

**Tergar International**  
Minneapolis, Minnesota

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Consolidated Financial Statements  
Auditor's Report  
For the Years Ended  
December 31, 2020 and 2019



**CERTIFIED PUBLIC ACCOUNTANTS**

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Independent Auditor's Report

Board of Directors  
Tergar International  
Minneapolis, Minnesota

We have audited the accompanying consolidated financial statements of Tergar International, which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities and changes in net assets, functional expense, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Tergar International as of December 31, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Carpenter, Evert & Associates, Ltd.*  
Certified Public Accountants

TERGAR INTERNATIONAL  
CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020		2019	
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions
<b>Support and Revenue:</b>				
Contributions	\$ 1,252,075	\$ 38,000	\$ 699,744	\$ 120,554
Program Service Fees	1,827,879	-	1,897,163	-
Sales	-	-	756	-
Other Income	2,210	-	9,809	-
Net Assets Released from Restrictions:				
Satisfaction of Purpose Restrictions	45,000	(45,000)	125,556	(125,556)
Total Support and Revenue	3,127,164	(7,000)	2,733,028	(5,002)
			3,120,164	2,728,026
<b>Expense:</b>				
Program Services:	1,798,882	-	2,046,656	-
Support Services:				
Management and General Fundraising	487,765	-	425,963	-
	74,505	-	35,286	-
Total Support Services	562,270	-	461,249	-
Total Expense	2,361,152	-	2,507,905	-
Change in Net Assets	766,012	(7,000)	225,123	(5,002)
Net Assets - Beginning of Year	1,065,782	50,000	840,659	55,002
Net Assets - End of Year	\$ 1,831,794	\$ 43,000	\$ 1,065,782	\$ 50,000
			\$ 1,874,794	\$ 1,115,782

The accompanying Notes to Financial Statements  
are an integral part of these statements.

TERGAR INTERNATIONAL  
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSE  
FOR THE YEAR ENDED DECEMBER 31, 2020 WITH COMPARATIVE TOTALS FOR 2019

	2020				2019	
	Support Services				Total All Services	
	Program Services	Management & General	Fundraising	Total Support Services	Total All Services	Total All Services
Salaries	\$ 429,242	\$ 167,822	\$ 55,429	\$ 223,251	\$ 652,493	\$ 565,915
Employee Benefits	99,544	42,662	14,090	56,752	156,296	110,818
Payroll Taxes	35,226	15,097	4,986	20,083	55,309	45,758
Total Personnel Costs	564,012	225,581	74,505	300,086	864,098	722,491
Professional Services	437,372	122,731	-	122,731	560,103	445,423
Contributions	225,000	-	-	-	225,000	-
Teaching Program Expense	150,516	-	-	-	150,516	774,601
Occupancy	81,143	54,095	-	54,095	135,238	155,445
Bank Fees	75,787	18,947	-	18,947	94,734	68,555
Program Development Expense	83,349	-	-	-	83,349	61,461
Advertising	59,517	-	-	-	59,517	50,271
Grant Expense	26,373	-	-	-	26,373	60,000
Miscellaneous	14,274	9,516	-	9,516	23,790	7,338
Travel	12,355	8,237	-	8,237	20,592	7,317
Insurance	7,309	4,872	-	4,872	12,181	13,117
Meetings and Entertainment	7,260	-	-	-	7,260	78,896
Office Supplies	-	4,132	-	4,132	4,132	4,464
Small Equipment and Software	-	1,339	-	1,339	1,339	6,054
Depreciation	54,615	38,315	-	38,315	92,930	52,472
Total Expense	\$ 1,798,882	\$ 487,765	\$ 74,505	\$ 562,270	\$ 2,361,152	\$ 2,507,905

The accompanying Notes to Financial Statements are an integral part of this statement.

TERGAR INTERNATIONAL  
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSE  
FOR THE YEAR ENDED DECEMBER 31, 2019

	Support Services				Total All Services
	Program Services	Management & General	Fundraising	Support Services	
Salaries	\$ 376,793	\$ 161,483	\$ 27,639	\$ 189,122	\$ 565,915
Employee Benefits	73,784	31,622	5,412	37,034	110,818
Payroll Taxes	30,466	13,057	2,235	15,292	45,758
Total Personnel Costs	481,043	206,162	35,286	241,448	722,491
Professional Services	366,138	79,285	-	79,285	445,423
Teaching Program Expense	774,601	-	-	-	774,601
Occupancy	93,267	62,178	-	62,178	155,445
Bank Fees	54,844	13,711	-	13,711	68,555
Program Development Expense	61,461	-	-	-	61,461
Advertising	50,271	-	-	-	50,271
Grant Expense	60,000	-	-	-	60,000
Miscellaneous	4,403	2,935	-	2,935	7,338
Travel	4,390	2,927	-	2,927	7,317
Insurance	7,870	5,247	-	5,247	13,117
Meetings and Entertainment	56,885	22,011	-	22,011	78,896
Office Supplies	-	4,464	-	4,464	4,464
Small Equipment and Software	-	6,054	-	6,054	6,054
Depreciation	31,483	20,989	-	20,989	52,472
Total Expense	\$ 2,046,656	\$ 425,963	\$ 35,286	\$ 461,249	\$ 2,507,905

The accompanying Notes to Financial Statements are an integral part of this statement.

TERGAR INTERNATIONAL  
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
<u>ASSETS</u>		
Current Assets:		
Cash and Cash Equivalents	\$ 1,308,761	\$ 479,993
Certificates of Deposit	214,653	212,693
Accounts Receivable	-	23,402
Grants Receivable	52,000	50,000
Prepaid Expense	99,905	129,202
Total Current Assets	<u>1,675,319</u>	<u>895,290</u>
Property and Equipment - Net	406,782	302,667
Security Deposit	<u>7,801</u>	<u>7,801</u>
 TOTAL ASSETS	 <u>\$ 2,089,902</u>	 <u>\$ 1,205,758</u>
 <u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Accounts Payable	\$ 151,738	\$ 7,283
Other Accrued Expense	62,705	25,357
Deferred Revenue	665	57,336
Total Current Liabilities	<u>215,108</u>	<u>89,976</u>
Net Assets:		
Without Donor Restrictions:		
Board Designated	310,000	210,000
Undesignated	<u>1,521,794</u>	<u>855,782</u>
Total Without Donor Restrictions	1,831,794	1,065,782
With Donor Restrictions	<u>43,000</u>	<u>50,000</u>
Total Net Assets	<u>1,874,794</u>	<u>1,115,782</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 2,089,902</u>	 <u>\$ 1,205,758</u>

The accompanying Notes to Financial Statements  
are an integral part of these statements.

TERGAR INTERNATIONAL  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

<u>Increase (Decrease) in Cash</u>	<u>2020</u>	<u>2019</u>
<b>Cash Flows from Operating Activities:</b>		
Change in Net Assets	\$ 759,012	\$ 220,121
Total Adjustments	<u>268,761</u>	<u>(108,830)</u>
Net Cash Provided by Operating Activities	1,027,773	111,291
<b>Cash Flows from Investing Activities:</b>		
Purchase of Property and Equipment	(197,045)	(209,381)
Purchase of Certificates of Deposit	<u>(1,960)</u>	<u>(142,548)</u>
Net Cash (Used) by Investing Activities	(199,005)	(351,929)
<b>Cash Flows from Financing Activities:</b>		
None	-	-
Net Increase (Decrease) in Cash	<u>828,768</u>	<u>(240,638)</u>
Cash and Cash Equivalents - Beginning of Year	<u>479,993</u>	<u>720,631</u>
Cash and Cash Equivalents - End of Year	<u><u>\$ 1,308,761</u></u>	<u><u>\$ 479,993</u></u>

The accompanying Notes to Financial Statements  
are an integral part of these statements.

TERGAR INTERNATIONAL  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019

1. Summary of Significant Accounting Policies

Basis of Consolidation

The consolidated financial statements of Tergar International (the Organization) include the accounts of Tergar International, A Joyful Mind, Tergar Madison, and Tergar Oregon. All material inter-organizational transactions have been eliminated.

Organizational Purpose

The mission of the Organization is to promote, aid, and advance the teachings and practice of meditation and contemplation that arise from the world's great spiritual traditions through lectures, seminars, publications, retreats, and other forms of media. For centuries, the practice of meditation has been used by countless individuals to transform suffering into joy and confusion into wisdom. The Organization's meditation and study programs are designed to facilitate this transformation. Under the guidance of Yongey Mingyur Rinpoche, a remarkable teacher celebrated for his ability to make the practice of meditation accessible to people of all backgrounds, the Organization fulfills its mission to make the ancient practice of meditation accessible to the modern world by providing a comprehensive course of meditation training and study, with programs for Buddhists and non-Buddhists alike.

The Organization pursues its mission through the following activities:

Meditation Centers and Groups – offer weekly meditation and study sessions, as well as regular seminars on meditation and the core principles of the Buddhist path.

Joy of Living – is where the Tergar journey begins and is a series of three seminars that present practical advice on how meditation can be used to calm the mind, open the heart and develop insight.

Path of Liberation – builds on the foundation teachings of the Joy of Living, presenting a series of meditative practices designed to strip away the causes of suffering and uncover the radiant awareness that underlies all experiences.

Exploring Buddhism – is a multi-year study program that covers the core teachings of Buddhism and addresses the full spectrum of Buddhist thought and practice.

Tergar International, formerly known as the Rime Foundation, was incorporated in 2004, and is classified by the Internal Revenue Service (IRC) as a tax-exempt charitable organization under Section 501(c)(3) of the IRC.

A Joyful Mind LLC was incorporated in 2012 to operate a documentary film project featuring Yongey Mingyur Rinpoche and his teachings. It is wholly owned by the Organization and is treated as "disregarded entity" for income tax purposes.

TERGAR INTERNATIONAL  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019

1. Summary of Significant Accounting Policies (continued)

Organizational Purpose (continued)

Tergar Madison LLC and Tergar Oregon LLC were both incorporated in 2013 so that they could operate more effectively within their respective communities that they are involved in. Both Tergar Madison and Tergar Oregon are also wholly owned by the Organization and are treated as a “disregarded entity” for income tax purposes.

Fund Accounting

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

Net Assets without Donor Restrictions – Net assets available for use in general operations and not subject to donor-or grantor-imposed restrictions. These net assets include both board designated and undesignated amounts.

Net Assets with Donor Restrictions – Net assets subject to donor- or grantor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. The Organization reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Accounts Receivable and Doubtful Accounts

The Organization extends credit to its customers on terms it establishes for individual customers. Receivables are recorded at amounts billed and are generally due when billed. Amounts outstanding for more than 30 days are considered delinquent. Accounts receivable are generally uncollateralized and the Organization does not charge interest on accounts receivable balances. The Organization reviews accounts receivable balances on a periodic basis and writes off delinquent receivables when they are considered uncollectible. No allowance for doubtful accounts has been provided as accounts receivable are considered collectable.

Property and Equipment

All major expenditures for property and equipment above \$1,000 are capitalized at cost. Depreciation is provided through the use of the straight-line method.

TERGAR INTERNATIONAL  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019

1. Summary of Significant Accounting Policies (continued)

Revenue and Revenue Recognition

The Organization recognizes contributions when cash, securities or other assets, with an unconditional promise to give is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. The Organization received a \$118,318 PPP loan in the year ended December 31, 2020 and recorded it as a conditional grant. The conditions of the grant were met and it is included Contributions.

Program Service Fees are recognized as revenue when the performance obligation of providing services are met.

Deferred revenue consists of program income that pertain to the next fiscal year. The following provides information about significant changes in deferred revenue for the years ended December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Deferred Revenue – Beginning of Year	\$ 57,336	\$ 67,792
Decreases due to revenue recognized	(57,336)	(67,792)
Increases due to cash received	<u>665</u>	<u>57,336</u>
Deferred Revenue – End of Year	<u>\$ 665</u>	<u>\$ 57,336</u>

Promises-To-Give (Grants Receivable)

Unconditional promises-to-give are recognized in the period the promises are made. Conditional promises-to-give are recognized when the conditions on which they depend are substantially met, that is, when the conditional promise becomes unconditional. The balance of grants receivable at December 31, 2020 and 2019 was \$52,000 and \$50,000 respectively. The balance at December 31, 2020 is expected to be collected in the year ending December 31, 2021.

Income Tax

The Organization has a tax-exempt status under Section 501(c)(3) of the Internal Revenue Code and has adopted *Accounting for Uncertainty in Income Taxes*, ASC 740-10. The Organization's policy is to evaluate uncertain tax positions, at least annually, for the potential for income tax exposure from unrelated business income or from loss of nonprofit status. The Organization continues to operate consistent with its original exemption application and each year takes the necessary actions to maintain its exempt status. It has been classified as an organization that is not a private foundation under the Internal Revenue Code and charitable contributions by donors are tax deductible. In compliance with its exempt status, the Organization annually files a Return of Organization Exempt From Income Tax (Form 990).

TERGAR INTERNATIONAL  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019

1. Summary of Significant Accounting Policies (continued)

Functional Allocation of Expense

Expenses are recorded in functional categories when incurred. In certain cases, allocations between categories must be made. When allocations are required, they are based on the best estimates of management.

Advertising

Advertising costs are expensed as incurred. Advertising expense was \$59,517 and \$50,271 for the years ended December 31, 2020 and 2019, respectively.

Cash and Cash Equivalents

Cash consists of cash, money market accounts, and all highly liquid securities purchased with an original maturity of 3 months or less. Cash and cash equivalents are stated at cost which approximates fair value.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Investments

The Organization carries its investments at market value.

Subsequent Events

The Organization has evaluated the effect that subsequent events would have on the financial statements through September 17, 2021, which is the date financial statements were available to be issued.

2. Uncertainties and Contingencies

The COVID-19 outbreak in the United States has caused business disruption through both mandated and voluntary closing of organizations. While the disruption is currently expected to be temporary, there is considerable uncertainty around its duration. Therefore, the Organization expects this matter may impact its operating results, but reasonable estimates cannot be made at this time.

TERGAR INTERNATIONAL  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019

3. Financial Instruments

Significant Concentrations of Credit Risk

The Organization provides services within the Twin Cities area as well as around the world. The amounts due for services provided are from individuals.

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

At December 31, 2020 and 2019, the Organization held funds at a local financial institution in excess of federally insured limits.

4. Investments

The Organization held the following investments as of:

	December 31,			
	2020		2019	
	Cost	Market Value	Cost	Market Value
Certificate of Deposits	\$ 214,507	\$ 214,653	\$ 212,548	\$ 212,693

Investment income was \$2,079 and \$2,859 for the years ended December 31, 2020 and 2019, respectively.

5. Fair Value of Financial Instruments

In accordance with ASC 820, "fair value" is defined as the price that an organization would receive upon selling an investment in an orderly transaction to an independent buyer in the principal or most advantageous market for the investment. Various inputs are used in determining the value of investments. ASC 820 established a three-tier hierarchy of inputs to establish a classification of fair value measurements for disclosure purposes. The three-tier hierarchy of inputs is summarized in the three broad levels listed below:

- Level 1 – Quoted prices in active markets for identical investments.
- Level 2 – Other significant observable inputs (including quoted prices for similar investments, interest rates, prepayment speeds, credit risk, etc.)
- Level 3 – Significant unobservable inputs.

**TERGAR INTERNATIONAL**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

5. Fair Value of Financial Instruments (continued)

The following is a summary of the inputs used to determine the fair value of the investments at December 31:

	2020			
	Level 1	Level 2	Level 3	Total
Certificates of Deposit	\$ 214,653	\$ -	\$ -	\$ 214,653
	2019			
	Level 1	Level 2	Level 3	Total
Certificates of Deposit	\$ 212,693	\$ -	\$ -	\$ 212,693

6. Property and Equipment

The Organization owned the following as of:

	December 31,		Estimated
	2020	2019	Useful Lives
Software	\$ 482,918	\$ 374,361	5 years
Leasehold Improvements	102,039	102,039	Term of Lease
Furniture and Equipment	63,520	60,768	5-10 years
	648,477	537,168	
Less Accumulated Depreciation	241,695	234,501	
	\$ 406,782	\$ 302,667	

Depreciation expense of \$92,930 and \$52,472 was recorded for the years ended December 31, 2020 and 2019, respectively.

7. Net Assets with Donor Restrictions

Net assets with donor restrictions consisted of amounts for the following as of:

	December 31,	
	2020	2019
Joy of Living Program Expansion	\$ 20,000	\$ 50,000
App Development	15,000	-
Ethics Program	10,000	-
Total Net Assets with Donor Restrictions	\$ 43,000	\$ 50,000

TERGAR INTERNATIONAL  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019

8. Board Designated Net Assets

The Board of Directors has made the following designation of net assets without donor restrictions as of:

	December 31,	
	2020	2019
Board Designated Operating Reserve	\$ 310,000	\$ 210,000

9. Leased Facilities

Rental commitments under noncancelable leases for office space in effect as of December 31, 2020 total \$189,269. The future annual rental commitments are as follows:

<u>Due in the Year Ending December 31,</u>	
2021	\$ 94,499
2022	45,924
2023	41,839
2024	7,007
Total	\$ 189,269

The rental expense was \$132,238 and \$128,472 for the years ended December 31, 2020 and 2019, respectively.

10. Related Party Transaction

The Organization paid one of its board of directors and the spouse for professional services rendered during the year. The total professional services expense recorded for the two individuals were \$145,352 and \$122,295 for the years ended December 31, 2020 and 2019, respectively.

11. Cash Flow Operating Adjustments

Adjustments to reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities are as follows as of:

	December 31,	
	2020	2019
Depreciation	\$ 92,930	\$ 52,472
Increases (Decreases) in Current Liabilities:		
Accounts Payable	144,455	2,045
Other Accrued Expense	37,348	5,401
Deferred Revenue	(56,671)	(10,456)
Decreases (Increases) in Current Assets:		
Accounts Receivable	23,402	(18,923)
Grants Receivable	(2,000)	(34,994)
Prepaid Expense	29,297	(104,375)
Total Adjustments	\$ 268,761	\$ (108,830)

TERGAR INTERNATIONAL  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019

12. Liquidity and Availability

The following represents the Organization's financial assets as of:

	December 31,	
	2020	2019
Financial Assets:		
Cash and Cash Equivalents	\$ 1,308,761	\$ 479,993
Certificates of Deposit	214,653	212,693
Accounts Receivable	-	23,402
Grants Receivable	52,000	50,000
Total Financial Assets	1,575,414	766,088
Less assets not available to be used for general expenditures within one year:		
Net Assets With Donor Restrictions	30,000	50,000
Board Designated Operating Reserve	310,000	210,000
Net Assets With Restrictions to be met within a year	(30,000)	(50,000)
Total Assets not available to be used within one year	310,000	210,000
Financial assets available for general expenditures within one year:	\$ 1,265,414	\$ 556,088

The Organization maintains a board designated operating reserve of \$310,000 and \$210,000 in the years ended December 31, 2020 and 2019, respectively that is not considered available for use within one year. Although the Organization does not intend to spend from this board designated operating reserve, these amounts could be made available if necessary.

As part of the Organization's liquidity plan, the Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.