

FINANCIAL STATEMENTS

BRAHMANANDA SARASWATI FOUNDATION OF CANADA

December 31, 2013

Brahmananda Saraswati Foundation of Canada

CONTENTS

December 31, 2013

| | Page |
|-------------------------------------|-------------|
| INDEPENDENT AUDITOR'S REPORT | 1 |
| FINANCIAL STATEMENTS | |
| Statement of financial position | 3 |
| Statement of changes in net assets | 4 |
| Statement of operations | 5 |
| Statement of cash flows | 6 |
| Notes to financial statements | 7 |

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INDEPENDENT AUDITOR'S REPORT

To the members of **Brahmananda Saraswati Foundation of Canada:**

We have audited the accompanying financial statements of **Brahmananda Saraswati Foundation of Canada**, which comprise the statement of financial position as at December 31, 2013 and the statements of changes in net assets, operations and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

.....continued

INDEPENDENT AUDITOR'S REPORT (continued)

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Qualified Opinion

In common with many charitable organizations, the Foundation derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Foundation and we were not able to determine whether any adjustments might be necessary to donation revenue, excess (deficiency) of revenue over expenses, assets and net assets.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, if any, the financial statements present fairly, in all material respects, the financial position of **Brahmananda Saraswati Foundation of Canada** as at December 31, 2013 and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Other matter

The corresponding figures for the prior year were not subject to audit or review.

Campbell Lawless LLP

Toronto, Ontario
September 18, 2014

Chartered Professional Accountants
Licensed Public Accountants

Brahmananda Saraswati Foundation of Canada
STATEMENT OF FINANCIAL POSITION

| December 31 | 2013 | Unaudited 2012 |
|--|---------------|-------------------|
| | \$ | \$ |
| ASSETS | | |
| Current | | |
| Cash | 60,430 | 50,326 |
| | 60,430 | 50,326 |
| LIABILITIES | | |
| Current | | |
| Accounts payable and accrued liabilities | 6,500 | 1,356 |
| Deferred revenue [note 3] | | 50,613 |
| Due to related parties [note 4] | <u>9,000</u> | <u>9,000</u> |
| | 15,500 | 60,969 |
| NET ASSETS | | |
| Unrestricted | 44,930 | (10,643) |
| | 60,430 | 50,326 |

see accompanying notes

On behalf of the Board:

Director

Director

Brahmananda Saraswati Foundation of Canada
STATEMENT OF CHANGES IN NET ASSETS

| Year ended December 31 | 2013 | Unaudited 2012 |
|---|-----------------|-------------------|
| | \$ | \$ |
| Balance , beginning of year | (10,643) | (5,746) |
| Excess (deficiency) of revenue over expenses for the year | 55,573 | (4,897) |
| Balance , end of year | 44,930 | (10,643) |

see accompanying notes

Brahmananda Saraswati Foundation of Canada

STATEMENT OF OPERATIONS

| Year ended December 31 | 2013 | Unaudited 2012 |
|--|----------------|-------------------|
| | \$ | \$ |
| Revenue | | |
| Donations [note 5] | <u>728,309</u> | <u>16,271</u> |
| Expenses | | |
| Charitable activities expenditures | 645,485 | |
| Fundraising | 12,644 | 12,204 |
| Professional fees | 7,646 | 4,768 |
| Bank and credit card fees | 5,583 | 2,595 |
| Insurance | 695 | 695 |
| Office | <u>683</u> | <u>906</u> |
| | <u>672,736</u> | 21,168 |
| Excess (deficiency) of revenue over expenses for the year | <u>55,573</u> | <u>(4,897)</u> |

see accompanying notes

Brahmananda Saraswati Foundation of Canada

STATEMENT OF CASH FLOWS

| Year ended December 31 | 2013 | Unaudited 2012 |
|---|-----------------|-------------------|
| | \$ | \$ |
| CASH FROM OPERATING ACTIVITIES | | |
| Excess (deficiency) of revenue over expenses for the year | 55,573 | (4,897) |
| Changes in non-cash working capital items: | | |
| (Increase) decrease in prepaid expenses | | 271 |
| Increase (decrease) in accounts payable and accrued liabilities | 5,144 | 1,356 |
| Increase (decrease) in due to related parties | | (2,250) |
| Increase (decrease) in deferred revenue | <u>(50,613)</u> | <u>50,613</u> |
| Change in cash during the year | 10,104 | 45,093 |
| Cash , beginning of year | 50,326 | 5,233 |
| Cash , end of year | <u>60,430</u> | <u>50,326</u> |

see accompanying notes

Brahmananda Saraswati Foundation of Canada
NOTES TO FINANCIAL STATEMENTS

December 31, 2013

1. PURPOSE OF THE ORGANIZATION

Brahmananda Saraswati Foundation of Canada (the "Foundation") operates to teach the Vedas and Vedic Science, teach the Sanskrit language and literature and teach Vedic culture including art, architecture, literature, music and performances.

The Foundation was incorporated on June 14, 2010 as a corporation without share capital under the Canada Corporations Act. The Foundation is a registered charity under the Income Tax Act (Canada) and is therefore exempt from income taxes.

2. SIGNIFICANT ACCOUNTING POLICIES

Revenue recognition

The Foundation follows the deferral method of accounting for contributions. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred.

Contributed services

Fulfilling the mandate of the Foundation is dependent on the voluntary donation of services of many members and others. As these services would not otherwise be purchased by the Foundation and because of the difficulty in determining their value, contributed services are not recorded in these financial statements.

Financial instruments

The Foundation initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions. The Foundation subsequently measures all its financial assets and liabilities at amortized cost.

Financial assets and liabilities measured at amortized cost include cash, accounts payable and accrued liabilities and amounts due to related parties.

Impairment

Financial assets measured at amortized cost are assessed for indicators of impairment. When there is indication of an impairment, the carrying amount of the asset is reduced directly or through the use of an allowance account. The amount of the reduction is recognized in the statement of operations. A previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in the statement of operations.

Brahmananda Saraswati Foundation of Canada
NOTES TO FINANCIAL STATEMENTS

December 31, 2013

3. DEFERRED REVENUE

Deferred revenue represents unexpended externally restricted funds.

| | 2013 | Unaudited 2012 |
|--|-----------|-------------------|
| | \$ | \$ |
| Balance , beginning of year | 50,613 | NIL |
| Add: amounts received in the year | 122,143 | 50,613 |
| Less: amount recognized as revenue in the year | (172,756) | |
| Balance , end of year | NIL | 50,613 |

4. RELATED PARTY TRANSACTIONS

Amounts due to (from) related parties consist of the following:

| | 2013 | Unaudited 2012 |
|----------------------|-------|-------------------|
| | \$ | \$ |
| Loans from directors | 9,000 | 9,000 |
| | 9,000 | 9,000 |

As at December 31, 2013, the statement of operations includes \$537,154 of donations received from directors of the Foundation.

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Brahmananda Saraswati Foundation of Canada
NOTES TO FINANCIAL STATEMENTS

December 31, 2013

5. DONATIONS

| | 2013 | Unaudited 2012 |
|-------------------------------------|----------------|-------------------|
| | \$ | \$ |
| Donations received during the year | 677,696 | 66,884 |
| Add: prior year deferred revenue | 50,613 | - |
| Less: current year deferred revenue | - | (50,613) |
| | 728,309 | 16,271 |

6. FINANCIAL INSTRUMENTS RISK EXPOSURE

The Foundation is exposed to credit risk through its financial instruments.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Foundation's financial assets that are exposed to credit risk is cash. Cash is on deposit with a major commercial bank. The Foundation is exposed to credit loss in the event of non-performance by counterparties to the financial instruments but does not anticipate non-performance by these counterparties.