



SHRI MATAJI NIRMALA DEVI SAHAJA YOGA WORLD FOUNDATION

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FINANCIAL REPORT

for the year ended 31st December 2010

CONTENTS

| | |
|--|----|
| Balance Sheet | 1 |
| Income & Charges Report..... | 3 |
| Income & Charges Report by activity..... | 5 |
| Cash Flow Statement..... | 7 |
| Accompanying Notes | 8 |
| Auditors' Report | 16 |

Appendix I – *Expense Details*

Appendix II – *Income Details*

Appendix III – *Tax Calculation*

ACOMPANYING NOTES TO THE FINANCIAL STATEMENTS for the year ended 31/12/2010

1. STRUCTURE AND CONTENT

The Foundation's Financial Statements have been drawn up based on criteria established by the Accountants Commission for non-profit organizations.

The Financial Statements for the year ended December 31, 2010 comprise the Balance Sheet, the Income and Charges Report, the Income and Charges Report for the Commercial Activity, the Notes, the Cash Flow Statement and Auditors' Report.

Where possible, the Financial Statements for 2010 have been set alongside those of 2009 so as to assist comparison between the figures and to highlight variations.

The Foundation is a non-profit organization with the following object: "perpetuating, documenting and spreading all over the world, the knowledge of the teachings of Mrs. Shrivastava Chandrika Prasad Nirmala, and of supporting, all over the world, the practice of meditation founded by Her, known as Sahaja Yoga".

In the course of 2010 the Foundation has developed its mission along three lines:

1. The provision and development of facilities used to host in the Val Borbera international seminars on Sahaja Yoga. These seminars have become a worldwide point of reference and in 2010 they were attended by more than 15,000 people from every part of the globe. The financial figures show investments to improve and expand infrastructure, most notably the installation of heating in the conference centre of Albera which will enable it to host events even in the winter months and the purchase of land, also in Albera, to be used as a camp site and car park – present facilities are inadequate because of their vicinity to the river and the risk of flooding.
2. The digitalization and long-term preservation of the recordings of about 3,000 lectures and presentations conducted by H.H. Shri Mataji Nirmala Devi, executed on behalf of the Foundation by a specialist Austrian company, Devi Productions. On the basis of this investment the Foundation has continued to produce and sell worldwide to over 70 countries DVDs, audi CDs and books containing the teachings of H.H. Shri Mataji Nirmala Devi.
3. Manage and subsidize an international primary school attended by children from Italy and other parts of the world who come from families that practice Sahaja Yoga and share the values inherent in the teachings of H.H. Shri Mataji Nirmala Devi.

The Foundation keeps separate accounts for any commercial activity it is involved in, recording VAT and preparing sectional income and charges statements, as required by Italian law.

1.1 Evaluation Criteria

The key evaluation criteria used in drawing up the financial report remain substantially unchanged from last financial year and, in observance of art. 2426 c.c., are as follows:

Intangible Fixed Assets

These are recorded at the original cost of purchase or production, including subsidiary costs, and systematically depreciated over the period of their predicted useful lifetime.

Tangible Fixed Assets

Assets are classified into categories and recorded at their purchase price or cost of production and have been depreciated according to the economic opportunities they still offer.

Valued net of accrued depreciation, they are systematically depreciated every financial year based on established rates, as recorded below.

For assets acquired in the current financial year, the rate of depreciation is reduced by 50%, taking into account the average, useful lifetime of the property.

Maintenance costs, being an ordinary expense, are recorded in their entirety in the Income and Charges Report.

Stock

Unsold stock is recorded at the average cost purchase over the financial year.

Accounts Receivable

Accounts receivable are recorded at their presumed conversion value.

Investments which do not involve fixed assets

Investments are valued at the purchase or subscription cost, duly reduced in the case of a downturn in share value.

Cash and Cash Equivalents

These are recorded at their nominal value.

Prepayments and Accrued Income

Income and charges common to two or more financial years are recorded in this category so as to respect the principles of accrual based accounting. The division of the amounts is calculated based on the concept of time of realisation.

Termination Indemnity Fund

The termination indemnity fund is set aside to cover the debt owed to employees in conformity with Italian law and national collective labour contracts.

Accounts Payable

Accounts payable are recorded at their nominal value.

Taxes

Income tax is set aside so as to comply with Italian law, taking into account any applicable exemptions.

1.2 Other Information

Income and charges have been calculated according to the principles of accrual based accounting, such that the effects of transactions and other events are recognised when they occur, and not when cash or cash equivalents are received or paid. They are recorded in the accounting records and reported in the Financial Statements of the periods to which they relate.

The criteria used to establish values are based on the principle of neutrality and remain unvaried with respect to the preceding financial year.

Currency

Unless otherwise indicated, the figures reported in the financial statements (Balance Sheet, Income & Charges Report and Notes) are expressed in Euros, rounded off to the nearest whole number.

2. NOTES ON BALANCE SHEET ITEMS UNDER ‘ASSETS’

2.1 Fixed Assets

For the two categories of fixed assets (tangible and intangible) special tables have been prepared (see below) showing their historical value, past depreciation and past revaluations, changes over the financial year and the closing balance.

Intangible Assets

These consist of costs borne for the acquisition of software and the creation of internet sites.

| INTANGIBLE FIXED ASSETS | software | internet site | TOTAL |
|--|-----------------|----------------------|---------------|
| Historical value | 2.087 | 550 | 2.637 |
| Past depreciation fund | 881 | 110 | 991 |
| Value start of financial year | 1.206 | 440 | 1.646 |
| Sales during financial year | 0 | 0 | 0 |
| Reductions depreciation fund | 0 | 0 | 0 |
| Purchases during financial year | 0 | 23.050 | 23.050 |
| Depreciation during financial year | 417 | 11.635 | 12.052 |
| Net value | 789 | 11.855 | 12.644 |
| Total depreciation fund | 1.298 | 11.745 | 13.043 |
| Historical cost end of financial year | 2.087 | 23.600 | 25.687 |

Tangible Assets

In the tables that follow the most significant transactions relating to tangible fixed assets are analysed.

Depreciation has not been applied to the buildings and the land which were donated to the Foundation at the time of its constitution by its founder, Mrs. Srivastava Chandrika Prasad Nirmala, because they are not considered to have lost value over time or due to wear and tear. The investments made on improving the properties over the financial year have been capitalised. The

properties in Cabella have been reclassified, splitting their value on the balance sheet between Palazzo Doria and the residential facility located in Centrassi.

Office furniture and equipment was also purchased. A car was also purchased.

Depreciation of tangible fixed assets is calculated from the moment they start being used based on their hypothetical useful lifetime and residual possibility of use; in the first year of use the rate of depreciation is reduced by 50%. The rates of depreciation have been calculated with reference to accepted fiscal norms.

| Description | Rate of Depreciation |
|------------------------------------|-----------------------------|
| <i>Vehicles</i> | 20% |
| <i>Equipment</i> | 15% |
| <i>Furniture</i> | 12% |
| <i>Electronic office equipment</i> | 20% |

| | Land | Buildings | Total |
|--|----------------|------------------|------------------|
| Historical value | 278.403 | 3.273.503 | 3.551.906 |
| Value start of financial year | 278.403 | 3.273.503 | 3.551.906 |
| Sales during financial year | 0 | 0 | 0 |
| Purchases during financial year | 60.333 | 152.053 | 212.386 |
| Net value | 338.736 | 3.425.556 | 3.764.292 |
| Total depreciation fund | 0 | 0 | 0 |
| Historical cost end of financial year | 338.736 | 3.425.556 | 3.764.292 |

| Other Property | Furniture | Electronic Equipment | Equipment | Vehicles | Special Machinery | Totale |
|--|------------------|-----------------------------|------------------|-----------------|--------------------------|----------------|
| Historical value | 91.033 | 18.439 | 22.475 | 42.500 | 0 | 174.447 |
| Past depreciation fund | 12.038 | 3.357 | 1.687 | 15.050 | 0 | 32.132 |
| Value start of financial year | 78.995 | 15.082 | 20.788 | 27.450 | 0 | 142.315 |
| Sales during financial year | 0 | 0 | 0 | 0 | 0 | 0 |
| Reductions depreciation fund | 0 | 0 | 0 | 0 | 0 | 0 |
| Purchases during financial year | 14.324 | 2.592 | 3.475 | 15.000 | 3.350 | 38.741 |
| Depreciation during financial year | 11.783 | 3.948 | 3.631 | 10.375 | 251 | 29.988 |
| Net value | 81.536 | 13.726 | 20.632 | 32.075 | 3.099 | 151.068 |
| | | | | | 0 | 0 |
| Total depreciation fund | 23.821 | 7.305 | 5.318 | 25.425 | 251 | 62.120 |
| Historical cost end of financial year | 105.357 | 21.031 | 25.950 | 57.500 | 3.350 | 213.188 |

2.2 Current Assets

Stock

This refers to goods (DVDs, CDs and books) unsold as of the 31st December 2010. Compared to 2009, stock has increased by €25,325=.

Accounts Receivable

As of 31st December 2010 accounts receivable from clients totalled €166,527= and derive from the commercial activity. They include invoices not yet issued for €4,803=. Accounts receivable are calculated net of writedowns, which amount to €29,112=.

Other accounts receivable amount to €41,071=, consisting of credit with social security (INPS) and with the inland revenue; €24,288 from national and regional income tax (IRES & IRAP), net of income tax due for this financial year.

Accounts receivable after the end of the financial year refer to receivable securities.

Accounts receivable after more than five financial years are not recorded.

Cash and Cash Equivalents

These consist of €161,743= deposited in bank accounts and €57,976= deposited as petty cash.

This is a decrease of around €49,000= compared to the balance of approx. €269,000= at the end of last financial year.

2.3 Prepayments and Accrued Income

Prepayments for insurance, financing fees and/or leasing were not recorded for this financial year.

3. NOTES ON BALANCE SHEET ITEMS UNDER ‘EQUITY & LIABILITIES’

3.1 Equity

Equity has been calculated based on the following:

- the endowment fund of €1,950,000=
- profit of €1,406,242= brought forward from the 2009 financial year
- profit of €237,988= for the 2010 financial year

| | Endowment fund | Other reserves | Profits brought forward | Profits for financial year | Totals |
|------------------------|----------------|----------------|-------------------------|----------------------------|-----------|
| Value as at 31.12.2006 | 1.950.000 | 0 | 0 | 46.205 | 1.996.205 |
| Variations | 0 | -1 | 46.205 | 250.623 | 296.827 |
| Value as at 31.12.2007 | 1.950.000 | -1 | 46.205 | 296.828 | 2.293.032 |
| Variations | 0 | 1 | 296.828 | -93.305 | 203.524 |
| Value as at 31.12.2008 | 1.950.000 | 0 | 343.033 | 203.523 | 2.496.556 |
| Variations | 0 | -1 | 203.523 | 1.202.719 | 1.406.241 |
| Value as at 31.12.2009 | 1.950.000 | -1 | 546.556 | 1.406.242 | 3.902.797 |
| Variations | 0 | 1 | 1.406.242 | -1.204.281 | 201.962 |
| Value as at 31.12.2010 | 1.950.000 | 0 | 1952798 | 201961 | 4.104.759 |

3.2 Termination Indemnities Fund

This is made up of the real debt matured towards employees, in conformity with Italian law and national labour contracts currently in force.

Staff of the Foundation as at 31.12.2010 consists of 11 employees, of which 3 work in the commercial unit and 6 in the school sector. In the course of the year 2 new people were employed.

Payments refer to taxes due on the termination indemnities fund.

| Year | 2009 | 2010 |
|-------------------------|---------------|---------------|
| Initial value | 7.459 | 15.482 |
| Allocation for the year | 8.041 | 12.634 |
| Payments | - 18 - | 5.438 |
| Final value | 15.482 | 22.678 |

3.3 Accounts Payable

Reported below are the transactions for the financial year relating to this category.

| Description | Value start financial year | Increase (+) Decrease (-) | Value financial year end |
|---------------------------------|----------------------------|---------------------------|--------------------------|
| <i>Payable within 12 months</i> | | | |
| to suppliers | 91.437 | -28.974 | 62.463 |
| for taxes | 23.861 | -4.772 | 19.089 |
| to social security institutions | 9.630 | 1.056 | 10.686 |
| various | 110.420 | 9.537 | 119.957 |
| <i>Payable after 12 months</i> | | 0 | |
| for financing | 0 | 0 | 0 |
| Total | 235.348 | -23.153 | 212.195 |

Debts towards suppliers include €32,630= for invoices yet to be received.

Tax debts comprise IRPEF withholding tax in relation to the last month of the year, VAT for the 4th quarter of 2010.

Social security debts include the amount due to the relevant institutions for the last month of the 2010 financial year and paid in January 2011.

Debts various include €23,176= payable to employees (unused holidays and 14th month etc.) and royalty payments of €62,500= for the 2010 financial year.

3.4 Accruals and Deferred Income

Deferred income refers to income from the school activity amounting to €147,272=, invoiced in 2010 but relative to 2011.

4. MEMORANDUM ACCOUNTS (i.e. authorised but not contracted for)

The bank guarantee relates to the €100,000= contribution from the Regione Piemonte.

The Leasing account refers to remaining commitments (installments) on the school buses, net of the redemption amount.

5. NOTES ON ITEMS OF THE INCOME AND CHARGES STATEMENT

The income and charges statement includes all the activities of the Foundation, including the commercial activity. A sectional income and charges statement is included in the Financial Report, as required by Italian fiscal norms, highlighting separately the results obtained from the institutional activity and the commercial activity.

5.1 Income from Operating Activity

Revenue from Sales and Services: this amounts to €431,828= and relate to the commercial activity (this includes the school activity but not revenue from indirect sales i.e. deriving from the licence agreement). This is an increase of about 55 thousand compared to the previous financial year.

Other Operation Income: this refers to €1,087,752= in donations received including those from participants at events held in Cabella during the financial year and those deriving from the international fundraising efforts. It also refers to €59,200= that came in as indirect sales.

See Appendix II for a more detailed breakdown of income.

5.2 Charges from Operating Activity

Raw Materials and Consumables: a total of €114,210= relating to the commercial activity.

Services: the most significant items in this category are (i) the investments made to improve the properties, (€16 thousand Euros), (ii) consultancy fees relating to the commercial activities (195 thousand Euros) and (iii) service charges (telephone, gas, electricity etc.). Also included in this category are (iv) the royalties payable on direct sales (€65,200=). The amount has decreased by about 6.5 thousand Euros compared to last financial year.

Use of Third Party Assets: this refers principally to (i) €105,057= for the hire of additional infrastructure on the occasion of events organised in Cabella Ligure and also (ii) €39,539= for the rent of the warehouse for the Commercial Unit, extra staff lodgings and of additional space and

facilities (gym, meeting rooms, kitchens, toilet facilities etc.) on the occasion of international events and seminars. It also includes (iii) the cost of leasing the school bus (€18,474=).

Other Operating Expenses: the main items in this category are made up of wages and expenses of collaborators and consumables relating to the upkeep of the properties. The rest is largely made up of costs associated with the school activity (food, school supplies) and also stationary, stamps and other taxes. The dramatically lower figure in this category compared to last year (about 838 thousand Euros less) is explained mainly by the fact that no significant assets were purchased in 2010 (as opposed to the purchase of the new school building in 2009).

5.3 Financial Income and Charges

This relates to bank charges and bank interest (positive and negative) and interest on the loan obtained to purchase the Fiat Ducato van (€73=).

5.4 Extraordinary Income and Charges

Income: this regards the unexpected settlement of a debt by a supplier.

5.5 Profit (Loss) for the Financial Year

Income Tax includes IRES (national taxes) of €5,239= and IRAP (regional taxes) of €5,178= for the financial year, applied only to the commercial activity and the properties owned.

Profit (or Loss) for the Period amounts to €237,988=.

The present financial report, made up of the Balance Sheet, Income and Charges Statement and Notes to the Financial Statements, are a true and accurate reflection of the financial position and financial performance of the Foundation, including profit and loss for the period, and are the result of the ledger entries for the financial year 2009.

Aldo Antonino Gandolfi
Vice President

BOARD OF AUDITORS REPORT
FINANCIAL REPORT FOR THE YEAR ENDING 31ST DECEMBER 2010
OF THE SHRI MATAJI NIRMALA DEVI SAHAJA YOGA WORLD FOUNDATION

The Board of Auditors received the 2010 Financial Report from the Board of Directors comprising:

- Balance Sheet,
- Income and Charges Statements,
- Accompanying Notes,
- Cash Flow Statement.

It was given sufficient time to prepare its report and express its opinion on the content.

The responsibilities of the Board of Auditors, as per article 2409 of the Civil Code, are to carry out periodic audits and to write up reports on their outcome. During these audits we have been able to verify that the company books and accounts have been properly kept.

The Foundation manages commercial activity for which separate accounts and VAT records are kept, as required by Italian fiscal law. A separate income and charges statement related to the commercial activity is included in the financial statements.

The Foundation's 2010 Financial Report has been drawn up based on criteria established by the Accountants Commission for non-profit organizations. The year closes with a profit of €237,988=, net of depreciation and allocations of €71,152=. There was an increase in asset value of €232,136= due to investments. Equity on the 31st December 2010 stood at €4,104,759= compared to €3,902,797= at the end of the previous financial year; an increase of €201,962=.

The cash flow situation is shown in the cash flow statement and highlights the way in which funds were absorbed by operating activities, investments and financial activities.

The preparation and drawing up of the Financial Report is the task of the administrative body of the Foundation, while it is the responsibility of the Board of Auditors to express their professional opinion on the financial statements based on the outcome of their audit.

Having carefully audited the financial statements we can affirm that the information reported in the Balance Sheet, Income and Charges Statements and Accompanying Notes corresponds to the figures recorded in the company books, which are kept according to the norms established by Italian law and in the Foundation's statute.

The audit of the financial statements and the periodic audit of the accounts and of the bookkeeping were carried out using procedures and methodologies appropriate to the functions and the dimension of the activity, so as to provide a reasonable basis from which to express a professional opinion and to exclude the possibility of significant error.

The evaluation criteria adopted for the Balance Sheet and the modality in which they have been represented are substantially unchanged compared to last financial year. The criteria have been communicated to us and we can confirm that they comply with Italian accounting principles and norms.

The Accompanying Notes provide the required complementary information for a proper understanding of the financial statements and the cover letter adequately describes the activities of the Foundation.

In conclusion, we believe that the outcome of our audit shows that the Financial Report of the Shri Mataji Nirmala Devi Sahaja Yoga World Foundation for the year ending 31st December 2010 is credible, complies with the norms that govern the compilation of such a document and is an accurate statement of the assets and liabilities of the Foundation, of its financial position and of the outcome of the financial year.

As such, we invite you to approve the Financial Report for the year ending 31st December 2010.

The Board of Auditors:

Maria Gallo

Alessandro Sabolo

Cristina Ciartano

15th June 2010