

# **ANNUAL REPORT**

## **2015-16**

### **AYURVEDIC ACADEMY INC.**

8234A, 17 Ave NE,

SEATTLE WA 98115, USA

Tel: 001-2067299999 Fax: 001-2067290164

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## **AYURVEDIC ACADEMY INC.**

### **BOARD OF DIRECTORS**

CHAIRMAN	: Mr. Ramesh Vangal
DIRECTORS	: Mr. Anand Subramanian
REGISTERED OFFICE	: 8234 A, 17 Ave NE, SEATTLE WA 98115, USA
BRANCH OFFICE	: 46500 Fremont Blvd, Suite#702 Fremont, CA 94538
BANKERS	: WELLS FARGO BANK.

## DIRECTORS' REPORT

Your directors have pleasure in presenting the 10<sup>th</sup> Annual Report on the business and operations of your company together with the Audited Accounts for the year ended 31<sup>st</sup> March 2016. While audit is not mandated in US for small enterprises, your company has got the accounts audited for the purpose of consolidation of its accounts with its parent company in accordance with the statutory requirements in India.

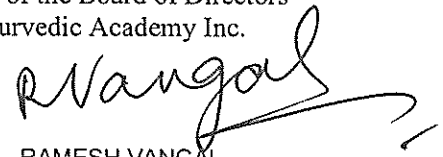
### Financial Results

During the year under review, your company has achieved a turnover of \$ 768,579 (previous year \$ 614,911) and recorded a Profit of \$ 30,346 (Previous year Loss \$16,425) for the year, before providing tax. During the year, the company has aggressively promoted distance learning and presently operates centers at Seattle, Fremont, Los Angeles and Boston in the US. The company is making all efforts to improve the performance in the coming year.

### Acknowledgements

Your Directors wish to place on record the continued co-operation and support received from Bankers, employees, government departments, customers.

On behalf of the Board of Directors  
Ayurvedic Academy Inc.

  
RAMESH VANGAL  
Chairman

Date: April 29, 2016



***Independent Auditor's Report***

**To the Members of**

**AYURVEDIC ACADEMY INC**

**Report On the Financial Statement**

We have audited the accompanying financial statements of AYURVEDIC ACADEMY INC, which comprise the Balance Sheet as at March 31, 2016, and the Statement of Profit and Loss for year 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 that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and 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 the Standards on Auditing issued by the Institute of Chartered Accountants of India. 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 judgment, 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 Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

**Opinion**

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

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally



accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2016;
- b) in the case of the Profit and Loss Account, of the loss for the year ended on that date

**Report on Other Legal and Regulatory Requirements:**

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give NIL statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
  - a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books

the Balance Sheet, Statement of Profit and Loss dealt with by this Report are in agreement with the books of account.

in our opinion, the Balance Sheet, Statement of Profit and Loss comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;

on the basis of written representations received from the directors as on March 31, 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

***Forming an Opinion and Reporting on Financial Statements***

*For NDS & CO*  
**Chartered Accountants**



*S - J - R - S*  
**Sanjay Shreesha**  
**Partner**  
**FRN NO 009804S**

Place : **Bangalore**  
Date : 29/04/2016

**AYURVEDIC ACADEMY INC.**  
8234A 17th Ave NE Seattle, WA 98115, USA

Balance Sheet as at March 31, 2016

STOCKHOLDERS EQUITY AND LIABILITY	Schedules	As on March 31,2016		As on March 31,2015	
		Amount in USD		Amount in USD	
<b>Stockholders Equity</b>					
Common Stock					
100 shares of common stock with no par value					
Stockholders Equity					
Retained Earnings		(\$1,556,340)		(\$1,586,686)	
<b>Total Stockholders' Equity</b>			(\$1,556,340)		(\$1,586,686)
<b>Long Term Liabilities</b>					
Unsecured Loans	2	\$ 3,019,885	\$ 3,019,885	\$2,996,962	\$2,996,962
<b>Current Liabilities</b>					
Accounts Payable	3	\$ 537,355		\$442,398	
Advances Received		\$ 237,813	\$ 775,168	\$170,182	\$612,580
<b>Total Liabilities &amp; Stockholders' Equity</b>			<b>\$2,238,712</b>		<b>\$2,022,856</b>
<b>ASSETS</b>					
<b>Fixed Assets</b>	4				
Gross Block		\$ 204,033		\$ 203,131	
Less :- Depreciation		\$ 186,172		\$172,309	
<b>Net Block</b>			\$ 17,861		\$30,822
<b>Loans &amp; Advances</b>	5		\$ 2,154,020		\$ 1,894,203
<b>Current Assets</b>	6				
Cash and Bank Balance		\$7,501		\$26,731	
Inventory		\$ 52,008		\$43,624	
Accounts Receivable		\$ 7,322		\$27,477	
			\$66,832		\$97,831
<b>Total Assets</b>			<b>\$2,238,712</b>		<b>\$2,022,856</b>

Schedules 1 to 12 form an integral part of this statement

In terms of our report attached.

For NDS & Co.,  
Chartered Accountants  
FRN: 0098045

Sanjay Shreesha, B com, FCA  
Partner  
Membership No. 206099

Place: Bengaluru  
Date: April 29, 2016



On behalf of Board of Directors  
For AYURVEDIC ACADEMY INC.

*R Vangal*  
Ramesh Vangal  
Chairman



**AYURVEDIC ACADEMY INC.**  
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Profit & Loss Account for the year ended as on March 31, 2016

Particulars	Schedules	2015-16		2014-15	
		Amount In USD		Amount In USD	
<b>Revenues</b>					
Tuition fee	7	\$ 578,836		\$ 490,363	
Clinic Service Income		\$ 189,743		\$ 124,547	
Other Income					
<b>Total Revenues</b>			\$ 768,579		\$ 614,911
<b>Cost of Goods Sold</b>	8		\$ 206,176		\$157,226
<b>Gross Profit</b>			\$562,403		\$457,684
<b>Expenses</b>					
Staff Cost	9	\$ 198,721		\$221,491	
Administrative Expenses	10	\$ 238,801		\$219,470	
Selling & Distribution Expenses	11	\$ 68,259		\$11,702	
Financial Charges	12	\$ 12,411		\$6,819	
Amortization & Depreciation	4	\$ 13,864		\$14,629	
<b>Sub Total</b>			\$532,057		\$474,109
<b>Net Income</b>			\$30,346		(\$16,425)
Income Tax Provision/Estimate					
Deficit Carried to Balance Sheet			\$30,346		(\$16,425)
Retained Earning Previous Years			(\$1,586,686)		(\$1,570,262)
<b>Retained Earning Transferred to Balance Sheet</b>			(\$1,556,340)		(\$1,586,686)
<b>Schedules 1 to 12 form an integral part of this statement</b>					
In terms of our report attached.					
<b>For NDS &amp; Co.,</b> Chartered Accountants FRN: 0098045   <b>Sanjay Shreesha, B com, FCA</b> Partner Membership No. 206099  Place: Bengaluru Date: April 29, 2016			On behalf of Board of Directors For AYURVEDIC ACADEMY INC.   <b>Ramesh Vangal</b> Chairman		



**AYURVEDIC ACADEMY INC.**

**Schedule 1:**

**Note 1-Significant Accounting Policies**

- 1.1 Basis for preparation of financial statements and method of accounting  
The financial statements are prepared under the historical cost convention on accrual basis of accounting and in accordance with policies generally accepted in India including Accounting Standards issued by the Institute of Chartered Accountants of India.
- The financial statements are presented in USD which is the company's functional currency. All financial information is presented in USD unless otherwise stated.
- 1.2 Use of estimates  
The preparation of the financial statements in conformity with the accounting standards generally accepted in India requires the management to make estimates that affect the reported amount of assets and liabilities, disclosure of contingent liabilities as at the date of the financial statement and reported amounts of revenues and expenses for the year. Actual results could differ from estimates.
- 1.3 Revenue Recognition  
Sales are net of rebate, discount, Taxes. Treatment income & consulting charges is recognized on completion of each service & consultation.
- 1.4 Inventories  
Raw materials, consumables and work-in-progress are valued at cost or net realizable value, whichever is lower.
- 1.5 Fixed Assets  
a) Fixed assets are stated at cost less depreciation. Cost includes expenses related to acquisition and installation of fixed assets.  
b) Depreciation is charged on Straight Line Method at the rates based on management's estimates of useful life.
- 1.6 Previous year figures have been re-grouped/ re-classified wherever necessary to correspond with current year classification/disclosure.





# AYURVEDIC ACADEMY INC.

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Schedule - 4 - FIXED ASSETS forming part of the Balance Sheet as at March 31, 2016

Particulars	Percentage (SLM)	Gross Block			Depreciation & Amortisation			Net Block		Amount in USD
		Cost as on April 1, 2015	Additions / Deletions	Cost as on March 31, 2016	Upto March 31, 2015	For the Period	Upto March 31, 2016	As on March 31, 2016	As on March 31, 2015	
Office Equipment	14%	\$ 1,848		\$ 1,848	\$ 1,742	\$ 106	\$ 1,848	\$ -	\$ 106	
Computer	30%	\$ 2,741	\$ 902	\$ 3,643	\$ 2,741	\$ 134	\$ 2,875	\$ 768	-	
<b>Intangible Asset</b>										
Project Expenses-1	20%	\$ 130,431		\$ 130,431	\$ 130,431	-	\$ 130,431	\$ -	\$ -	
Moodle	20%	\$ 28,659		\$ 28,659	\$ 22,927	\$ 5,732	\$ 28,659	\$ -	\$ 5,732	
Content Development	20%	\$ 13,202		\$ 13,202	\$ 5,281	\$ 2,641	\$ 7,922	\$ 5,280	\$ 7,921	
Fremont Buildout	20%	\$ 26,250		\$ 26,250	\$ 9,188	\$ 5,250	\$ 14,438	\$ 11,812	\$ 17,062	
<b>Total</b>		<b>\$ 203,131</b>	<b>\$ 902</b>	<b>\$ 204,033</b>	<b>\$ 172,309</b>	<b>\$ 13,864</b>	<b>\$ 186,172</b>	<b>\$ 17,860</b>	<b>\$ 30,822</b>	



**AYURVEDIC ACADEMY INC.**  
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Schedules to Balance sheet as on March 31, 2016

<b>Schedule -2 Unsecured Loan</b>	<b>As on March 31,2016</b>	<b>As on March 31,2015</b>
Kerala Ayurveda Ltd, India	\$ 2,397,000	\$ 2,397,000
CMS Katra Nursing LLC	\$ 138,096	\$ 115,018
CMS Katra Holdings LLC	\$ 484,788	\$ 484,944
<b>Total</b>	<b>\$ 3,019,885</b>	<b>\$ 2,996,962</b>

<b>Schedule - 3 Current Liabilities</b>	<b>As on March 31,2016</b>	<b>As on March 31,2015</b>
<b>Accounts Payable</b>		
for Services and supplies	\$ 404,553	\$ 306,389
For Payroll and Staff Dues	\$ 132,802	\$ 136,009
<b>Total</b>	<b>\$ 537,355</b>	<b>\$ 442,398</b>
<b>Advances Received</b>		
Advance Tution Fee	\$ 186,330	\$ 148,302
Advance for India Intensive program	\$ 10,800	\$ 3,300
Advance for Workshop	\$ 40,683	\$ 18,580
<b>Total</b>	<b>237812.89</b>	<b>170182.41</b>

<b>Schedule -5 Loans and Advances</b>	<b>As on March 31,2016</b>	<b>As on March 31,2015</b>
Deposits	\$ 6,300	\$ 5,750
Advances to Others	\$ 2,147,720	\$ 1,888,453
<b>Total</b>	<b>\$ 2,154,020</b>	<b>\$ 1,894,203</b>

**Schedule -6 Current Assets**

<b>Cash and Bank Balance</b>	<b>As on March 31,2016</b>	<b>As on March 31,2015</b>
Wells Fargo(Sea)-7758102136	\$ 1,042	\$ 23,298
Credit Card Collection Visa/MC	\$ 6,431	\$ 2,109
Cash Collections Fund	\$ 28	
<b>Total</b>	<b>\$7,501</b>	<b>\$ 26,731</b>
<b>Accounts Receivable</b>		
Tution fee receivable	\$ 7,321.90	\$ 27,476.55
<b>Inventory</b>	<b>\$ 52,008.28</b>	<b>\$ 43,623.70</b>



**AYURVEDIC ACADEMY INC.**

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Schedules to Profit and Loss Account for the period April 1, 2015 to March 31, 2016

Schedule -7 Revenue	FY 2015-16	FY 2014-15
Registration Fee	\$ 3,400.00	\$ 6,900.00
Tuition fee on Regular Classes	\$ 276,910.54	\$ 253,224.82
Tuition fee on Distance Learning	\$ 204,384.54	\$ 163,825.29
India Intensive Programme	\$ 9,000.00	\$ 7,977.81
ICS/Bundle and Mis.Income	\$ 6,700.00	\$ 7,000.00
Work Shop Panchkama Classes	\$ 78,441.00	\$ 51,435.50
Rental Income	\$ 1,880.00	\$ 1,800.00
Clinic Service Income	\$ 96,690.55	\$ 103,932.34
Product Sales	\$ 91,172.14	\$ 18,814.92
<b>Total</b>	<b>\$ 768,578.77</b>	<b>\$ 614,910.68</b>

Schedule -8 Cost of Goods Sold	FY 2015-16	FY 2014-15
Faculty Travel & Meals	\$ 26,671.18	\$ 18,559.40
Instructors Honorarium	\$ 53,550.00	\$ 34,100.00
India Intensive Cost	\$ 6,000.00	\$ 6,000.00
Classroom Rent	\$ 10,197.04	\$ 5,215.28
Academy Materials Supplies	\$ 3,352.45	\$ 8,898.12
Service provider Fee	\$ 24,613.50	\$ 28,972.14
Clinic Consumables and Supplies	\$ 7,429.44	\$ 4,540.47
Product Consumption	\$ 32,006.58	\$ 19,178.24
Laundry Service	\$ 5,740.07	\$ 4,493.88
Class coordinator/mentor fee	\$ 10,240.00	\$ 8,125.00
Credit Card Merchant Fee	\$ 26,375.85	\$ 19,143.77
<b>Total</b>	<b>\$ 206,176.11</b>	<b>\$ 157,226.30</b>

Schedule -9 Staff Cost	FY 2015-16	FY 2014-15
Payroll Expenses	\$ 168,029	\$ 146,079
Workmens' Compensation Fund	\$ 1,180	\$ 1,129
Employee Medical	\$ 9,555	\$ 13,020
Employer Payroll Taxes	\$ 19,958	\$ 61,135
Employer Payroll WA L&I Taxes		\$ 128
<b>Total</b>	<b>\$ 198,721</b>	<b>\$ 221,491</b>

Schedule -10 Administrative Expenses	FY 2015-16	FY 2014-15
Independent Contractor	\$ 57,203	\$ 71,437
Computer & Internet Exp	\$ 22,534	\$ 279
Printing and Reproduction	\$ 6,667	\$ 1,793
Licenses & Permits	\$ 9,456	\$ 6,093
Meals & Entertainment	\$ 1,706	\$ 2,609
Office Expenses	\$ 2,815	\$ 367
Office Supplies	\$ 5,555	\$ 6,138



Postage & Delivery	\$	10,482	\$	6,713
Professional Fees	\$	27,450	\$	33,961
Rent	\$	57,614	\$	57,551
Taxes	\$	5,487	\$	6,302
Telephone	\$	4,413	\$	3,516
Travel	\$	5,565	\$	6,708
Lodging	\$	1,703	\$	1,245
SF - Utilities	\$	7,494	\$	5,377
Insurance Expense	\$	3,492	\$	3,709
Membership & Subscriptions	\$	2,630	\$	-
Repairs and Maintenance	\$	800	\$	882
Cleaning Services	\$	5,735	\$	4,789
<b>Total</b>	<b>\$</b>	<b>238,801</b>	<b>\$</b>	<b>219,470</b>

<b>Schedule - 11 Selling and Distribution Expenses</b>	<b>FY 2015-16</b>	<b>FY 2014-15</b>
Advertising		
Event Expenses	\$ 5,333	\$ 4,964
Marketing	\$ 31,576	\$ 72
Commissions Paid	\$ 31,350	\$ 6,665
<b>Total</b>	<b>\$ 68,259</b>	<b>\$ 11,702</b>

<b>Schedule -12 Financial Charges</b>	<b>FY 2015-16</b>	<b>FY 2014-15</b>
Bank Service Charges	\$ 5,390	\$ 3,085
Interest Expense	\$ 7,021	\$ 3,734
<b>Total</b>	<b>\$ 12,411</b>	<b>\$ 6,819</b>

