted for long-term investment	(5,020,609)	(6,090,858)
(Increase) decrease in:		
Receivables	(79,564)	(2,000,137)
Prepaid expenses	2,812	(10,414)
Increase (decrease) in:		
Accounts payable	(254,056)	(89,804)
Contingency - environmental remediation	(2,166,000)	(2,834,000)
Deferred revenue	200	(83,400)
	<u>(2,475,794)</u>	<u>(17,922,422)</u>
Net cash provided (used) by operating activities	<u>(10,704,571)</u>	<u>(9,914,404)</u>
Investing activities:		
Purchases of investments	(4,904,797)	671,567
Sales of investments	9,392,794	-
Proceeds from sale of other investments - real estate	236,685	2,337,471
Issuance of notes receivable	(400,000)	-
Payments received on notes receivable	155,045	-
Net cash provided (used) by investing activities	<u>4,479,727</u>	<u>3,009,038</u>
Financing activities:		
Contributions restricted for long-term investment	5,020,609	6,090,858
Net cash provided (used) by financing activities	<u>5,020,609</u>	<u>6,090,858</u>
Net increase (decrease) in cash and cash equivalents	(1,204,235)	(814,508)
Cash and cash equivalents at beginning of year	2,214,474	3,028,982
Cash and cash equivalents at end of year	\$ <u>1,010,239</u>	<u>2,214,474</u>

See accompanying notes to financial statements.

BRAHMANANDA SARASWATI FOUNDATION
Consolidated Statements of Functional Expenses
For the Years Ended December 31, 2022 and 2021

	2022				2021			
	Program	Management and General	Fundraising	Total	Program	Management and General	Fundraising	Total
Charitable distributions	\$ 11,338,406	-	-	11,338,406	\$ 7,934,474	-	-	7,934,474
In-kind gift of occupancy	332,219	-	-	332,219	397,948	-	-	397,948
Payroll expenses	19,377	138,596	123,993	281,966	19,372	179,683	99,511	298,566
Course expenses	-	4,244	-	4,244	3,215	-	-	3,215
Consulting and professional fees	218,447	85,273	-	303,720	33,958	319,064	-	353,022
Insurance	-	32,691	-	32,691	-	47,461	-	47,461
Permits and licenses	-	-	4,710	4,710	-	61,953	4,709	66,662
Supplies	-	11,314	-	11,314	-	18,265	-	18,265
Office expenses	-	3,085	-	3,085	-	1,287	-	1,287
Credit card and bank fees	-	76,733	-	76,733	-	4,842	89,759	94,601
Facilities expense/occupancy	-	462,393	-	462,393	-	378,334	-	378,334
Property research and development	-	-	-	-	-	1,040	-	1,040
Travel and meetings	-	-	1,472	1,472	-	-	-	-
App and website development	24,081	-	64,809	88,890	137,297	6,305	73,725	217,327
Real estate management expenses	-	182,781	-	182,781	-	208,443	-	208,443
Debt forgiveness	-	-	-	-	-	-	-	-
Depreciation	-	172,429	-	172,429	-	197,808	-	197,808
	<u>\$ 11,932,530</u>	<u>1,169,539</u>	<u>194,984</u>	<u>13,297,053</u>	<u>\$ 8,526,264</u>	<u>1,424,485</u>	<u>267,704</u>	<u>10,218,453</u>

BRAHMANANDA SARASWATI FOUNDATION
Notes to Consolidated Financial Statements
December 31, 2022 and 2021

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 (sold in 2022, see Note 14) owned 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, 2022 and 2021

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, 2022 and 2021 were \$408,244 and \$1,412,373, 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, 2022 and 2021

Note 1 - Summary of Significant Accounting Policies (Continued)

Other Investments – Real Estate - The Foundation maintains several real estate holdings for investment purposes. 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, 2022 and 2021, 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 determined no allowance is necessary based on the history of past write-offs and collections and current credit conditions. 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, 2022 and 2021, the course participants have agreed that if they do not attend the courses by specified dates, their prepaid course fees will expire and will no longer be available. The entire \$70,234 was originally scheduled to expire (and be recorded as earned revenue by the Foundation) 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, the expiration of the prepaid credits (recorded by the Foundation as deferred revenue) has been extended to March 31, 2024, and might have to be extended further depending on the continuing health concerns.

New Accounting Pronouncement - In February 2016, FASB issued ASU 2016-02 - Leases (Topic 842) which requires lessors to disclose key information about leasing arrangements. The Foundation adopted Topic 842 effective January 1, 2022 and utilized the modified retrospective transition method with no adjustments to comparative periods presented. The Foundation has elected to carry forward historical lease classification, to not reassess prior conclusions related to initial direct costs, and to not reassess whether any expired or existing contracts are or contain leases.

Leases - The Foundation leases various assets to lessees in administering its properties. The Foundation determines whether a contract contains a lease at inception based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company has elected to apply the practical expedient to not separate lease and non-lease components for all leases. For leases classified as operating leases, lease income is recognized over the lease term on a straight-line basis, unless another systematic and rational basis is more representative of the pattern in which the benefit from the leased asset is consumed. Variable lease payments, if any, that depend on an index or rate are recognized in lease income in the period in which the changes in the index or rate occur.

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 27, 2023, the date which the financial statements were available to be issued

BRAHMANANDA SARASWATI FOUNDATION
Notes to Consolidated Financial Statements
December 31, 2022 and 2021

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

The Foundation maintains its cash balances in two financial institutions. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. At times, the Foundation's cash balances exceed federally-insured limits. The Foundation has not experienced any losses in such accounts and believes it is not exposed to any significant risk related to the uninsured deposits.

Note 3 - Availability and Liquidity

The following represents the Foundation's financial assets at December 31, 2022 and 2021:

	2022	2021
Financial assets at year-end:		
Cash and cash equivalents	\$ 1,010,239	2,214,474
Receivables	4,252,167	4,009,909
Investments	72,337,459	60,881,797
Total financial assets	<u>77,599,865</u>	<u>67,106,180</u>
Less amounts not available to be used within one year:		
Property held for investment	28,829,406	8,666,398
Long-term investments	42,515,618	51,232,179
Long-term receivables	3,527,350	3,763,695
	<u>74,872,374</u>	<u>63,662,272</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 2,727,491</u>	<u>3,443,908</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 allowed Maharishi Foundation USA to use the Vedic City campus rent-free as an in-kind contribution, estimating a monthly gift of approximately \$15,200 until April 2022. After a portion of the property was sold (see Note 14), the Foundation continued to allow rent-free use of the remaining parcel, estimating a monthly gift of approximately \$7,691 for the remainder of the year. The Foundation also 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, 2022 and 2021, the total in-kind contributions for use of the campus and manor totaled \$332,219 and \$397,948, respectively.

BRAHMANANDA SARASWATI FOUNDATION
Notes to Consolidated Financial Statements
December 31, 2022 and 2021

Note 5 - Net Assets with Donor Restrictions

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

	2022	2021
Temporary (time or purpose) restrictions:		
Support for Vedic Pandits	\$ 5,214,167	5,734,387
Dhammarcharinee School	80,227	-
Maharishi Memorial Educational Center	1,166	1,166
Brahmasthan Construction	145,531	155,515
5500 Edson	15,648	44,105
Northeast Peace Palace, CT	36,671	-
Ayurveda	100,000	100,000
Earnings on amounts endowed for Vedic Pandits	2,832,523	3,904,376
Permanent restrictions:		
Endowed for Vedic Pandits	8,248,465	7,702,885
	<u>\$ 16,674,398</u>	<u>17,642,434</u>

During the years ended December 31, 2022 and 2021, net assets were released from donor restrictions by satisfying the purpose or time restrictions specified by donors as follows:

	2022	2021
Brahmasthan Construction	\$ 10,592	45,803
Support for Vedic Pandits	4,405,872	4,332,200
Dhammarcharinee School	430,800	-
Northeast Peace Palace, CT	14,538	22,439
5500 Edson	54,991	23,783
	<u>\$ 4,916,793</u>	<u>4,424,225</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.

BRAHMANANDA SARASWATI FOUNDATION
Notes to Consolidated Financial Statements
December 31, 2022 and 2021

Note 6 - Endowments (Continued)

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 permanent donor restrictions is classified as net assets with temporary 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.

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. The Foundation may also grant or invest part of the principal in projects that further its mission or help fulfill its goals. The Foundation currently maintains operating bank accounts and investment accounts at brokerage and investment houses. The Foundation has appointed an Investment Committee to manage, supervise, monitor, and support the investments of the Foundation. In 2017, the 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 the Foundation's cash distribution requirements from any managed portfolio or fund.

Endowment net assets as of December 31, 2022 are as follows:

		Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total Endowment Net Assets
Board-designated endowment funds	\$	46,197,498	-	46,197,498
Donor-restricted endowment funds		-	11,080,988	11,080,988
Total	\$	46,197,498	11,080,988	57,278,486

BRAHMANANDA SARASWATI FOUNDATION
Notes to Consolidated Financial Statements
December 31, 2022 and 2021

Note 6 – Endowments (Continued)

Changes in endowment net assets for the year ended December 31, 2022 are as follows:

		Net Assets without Donor Restrictions	Net Assets with Donor Restrictions	Total Endowment Net Assets
Endowment net assets, beginning of year	\$	56,757,238	11,607,261	68,364,499
Contributions		943,003	545,579	1,488,582
Investment income		842,404	279,046	1,121,450
Unrealized gain (loss)		(4,078,186)	(1,350,898)	(5,429,084)
Appropriation of endowment assets for expenditure		(8,266,961)	-	(8,266,961)
Endowment net assets	\$	<u>46,197,498</u>	<u>11,080,988</u>	<u>57,278,486</u>

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	\$	<u>56,757,238</u>	<u>11,607,261</u>	<u>68,364,499</u>

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	\$	<u>56,757,238</u>	<u>11,607,261</u>	<u>68,364,499</u>

BRAHMANANDA SARASWATI FOUNDATION
Notes to Consolidated Financial Statements
December 31, 2022 and 2021

Note 7 – Fair Value Measurements

The fair value hierarchy 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.

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, 2022.

		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	December 31, 2022			
Money market accounts	\$ 9,153,235	9,153,235	-	-
Marketable equity securities	6,998,055	6,998,055	-	-
Private equity, real estate and hedge funds	10,725,326	-	10,725,326	-
Equity and fixed income mutual funds	16,531,437	16,531,437	-	-
Total assets, at fair value	\$ 43,408,053	32,682,727	10,725,326	-

BRAHMANANDA SARASWATI FOUNDATION
Notes to Consolidated Financial Statements
December 31, 2022 and 2021

Note 7 – Fair Value Measurements (Continued)

The following table presents assets measured at fair value by classification within the fair value hierarchy as of December 31, 2021:

		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	December 31, 2021			
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	-

Following is a reconciliation of investments valued at fair value above to investments as shown on the statements of financial position at December 31, 2022 and 2021:

		2022	2021
Investments – current	\$	992,435	983,220
Long-term investments		42,515,618	51,232,179
		43,508,053	52,215,399
Less: Other investments at cost		(100,000)	-
	\$	43,408,053	52,215,399

Note 8 – Concentrations

The Foundation received approximately 46 percent of its contributions from five donors during the year ended December 31, 2022. The Foundation received approximately 38 percent of its contributions from five donors during the year ended December 31, 2021.

The Foundation's charitable distributions were granted to fifteen organizations during the year ended December 31, 2022. Four organizations received a total of 87 percent of the total charitable distributions during the year ended December 31, 2022. During the year ended December 31, 2021, charitable distributions were granted to eighteen organizations. Two organizations received a total of 63 percent of the total charitable distributions during the year ended December 31, 2021.

BRAHMANANDA SARASWATI FOUNDATION
Notes to Consolidated Financial Statements
December 31, 2022 and 2021

Note 9 – Notes Receivable

Notes receivable consist of the following:

	<u>2022</u>	<u>2021</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.	\$ 1,178,493	1,372,154
Note receivable from Lancaster LLC with interest rate of 3% and monthly payments of \$7,587 of principal and interest until December 2023. In December 2023, the interest rate increases to 8%. The note is structured as a demand note, however, the Foundation does not intend to make a demand for full repayment and has included in long-term notes receivable.	1,556,355	1,600,000
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.	482,547	482,547
Notes receivable from Maharishi Ayur-Ved Products International with maturity date in September 2023 and interest rate of 5% with principal of \$100,000 due on June 30, 2023, July 31, 2023, August 31, 2023, and September 30, 2023. Interest is payable monthly on the last day of each month.	400,000	-0-
Note receivable from Raam Raj Foundation with a maturity date in May 2024 and a beginning interest rate of 5% which increases 0.50% each year. Principal is due in annual payments of \$107,143 starting one year from inception of the note, and accrued interest is also due annually.	535,714	535,714
Total notes receivable	4,153,109	3,990,415
Less current portion	625,759	226,720
Long-term portion	\$ 3,527,350	3,763,695

Note 10 – 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 anticipated additional costs going forward of approximately \$2,166,000 at December 31, 2021. In December 2022, the Foundation received confirmation certificates of the completion of remediation. The loss contingency was \$-0- at December 31, 2022 as all remediation orders had been properly administered.

BRAHMANANDA SARASWATI FOUNDATION
Notes to Consolidated Financial Statements
December 31, 2022 and 2021

Note 11 – Leases

The Foundation receives rental income under operating leases as part of administering its properties, which is reported as real estate investment income on the statement of activities. The majority of the Foundation's rental income is generated from property in Japan, which is primarily leased by an energy company for a solar array. Total lease payments received under agreements for real estate in Japan for the year ended December 31, 2022 were \$654,253 after deposit in the Foundation's American accounts. Future amounts to be received under its agreements with lessors under long-term fixed lease contracts in Japan are as follows (in the local currency, the Japanese Yen):

Year Ending December 31,		
2023	¥	84,364,318
2024		84,364,318
2025		84,364,318
2026		84,364,318
2027		84,364,318
Thereafter		518,982,385
	¥	<u>940,803,975</u>

The actual amounts (in U.S. dollars) collected by the Foundation will vary based on the exchange rate at the time of the related rental payments. During 2022, the exchange rate averaged ¥131.46 to \$1 (US).

Following is a summary of the Foundation's lease revenues and the related classification:

Lease Revenue	Classification	2022
Operating lease revenue	Real estate income	\$ 654,253
Short-term lease revenue	Real estate income	108,170
Short-term lease revenue	Farm income	<u>111,449</u>
Total lease revenue		<u>\$ 873,872</u>

The Foundation's lease agreements under its short-term leases consist of a lease for one of its buildings for \$3,355 per month and leases for farmland and mining rights based on production.

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.

BRAHMANANDA SARASWATI FOUNDATION
Notes to Consolidated Financial Statements
December 31, 2022 and 2021

Note 13 - Supplemental Cash Flow Information

	2022	2021
Cash paid for interest	\$ 395	339
Noncash transfer from fixed assets to other investments	\$ 21,363,140	290,863
Noncash transfer from other investments to fixed assets	\$ 396,063	-

Note 14 – Transfer and Sale of Property

In April 2022, ILA Campus LLC (previously a subsidiary of the Foundation), which owned the land and buildings of the former Maharishi Vedic Pandit campus in Maharishi Vedic City, was sold to an unrelated non-profit organization. In preparation for this sale, a parcel of land that would be retained by the Foundation, called the North Campus, was deeded from ILA Campus LLC to MVC Farm LLC. The entire ILA Campus LLC was sold as part of the long-term development plans for the campus. The resulting loss of \$567,385 from the sale of property is recognized as other expense on the consolidated statements of activities and changes in net assets.



FORGE

FINANCIAL & MANAGEMENT CONSULTING