



SHRI MATAJI NIRMALA DEVI SAHAJA YOGA WORLD FOUNDATION

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FINANCIAL REPORT

for the year ended 31st December 2006

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19th June 2007

There is no other way to begin this introduction to the World Foundation Financial Report 2006 than to express our profound gratitude to H.H. Shri Mataji Nirmala Devi (aka Mrs. Nirmala Srivastava). In this I am confident that I speak for the Board of Directors as well as for the multitudes who stand to benefit, today and in the future, from the work of the Shri Mataji Nirmala Devi Sahaja Yoga World Foundation. In establishing the Foundation and generously donating to it all her properties in Val Borbera, Shri Mataji has provided us with an instrument that will be placed at the service of the emancipation of mankind. We are moved by her generosity and inspired by her example of hard work and dedication to the cause of man's spiritual development.



Shri Mataji Nirmala Devi
Founder and Benefactor

The purpose of this report is to submit the World Foundation Financial Report 2006 to the Board of Directors for consideration and approval. Following this, it is our intention to put it into the public domain by publishing it on our website, so as to allow potential donors, backers and other stakeholders to gain insight into our operations.

The World Foundation Financial Report 2006 includes the following documentation:

1. Balance Sheet as of 31 December 2006;
2. Income & Charges Report;
3. accompanying Notes;
4. Cash Flow Statement.

All the documents have been drawn up in conformity with the regulatory requirements of the Italian state.

In assessing the documentation it is important to take into account some factors:

- the World Foundation was established by H.H. Shri Mataji Nirmala Devi on the 8th July 2006 and was only operative in the 2nd semester of that year;
- according to Shri Mataji's wishes, which are articulated in the Act of Constitution, the donation of her properties was conditional on the Foundation receiving Judicial Recognition from the relevant Italian authority;
- Judicial Recognition was conferred upon the Foundation by the Regional Piedmont Authority in Turin on the 8th November 2006. From that date the Foundation formally became the owners of the properties donated to it in the Act of Constitution. Members of the Board were thus exonerated from personal liability towards the Foundation and authorised to make decisions of extraordinary administration;
- the Italian Ministry of Art & Culture still held an option over Palazzo Doria, which is a listed building in Italy, but declined to exercise it within the established deadline. Thus, only in February 2007 was the Foundation able to officially register the transfer to its name of all the properties donated to it in the Act of Constitution.

In this period the Executive Committee has had to direct its efforts principally toward the bureaucratic processes and procedures required to ensure that the Foundation is able to operate properly. It has also:

- set up and organised the accounting and human resources functions within the Foundation, relying also on external consultants;
- provided for comprehensive insurance cover for the properties;
- proceeded to transferred to the Foundation all service and supply contracts previously under the name of Shri Mataji;
- completed some urgent maintenance work;
- begun to draw up plans for the future use of the properties, including related building projects.

All of this has been possible thanks also to the employment of Robert Hunter as General Manager of the Foundation. Robert started working for the Foundation on the 1st October 2006 and has shown a commitment to the job which, I believe, deserves to be acknowledged.

Donations this year, which covers only the 2nd semester of 2006, amounted to Euro 88,711.00, of which Euro 49,901.00 were donated on the occasion of Guru Puja 2006. The remaining Euro 38,810.00 derive mainly from donations made during or after events organised by the Foundation in this period (Euro 10,821.00 from European-level Puja Seminars, Euro 2,130.00 from Health & Wellness Workshops, Euro 23,700.00 from Children Camps & Activities, Euro 2,189.00 from miscellaneous donations).

We now look forward to 2007 as a year of development and consolidation of the World Centre in Cabella, in our humble endeavour to carry forward and realise the intentions of our Founder and President, H.H. Shri Mataji Nirmala Devi.

With respect,

Aldo Gandolfi
Vice President

BALANCE SHEET AS AT DECEMBER 31, 2006

BALANCE SHEET ASSETS

A) ACCOUNTS RECEIVABLE DUE FROM PROMOTING PARTNER		0.00
B) FIXED ASSETS		
Intangible fixed assets		492.51
Software licenses	658.91	
minus: Accumulated depreciation	(166.40)	
Total	<u>492.51</u>	
Tangible fixed assets		1,951,147.88
Buildings	1,950,000.00	
minus: Accumulated depreciation	0.00	
Total	<u>1,950,000.00</u>	
Office equipment	1,197.79	
minus: Accumulated depreciation	(49.91)	
Total	<u>1,147.88</u>	
C) CURRENT ASSETS		57,372.26
Accounts receivable		
<u>due within 12 months</u>		
Securities	424.46	
Total	<u>424.46</u>	
Cash and cash equivalents		
Cash at banks	56,806.11	
Cash and cash equivalents on hands	141.69	
Total	<u>56,977.80</u>	
D) PREPAID EXPENSES AND ACCRUED INCOME		509.33
Prepaid expenses	250.40	
Accrued income	258.93	
Total	<u>509.33</u>	
TOTAL ASSETS		<u><u>2,009,521.98</u></u>

BALANCE SHEET EQUITY AND LIABILITIES

A) EQUITY		1,996,204.69
Endowment Fund	1,950,000.00	
Profit for the period	46,204.69	
Total	<u>1,996,204.69</u>	
B) PROVISION FOR LIABILITIES AND CHARGES		0.00
C) PROVISION FOR TERMINATION INDEMNITIES		468.93
Provision for termination indemnities	468.93	
Totale	<u>468.93</u>	
D) ACCOUNTS PAYABLE		11,980.69
<i>due within 12 months</i>		
Trade payables	7,725.14	
Current tax payable	1,602.42	
Social security payable	874.27	
Other payables	1,778.86	
Total	<u>11,980.69</u>	
E) ACCRUED LIABILITIES AND DEFERRED INCOME		867.67
Accrued liabilities	867.67	
Total	<u>867.67</u>	
TOTAL EQUITY AND LIABILITIES		<u><u>2,009,521.98</u></u>

INCOME AND CHARGES REPORT

A) INCOME FROM OPERATING ACTIVITIES		88,712.54
Unrecoverable grants	88,711.00	
Rebates	1.54	
B) CHARGES FROM OPERATING ACTIVITIES		(42,779.36)
<u>Expenses for services</u>		
Expenses for third party services	(3,863.75)	
Maintenance expenses	(2,466.72)	
Power consumption	(5,410.90)	
Telephone services	(640.80)	
Heating expenses	(2,589.98)	
Water consumption	(127.18)	
Insurance expenses	(3,450.00)	
Fiscal, legal and notarial consultancies	(10,758.00)	
Total	(29,307.33)	
<u>Expenses for use of third party assets</u>		
Rent paid	(185.93)	
Total	(185.93)	
<u>Employee expenses</u>		
Wages and salaries	(7,305.01)	
Social contribution	(2,150.66)	
Termination indemnities	(504.58)	
Total	(9,960.25)	
<u>Depreciation and writedowns</u>		
Depreciation of intangible fixed assets	(166.40)	
Depreciation of tangible fixed assets	(49.91)	
Total	(216.31)	
<u>Other operating expenses</u>		
Fuel expenses	(232.39)	
Motorway expenses	(20.80)	
Travelling expenses	(147.27)	
Revenue stamps and postal charges	(154.18)	
Other exepenses	(744.13)	
Costs to acquire assets recognised as expenses in the current period	(417.60)	
Stationery	(81.90)	
Taxes and duties	(1,294.27)	
Rebates	(1.44)	
Capital losses	(15.56)	
Total	(3,109.54)	
DIFFERENCE BETWEEN INCOME AND CHARGES FROM OPERATING ACTIVITIES (A - B)		45,933.18

C) FINANCIAL INCOME AND CHARGES	271.51
<u>Financial income</u>	
<i>Interest on bank deposits</i>	414.12
<u>Interest and other financial charges</u>	
<i>Bank commissions</i>	(142.56)
<i>Interest on trade accounts payable</i>	(0.05)
D) ADJUSTMENTS TO VALUE OF FINANCIAL ASSETS	0.00
E) EXTRAORDINARY INCOME AND CHARGES	0.00
PROFIT BEFORE TAX	<u>46,204.69</u>
Income tax expense	0.00
Profit for the period	<u><u>46,204.69</u></u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2006

The aim of the Notes is to provide additional information that is not presented on the face of the Balance Sheet and Income and Charges Report. In order to allow a better assessment of the Foundation's financial statements, it is important to know that the Foundation is a non-profit organization with the following object: "perpetuate, report and spread all over the world the whole knowledge arising from the teachings and meditation practise of Srivastava Chandrika Prasad Nirmala and known as Sahaja Yoga".

Content of the Financial Statements for the year ended December 31, 2006.

The Foundation's Financial Statements have been drawn up on the basis of policies foreseen by the Accountants Commission of non-profit organizations.

The Financial Statements for the year ended December 31, 2006 comprise the Balance Sheet, the Income and Charges Report, the Notes and the Cash Flow Statement.

The Income and Charges Report provides information about the Foundation's performance, disclosing the nature and function of the components of income and charges for the period taken into account.

Accounting policies

The items recognised in the Financial Statements are valued on the general basis of prudence.

In observance of accrual basis of accounting, the effects of transactions and other events are recognised when they occur, and not as cash or its equivalent is received or paid, and they are recorded in the accounting records and reported in the Financial Statements of the periods to which they relate.

An asset is recognised in the Balance Sheet as a fixed asset if it will be used by the Foundation for more than the accounting period.

In particular, the accounting policies and principles used to draw up the Financial Statements are as follows.

Notes about the Balance Sheet's items

Intangible fixed assets

This item includes software licenses for 658.91 euros. The amount of depreciation is of 166.40 euros.

Tangible fixed assets

Tangible fixed assets are represented by the following items:

Buildings	1,950,000.00 euros
Office equipment	<u>1,197.79 euros</u>
<i>Total tangible fixed assets</i>	<i>1,951,197.79 euros</i>

The item "Buildings" comprises buildings donated by the Founder, Ms Srivastava Chandrika Prasad Nirmala, to the Foundation in the Act of Constitution.

The item "Office equipment" has been depreciated by 49.91 euros, in order to align it with the estimated resale value.

Trade receivables

They are represented by securities for consumptions and they are recognised at their nominal value.

Cash and cash equivalents

This item includes cash at banks for 56,806.11 euros and cash and cash equivalents on hands for 141.69 euros.

Prepaid expenses and accrued income

They are recognised in accordance with the accrual basis of accounting and they are composed as follows:

Accrued income	258.93 euros
Prepaid expenses	<u>250.40 euros</u>
<i>Total prepaid expenses and accrued income</i>	<i>509.33 euros</i>

Equity

The total amount of Equity is of 1,996,204.69 euros and comprises the Endowment Fund for 1,950,000 euros and the Profit for the period of 46,204.69 euros.

Provision for termination indemnities

This item represents the effective amount due to employees as accrued on the basis of law and employment contracts in force.

At December 31, 2006 this item amounts to 468.93 euros.

Accounts payable

They are recognised at their nominal value and comprise the following items:

Trade payables	7,725.14 euros
Current tax payable	1,602.42 euros
Social security payable	874.27 euros
Other payables	<u>1,778.86 euros</u>
<i>Total accounts payable</i>	<i>11,980.69 euros</i>

Accrued liabilities

They comprise obligations to pay cash in the future. They are composed as follows:

Accrued liabilities on bank commissions	132.21 euros
Accrued liabilities on employee wages and salaries	<u>735.46 euros</u>
<i>Total accrued liabilities</i>	<i>867.98 euros</i>

Notes about the Income and Charges Report

INCOME

Unrecoverable grants/donations

They consist of donations collected on the occasion of seminars and other events which took place in Cabella Ligure during the year 2006.

Financial income

Such income consists of interests accrued on bank accounts during 2006 and amounts to 414.12 euros.

CHARGES

Charges from operating activity

They amount in total to 42,815.36 euros and they are composed as follows:

Expenses for services	29,307.33 euros
Expenses for use of third party assets	185.93 euros
Employee expenses	9,960.25 euros

Depreciation and writedowns	216.31 euros
Other operating expenses	<u>3,109.54 euros</u>
<i>Total charges from operating activity</i>	<i>42,779.36 euros</i>

Expenses for services

Expenses for third party services

They amount to 3,863.75 euros and they comprise expenses for waste disposal.

Maintenance expenses

They consist of expenses for ordinary maintenance of the Foundation's assets and amount to 2,466.72 euros.

Consumption expenses

They are composed as follows:

Power consumption	5,410.90 euros
Telephone services	640,80 euros
Heating expenses	2.589,98 euros
Water consumption	<u>127,18 euros</u>
<i>Total consumption expenses</i>	<i>8,768.86 euros</i>

Insurance expenses

They comprise insurance to cover the Foundation's assets and amount to 3,450 euros.

Fiscal, legal and notarial consultancies

This item includes the expenses to set up the Foundation and to keep the accounts. These expenses amount in total to 10,758.00 euros.

Expenses for use of third party assets

They comprise the expenses to rent the large waste disposal containers and amount to 185.93 euros.

Employee expenses

This item includes the total expense for the personnel employed during the year 2006 and amounts in total to 9,960.25 euros.

Depreciation

This item comprises the depreciation of tangible and intangible assets recognised in the Balance Sheet.

Other operating expenses

They include the whole expenses incurred during the year 2006.

The item "Taxes and duties" includes the Local Property Tax.

The item consists of the following:

Fuel expenses	232.39 euros
Motorway expenses	20.80 euros
Travelling expenses	147.27 euros
Revenue stamps and postal charges	154.18 euros
Other expenses	744.13 euros
Costs to acquire assets recognised as expenses in the current period	417.60 euros
Stationery	81.90 euros
Taxes and duties	1,294.27 euros
Rebates	1.44 euros
Capital losses	<u>15.56 euros</u>
<i>Total other operating expenses</i>	<i>3,109.54 euros</i>

Financial charges

Such charges consist of bank commissions as accrued during the year 2006.

The Financial Statements, consisting of the Balance Sheet, the Income and Charges Report and the Notes above, truly represent the financial position and financial performance of the Foundation, including the profit and loss for the closing period, and include the whole items recognised into the accounts.

BOARD OF AUDITORS REPORT FOR THE BALANCE SHEET OF THE 31.12.2006

The Board of Auditors has carefully examined the Financial Report for the year 2006, which it received from the Board of Directors of the Shri Mataji Nirmala Devi Sahaja Yoga World Foundation.

The Financial Report comprises the Balance Sheet, Income and Charges Report, Cash Flow Report and Accompanying Notes.

The Foundation's Financial Statements have been drawn up on the basis of policies foreseen by the Accountants Commission of non-profit organizations.

The contents of the Financial Report 2006 are summarised as follows:

ASSETS

FIXED ASSETS		EURO	1.951.640,39
CURRENT ASSETS		EURO	57.372,26
- Accounts receivable	EURO	424,46	
- Cash and Cash Equivalents	EURO	56.947,80	
PREPAID EXPENSES AND ACCRUED INCOME		EURO	509,33
TOTAL ASSETS		EURO	2.009.521,98

EQUITY AND LIABILITIES

EQUITY		EURO	1.996.204,69
PROVISION FOR LIABILITIES AND CHARGES		EURO	0
PROVISION FOR TERMINATION INDEMNITIES		EURO	468,93
ACCOUNTS PAYABLE		EURO	11.980,69
ACCRUED LIABILITIES AND DEFERRD INCOME		EURO	867,67
TOTAL EQUITY AND LIABILITIES		EURO	2.009.521,98

INCOME AND CHARGES REPORT

INCOME FROM OPERATING ACTIVITES		EURO	88.712,54
CHARGES FORM OPERATING ACTIVITES		EURO	(42.779,36)
FINANCIAL INCOME AND CHARGES		EURO	271,51
ADJUSTMENTS TO VALUE OF FINANCIAL ASSETS		EURO	0,00
EXTRAORDINARY INCOME AND CHARGES		EURO	0,00
PROFIT BEFORE TAX		EURO	46.204,69

The Accompanying Notes provide additional information in conformity with regulatory norms and as required in order to offer a true and correct version of the economic and financial situation of the Foundation.

The Income and Charges Report illustrates the activity for 2006 which principally consist of administration and organisation, maintenance and conservation of fixed assets and planning for future use of the properties owned by the Foundation.

Attention is drawn to the following areas:

Fixed Assets

These mainly comprise the properties donated by the Founder, Mrs. Srivastava Chandrika Prasad Nirmala.

Accounts Receivable

This is exclusively made up of securities.

Cash and Cash Equivalents

This consist of funds held in Foundation bank accounts as of 31.12.06

Prepaid Expenses and Accrued Income

These have been calculated with the approval of the Board of Auditors and according to accepted accounting practice.

Equity

This comprises mainly the endowment fund of Euro 1,950,000.00 and profits before tax of Euro 46.204,69

Provision for Termination Indemnity

This is made up of the termination indemnity matured by the sole employee of the Foundation.

During the year ended December 31, 2006, and up to such date, the Board Auditors supervised the observance of the Law, in accordance with auditing principles and on the basis of policies foreseen by the Italian National Council of Accountants.

Specifically, the Board attended the meetings of the Board of Directors that took place in 2006 and obtained information from the Directors on the activity that took place and on the major economic, financial and capital dealings of the Foundation, making sure that all these operations conformed to the law and to national accounting principles.

The Board assessed and checked the fairness of the administrative and accounting procedures, as well as the reliability of the latter in accurately representing transactions and other events, by obtaining information from the Directors, examining the related documentation, controlling the accounting data, and making a constant cash control.

The Board checked the observance of the regulations concerning the formulation and drafting of the financial statements through direct controls.

During the controls, as described above, no issues arose that required mentioning in this Report.

The Board has not received any declarations ex article 2408 of the Civil Code or third party disclosures concerning the Foundation.

Taking into account all the afore-mentioned information the Board proposes the approval of the Foundation's Financial Statements for the year ended December 31, 2006.

10th June 2007

*Alessandro Sabolo
Cristina Ciartano
Maria, Lucia Gallo*

CASH FLOW STATEMENT

Cash on hand and balances with banks at beginning of period		0.00
Cash flow from operating activities		56,803.01
Income from operating activities	<u>88,711.00</u>	
Unrecoverable grants	88,711.00	
Charges from operating activities	<u>(31,907.99)</u>	
<u>Expenses for services</u>	(21,057.05)	
Expenses for third party services	(4,030.53)	
Maintenance expenses	(1,961.93)	
Power consumption	(1,944.01)	
Telephone services	(275.40)	
Heating expenses	(822.00)	
Water consumption	(125.18)	
Insurance expenses	(3,450.00)	
Fiscal, legal and notarial consultancies	<u>(8,448.00)</u>	
<u>Expenses for use of third party assets</u>	(185.93)	
Rent paid	<u>(185.93)</u>	
<u>Employee expenses</u>	(5,790.17)	
Wages and salaries	(4,697.29)	
Social contribution	<u>(1,092.88)</u>	
<u>Expenses for fixed assets</u>	(1,856.70)	
Software licenses	(658.91)	
Office equipment	<u>(1,197.79)</u>	
<u>Other operating expenses</u>	(3,018.14)	
Fuel expenses	(232.39)	
Motorway expenses	(20.80)	
Travelling expenses	(147.27)	
Revenue stamps and postal charges	(154.18)	
Other expenses	(652.73)	
Costs to acquire assets recognised as expenses in the current period	(417.60)	
Stationery	(81.90)	
Taxes and duties	(1,294.27)	
Rebates	(1.44)	
Capital losses	<u>(15.56)</u>	
Cash flow from financing activities		144.79
Financial income	<u>155.19</u>	
Interest on bank deposits	<u>155.19</u>	
Interest and other financial charges	<u>(10.40)</u>	
Bank commissions	(10.35)	
Interest on trade accounts payable	<u>(0.05)</u>	
Cash on hand and balances with banks at end of period		<u><u>56,947.80</u></u>