

**INSTITUTE OF NOETIC SCIENCES
FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025**



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**INSTITUTE OF NOETIC SCIENCES
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YEAR ENDED JUNE 30, 2025**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Institute of Noetic Sciences
Novato, California

Opinion

We have audited the financial statements of Institute of Noetic Sciences (the Organization), which comprise the statement of financial position as of June 30, 2025, and the related statement of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of Institute of Noetic Sciences as of June 30, 2025, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Institute of Noetic Sciences and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Institute of Noetic Sciences' ability to continue as a going concern for one year after the date the financial statements are available to be issued.


Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Institute of Noetic Sciences' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Institute of Noetic Sciences' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.



CliftonLarsonAllen LLP

Sacramento, California
February 23, 2026

**INSTITUTE OF NOETIC SCIENCES
STATEMENT OF FINANCIAL POSITION
YEAR ENDED JUNE 30, 2025**

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents	\$ 3,683,265
Accounts Receivable	4,328
Promises to Give - Current	30,506
Prepaid Expenses and Deposits	90,072
Total Current Assets	3,808,171

PROPERTY AND EQUIPMENT

	325,921
Less: Accumulated Depreciation	(307,508)
Property and Equipment, Net	18,413

OTHER ASSETS

Financing Lease Right-of-Use Asset	1,791
Operating Lease Right-of-Use Asset	52,561
Promises to Give - Noncurrent, Net	187,954
Malibu Media LLC Note Receivable	250,000
Operating Investments	12,006,280
Endowment Investments	2,904,431
Total Other Assets	15,403,017

Total Assets	\$ 19,229,601
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts Payable	\$ 96,200
Accrued Liabilities	192,629
Finance Lease Liability	1,891
Operating Lease Liability	59,094
Total Current Liabilities	349,814

Total Liabilities	349,814
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NET ASSETS

Without Donor Restrictions:	
Undesignated	3,008,249
Designated by the Board for Operating Reserve	12,006,280
Total Without Donor Restrictions	15,014,529

With Donor Restrictions	3,865,258
Total Net Assets	18,879,787

Total Liabilities and Net Assets	\$ 19,229,601
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See accompanying Notes to Financial Statements.

INSTITUTE OF NOETIC SCIENCES
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2025

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUES			
Contributions and Grants	\$ 906,016	\$ 1,131,315	\$ 2,037,331
Program Fees	60,234	-	60,234
Revenue From Contracts	34,060	-	34,060
Interest	214,866	-	214,866
Investment Return, Net	1,464,899	316,329	1,781,228
Event Revenue, Net Direct Expenses of \$49,858	(19,776)	-	(19,776)
Sales of Books, CDs and DVDs, Net COGS of \$694	5,729	-	5,729
Royalties, Fees, and Other	33,110	10,024	43,134
Net Assets Released from Restrictions	480,096	(480,096)	-
Total Support and Revenues	<u>3,179,234</u>	<u>977,572</u>	<u>4,156,806</u>
EXPENSES			
Program Services:			
Research	1,313,837	-	1,313,837
Education	926,098	-	926,098
Total Program Services	<u>2,239,935</u>	<u>-</u>	<u>2,239,935</u>
Supporting Services:			-
Management and General	779,082	-	779,082
Fundraising	556,521	-	556,521
Total Supporting Services	<u>1,335,603</u>	<u>-</u>	<u>1,335,603</u>
Total Expenses	3,575,538	-	3,575,538
CHANGE IN NET ASSETS	(396,304)	977,572	581,268
Net Assets - Beginning of Year	<u>15,410,833</u>	<u>2,887,686</u>	<u>18,298,519</u>
NET ASSETS - END OF YEAR	<u>\$ 15,014,529</u>	<u>\$ 3,865,258</u>	<u>\$ 18,879,787</u>

See accompanying Notes to Financial Statements.

**INSTITUTE OF NOETIC SCIENCES
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2025**

	Program Services			Supporting Services			Total Expenses
	Research	Education	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Salaries	\$ 696,025	\$ 655,083	\$ 1,351,108	\$ 327,541	\$ 368,484	\$ 696,025	\$ 2,047,133
Professional Fees	190,909	59,235	250,144	215,976	4,432	220,408	470,552
Data and Telecom	61,782	60,569	122,351	27,312	30,619	57,931	180,282
Employee Benefits	51,294	48,277	99,571	24,139	27,156	51,295	150,866
Payroll Taxes	53,297	50,161	103,458	25,081	28,216	53,297	156,755
Occupancy	61,784	14,258	76,042	23,763	19,010	42,773	118,815
Office	14,217	-	14,217	76,556	1,891	78,447	92,664
Grants and Fellowships	114,980	-	114,980	6,250	-	6,250	121,230
Outreach	22,152	14,970	37,122	-	34,962	34,962	72,084
Printing and Publications	15,284	9,616	24,900	-	13,208	13,208	38,108
Merchant Service Fees	1,606	1,851	3,457	4,812	19,563	24,375	27,832
Depreciation and Amortization	10,987	2,536	13,523	4,227	3,380	7,607	21,130
Travel	16,056	-	16,056	38,644	1,905	40,549	56,605
Postage and Mailing	1,102	-	1,102	418	3,695	4,113	5,215
Events	2,362	9,432	11,794	4,011	-	4,011	15,805
Royalties	-	110	110	-	-	-	110
Interest	-	-	-	352	-	352	352
Total Expenses by Function	\$ 1,313,837	\$ 926,098	\$ 2,239,935	\$ 779,082	\$ 556,521	\$ 1,335,603	\$ 3,575,538

See accompanying Notes to Financial Statements.

**INSTITUTE OF NOETIC SCIENCES
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2025**

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	\$ 581,268
Adjustments to Reconcile Change in Net Assets to Net Cash	
Used by Operating Activities:	
Depreciation	15,756
Amortization of Right-of-Use Asset	5,374
Noncash Lease Expense	(3,075)
Unrealized Gain on Operating Investment	(1,464,899)
Contributions Restricted to Endowment	(620,978)
Unrealized Endowment Net Investment Return	(316,329)
Changes in Operating Assets and Liabilities:	
Accounts Receivable	48,828
Prepaid Expenses and Deposits	50,105
Promises to Give, Net	212,001
Accounts Payable	5,867
Accrued Liabilities	25,549
Deferred Revenue	(7,440)
Net Cash Used by Operating Activities	(1,467,973)

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of Fixed Assets	(3,585)
Proceeds from Sale of Operating Investments	1,212
Note Issued to Borrower	(250,000)
Net Cash Used by Investing Activities	(252,373)

CASH FLOWS FROM FINANCING ACTIVITIES

Principal Payments of Finance Lease	(5,477)
Net Cash Used by Financing Activities	(5,477)

NET CHANGE IN CASH AND CASH EQUIVALENTS

(1,725,823)

Cash and Cash Equivalents - Beginning of Year

5,409,088

CASH AND CASH EQUIVALENTS - END OF YEAR

\$ 3,683,265

See accompanying Notes to Financial Statements.

**INSTITUTE OF NOETIC SCIENCES
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Institute of Noetic Sciences (the Organization), founded in 1973, is a nonprofit organization dedicated to supporting individual and collective transformation through consciousness research, transformative learning, and engagement of a global community in the realization of human potential.

The Organization conducts, advances, and broadens the science of what connects us, reaching new understandings about the nature of reality and extended human capacities. From what is learned, the Organization creates real-world tools that empower people to apply conscious awareness in their personal lives, and in healthcare, education, and business.

The Organization hosts a vibrant community of explorers and change agents who are working together to make a difference in the world.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

Financial Statement Presentation

The Organization follows the recommendations of the Financial Accounting Standards Board (FASB). The FASB establishes standards for financial reporting by nonprofit organizations and requires that resources be classified for accounting and reporting purposes into two net assets categories according to externally imposed restrictions. A description of the two net asset categories are as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board may designate, from net assets without donor restrictions, net assets for specific purposes.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain 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. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

**INSTITUTE OF NOETIC SCIENCES
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025**

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Statement Presentation (Continued)

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. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities and changes in net assets as net assets released from restrictions.

Cash and Cash Equivalents

The Organization considers all cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to endowments that are perpetual in nature, or other long-term purposes are excluded from this definition.

Accounts Receivable

The Organization carries accounts receivable at the face amount less a reserve for estimated credit losses. As of June 30, 2025 and 2024, the Organization held \$4,328 and \$53,156, respectively, that was outstanding in accounts receivable in relation to exchange transactions. It is the practice of the Organization to expense uncollectibles only after exhausting all efforts to collect the amounts due. Under ASC 326, the Organization estimated its reserve for credit losses using relevant available information from internal and external sources related to past events, current conditions, and reasonable and supportable forecasts. As of June 30, 2025 and 2024, the estimated reserve for credit losses was determined to be \$-0-.

Promises to Give

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in Royalties, Fees, and Other revenue in the statement of activities and changes in net assets. Allowance for uncollectible promises to give is determined based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectible. At June 30, 2025 the allowance was \$-0-.

**INSTITUTE OF NOETIC SCIENCES
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025**

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Promises to Give (Continued)

Unconditional Promises to Give are estimated to be collected as follows:

Within One Year	\$ 30,506
In One to Five Years	69,993
Over Five Years	144,409
Total	<u>244,908</u>
Less: Discount to Net Present Value at Rates Ranging from 0% to 4.97%	26,448
Less: Allowance for Uncollectible Promises to Give	-
Total	<u><u>\$ 218,460</u></u>

Property and Equipment

The Organization records property and equipment additions over \$1,000 at cost, or if donated, at fair value on the date of donation. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets ranging from 3 to 30 years, or in the case of leased assets or leasehold improvements, the lesser of the useful life of the asset or the lease term. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any resulting gain or loss is included in the statement of activities and changes in net assets. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

The Organization reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the year ended June 30, 2025.

Investments

The Organization records investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statement of financial position. Net investment return/(loss) is reported in the statement of activities and changes in net assets and consists of interest and dividend income, realized and unrealized capital gain and losses, less external and direct internal investment expenses.

Leases

The Organization leases office spaces in Novato, California. The Organization determines if an arrangement is a lease at inception. Operating leases are included in operating right-of-use assets, lease liabilities, current portion - operating and lease liabilities, noncurrent portion - operating on the statement of financial position. The Organization leases an office copier under finance agreements. Finance leases are included in finance right-of-use assets, lease liability, current portion – finance and lease liabilities, noncurrent portion – finance on the statement of financial position.

**INSTITUTE OF NOETIC SCIENCES
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025**

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (continued)

ROU assets represent the Organization's right to use an underlying asset for the lease term and lease liabilities represent the Organization's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The Organization has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or right of use assets on the statement of financial position. The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, the Organization has elected to use a risk-free discount rate determined using a period comparable with that of the lease term for computing the present value of lease liabilities.

The Organization's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

In evaluating contracts to determine if they qualify as a lease, the Organization considers factors such as if the Organization has obtained substantially all of the rights to the underlying asset through exclusivity, if the Organization can direct the use of the asset by making decisions about how and for what purpose the asset will be used and if the lessor has substantive substitution rights. This evaluation may require significant judgment.

Lease and nonlease components are generally accounted for separately for its Operating leases based on standalone prices of the lease and nonlease components. The nonlease components relate to the payments for common area maintenance and other operating costs in addition to base rent.

Assets held under finance leases, which the Organization assumes substantially all the risks and rewards of ownership, are recognized as assets of the Organization at the lower of fair value or present value of the minimum lease payments.

Contributions and Grants

Contributions and grants are recognized when the cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received by the Organization. All contributions and grants are considered to be without donor restrictions unless specifically restricted by the donor or grantor. Amounts received that are designated for future periods or restricted by the donor or grantor for specific purposes are reported as an increase in net assets with donor restrictions. When the restriction expires (that is when a stipulated time restriction ends or purpose restriction accomplished), net assets with donor restriction are reclassified to net assets without donor restriction and reported in the statement of activities and changes in net assets as net assets released from restriction. The Organization has no conditional grants that have not been recognized as of June 30, 2025 and no advance payments are present as of June 30, 2025.

**INSTITUTE OF NOETIC SCIENCES
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025**

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue and Revenue Recognition

Revenue is measured based on the amount of consideration specified in a contract with a customer or grantor. Revenue is recognized when earned and as the performance obligations under the terms of the contract are satisfied which generally occurs when the services are provided.

Revenue from Contracts – For contracts where the Organization has the right to consideration from the customer in an amount that corresponds directly with the value received by the customer or client based on their performance to date, revenue is recognized when services are performed (at a point in time) and contractually billable. Contract costs include all direct costs and an allocation of indirect costs related to contract performance.

Program Fees – Revenue from program fees is recognized over the terms of the program and the period of service provided.

Event Revenue – Revenue from events is recognized at the time of the event as the performance obligation is satisfied. Event revenue is presented net of direct event expenses.

Sales Revenue – Revenue from sales of books, CDs, and DVD's is recognized when the performance obligation of transferring of product is provided (at a point in time). Sales revenue is presented net of direct costs.

Royalties, Fees and Other – Revenue is recognized when the performance obligation of transferring of product or providing of service has been met (at a point in time).

Functional Expenses

The costs of program and supporting service activities have been summarized on a functional basis in the statements of activities and changes in net assets. The statement of functional expenses present the natural classification detail of the expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses that are allocated include compensation and benefits, which are allocated on the basis of estimates of time and effort; depreciation and occupancy are allocated on a square footage basis.

Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates, and those differences could be material.

**INSTITUTE OF NOETIC SCIENCES
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025**

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Instruments and Credit Risk Concentrations

The Organization manages deposit concentration risk by placing cash, money markets, and certificates of deposits with financial institutions believed to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. Insured accounts are either guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per depositor, per insured bank, for each account ownership category or protected by the Securities Investor Protection Corporation (SPIC) which protects up to a \$250,000 cash limit for each customer.

As of June 30, 2025, the Organization had approximately \$-0-, in excess of FDIC insurance limits and \$3,101,009, in excess of SPIC limits. To date, the Organization has not experienced losses in any of these accounts. Credit risk associated with accounts receivable and promises to give is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from board members and foundations supportive of the Organization's mission. Investments are made by an investment advisory firm focused on serving the nonprofit community, whose performance is monitored by the Organization's investment committee of the board of directors. Although the fair values of investments are subject to fluctuation on a year-to-year basis, the Organization and the investment committee believe that the investment policies and guidelines are prudent for the long-term welfare of the Organization.

Sales Tax

Gross receipts are shown net of sales tax collected.

Advertising Costs

Advertising costs are expensed as incurred. The Organization did not incur any advertising costs for the year ended June 30, 2025.

Income Taxes

The Organization is organized as a California nonprofit corporation and have been recognized by the IRS as exempt from federal income taxes under IRC Section 501(a) as organizations described in IRC Section 501(c)(3), qualify for the charitable contribution deduction, and has been determined not to be a private foundation. The Organization is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Organization is subject to income tax on net income that is derived from business activities that are unrelated to their exempt purposes. The Organization has determined that it is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

Subsequent Events

The Organization has evaluated subsequent events through February 23, 2026, the date the financial statements were available to be issued. See Note 9.

**INSTITUTE OF NOETIC SCIENCES
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025**

NOTE 2 LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the date of the statement of financial position, comprise the following:

Cash and Cash Equivalents	\$	3,683,265
Accounts Receivable		4,328
Promises to Give, Net Due in One Year		<u>30,506</u>
Less: Amount Not Available to Be Used Within One Year:		
With Donor Restricted Funds (Minus Endowments)		<u>960,827</u>
Financial Assets Available to Meet General Expenditures Over the Next 12 Months	\$	<u><u>2,757,272</u></u>

The Organization’s goal is to maintain financial assets at a level equal to 90 to 180 days of its operating expenses. As part of the Organization’s liquidity management, it invests cash in excess of daily requirements in market rate savings accounts and short-term investments, typically U.S. Treasury bills.

NOTE 3 FAIR VALUE MEASUREMENTS AND DISCLOSURES

The Organization reports certain assets at fair value in the financial statements. Fair value is the price that would be received to sell an asset in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity’s own assumptions about the assumptions market participants would use in pricing the asset based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that we can access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly. These include quoted prices for similar assets in active markets, quoted prices for identical or similar assets in the markets that are not active, inputs other than quoted prices that are observable for the asset and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset. In these situations, the Organization develops inputs using the best information available for the circumstances.

**INSTITUTE OF NOETIC SCIENCES
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025**

NOTE 3 FAIR VALUE MEASUREMENTS AND DISCLOSURES (CONTINUED)

In some cases, the inputs used to measure the fair value of an asset might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgement, taking into account factors specific to the asset. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to the assessment of the quality, risk, or liquidity profile of the asset.

The Organization uses net asset value (NAV) per share, or its equivalent, such as member units or an ownership interest in partner's capital, as a practical expedient to estimate the fair values of limited partnerships, which does not have a readily determinable fair value. Investments that are measured at fair value using NAV ownership interest in partners' capital are not classified in the fair value hierarchy.

The following tables present assets measured at fair value on a recurring basis, except those measured at cost or by using NAV per ownership interest in partners' capital, as a practical expedient as identified in the following at June 30, 2025:

	Total	Fair Value Measurements at Report Date Using			Investments Measured at NAV
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
ASSETS					
Operating Investment:					
Private Investment Funds	\$ 12,006,280	\$ -	\$ -	\$ -	\$ 12,006,280
Endowment Investment:					
Private Investment Funds	\$ 2,904,431	\$ -	\$ -	\$ -	\$ 2,904,431

Investments in certain entities that are measured at fair value using NAV per share as a practical expedient are as follows at June 30, 2025:

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Private Investment Funds	\$ 14,910,711	\$ -	Liquid	75 Days

Private Investment Funds – The Organization invests in a single private investment fund that invests in equity-oriented, diversifying and fixed Income funds.

**INSTITUTE OF NOETIC SCIENCES
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025**

NOTE 4 PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30, 2025:

	Cost	Accumulated Depreciation	Net Book Value
Furniture and Equipment	\$ 298,561	\$ 281,516	\$ 17,045
Trucks and Automobiles	27,360	25,992	1,368
Total Fixed Assets	\$ 325,921	\$ 307,508	\$ 18,413

Depreciation expense for the year ended June 30, 2025 was \$15,756.

NOTE 5 NOTE RECEIVABLE

The Organization made an investment in the amount of \$250,000 to an unrelated Texas-registered organization, Malibu Media LLC, secured with a promissory note for the principal and a certain amount of earnings. The purpose of the investment is to further the Organization's work relative to catalyzing a global mind change and shift in cultural worldviews by way of introducing mainstream audiences to consciousness-based phenomena grounded in real historical precedent. The note matures the earlier of June 10, 2027 (two years from date of issuance) or upon specified events relative to the production of a television series pilot episode. The terms of the note include a rate of return of 20% over the life of the note due upon maturity. In addition, the note includes certain production and development rights relative to the project budget and programmatic content. The note is secured by a mortgage of copyright which will become operative with product development. The loan agreement includes an additional \$200,000 conditional disbursement, dependent upon the satisfaction of agreed upon conditions.

NOTE 6 RELATED PARTY TRANSACTIONS

The Organization entered into a scientific research consulting contract, in March 2022, with Emerald Gate Charitable Trust, a 501(c)(3) exempt private foundation, for which board member David Dominik is a Trustee. The Organization received payments of \$90,590 for the year ended June 30, 2025.

Contributions from board members include \$996,694 for the year ended June 30, 2025. Of those contributions, \$25,000 is included in current unconditional promises to give at June 30, 2025.

In 2023, Linda G. O'Bryant, a board member, established the Linda G. O'Bryant Noetic Sciences Research Prize Endowment Fund (Note 8).

**INSTITUTE OF NOETIC SCIENCES
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025**

NOTE 7 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were as follows for the year ended June 30, 2025:

Subject to Expenditure for Specified Purpose:	
Research	\$ 187,920
Education	579,447
Linda G. O'Bryant Endowment Fund	2,438,871
Winston Franklin Endowment Fund	465,560
Promises to Give that are Not Restricted by Donors, but Which are Unavailable for Expenditure Until Due	<u>193,460</u>
Total Net Assets With Donor Restriction	<u><u>\$ 3,865,258</u></u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the year ended June 30, 2025:

Research	\$ 195,528
Education	169,062
Collections of Promises to Give	<u>115,506</u>
Total Net Assets Releases from Restriction	<u><u>\$ 480,096</u></u>

NOTE 8 ENDOWMENT

Winston Franklin Endowment Fund

The donor-restricted Winston Franklin endowment Fund was established in November 2004 as a means of enabling donors to contribute toward the long-term future of the Organization.

According to the terms of the founding donor's gift, up to 5% of the total value of the funds as of June 30 of each year may be withdrawn for operational use at the discretion of the Board of Directors and the Chief Executive Officer.

The Organization has sole discretion regarding the investment of this fund, and in October 2022 transferred it from a high-yield savings account to a private investment partnership that provides an investment program suitable for the needs of endowed charitable organizations and certain other nonprofit organizations.

The value of this fund was \$465,560 at June 30, 2025.

**INSTITUTE OF NOETIC SCIENCES
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025**

NOTE 8 ENDOWMENT (CONTINUED)

Linda G. O'Bryant Noetic Sciences Research Prize Endowment Fund

The donor-restricted Linda G. O'Bryant Noetic Sciences Research Prize Endowment Fund was established in September 2022 as a permanent endowment fund designed to inspire scientists from around the world to advance consciousness research and the noetic sciences, and to identify new long-term collaborative partnerships with the Organization.

The Organization has sole discretion regarding the investment of this fund, and in October 2022 transferred the fund to a private investment partnership that provides an investment program suitable for the needs of endowed charitable organizations and certain other nonprofit organizations.

The value of this fund was \$2,438,871 at June 30, 2025.

California Uniform Prudent Management of Institutional Funds Act

The California Uniform Prudent Management of Institutional Funds Act (UPMIFA) provides rules regarding how much of an endowment a charity may spend, for what purposes, and how a charity should invest the endowment funds; and makes clear that the term "endowment fund" does not include funds that a charity itself designates as endowment, but rather includes those funds restricted for endowment by a charity's donors.

UPMIFA articulates a standard of care for both managing and investing an endowment. It requires a charity to consider its charitable purposes, and the purposes of its endowment funds. It requires the board of directors, and others responsible for managing and investing to act in good faith and with the care of an ordinary prudent person, and notes that the charity may incur only appropriate and reasonable costs.

Accordingly, the Organization considers these factors in managing its endowment activities:

- The purposes of the organization and the fund
- The duration and preservation of the fund
- The investment policies of the organization
- General economic conditions
- Effects of inflation and deflation
- Expected total return from and the appreciation
- The Organization's other resources, and
- The needs of the Organization and the fund to make distributions and preserve capital

**INSTITUTE OF NOETIC SCIENCES
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025**

NOTE 8 ENDOWMENT (CONTINUED)

As of June 30, 2025 the Organization had the following endowment net asset composition by type of fund:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor-Restricted Endowment Funds:			
Original Donor-Restricted Gift Amount and Amounts Required to be Maintained in Perpetuity by Donor	\$ -	\$ 2,192,570	\$ 2,192,570
Accumulated Investment Gains	-	711,861	711,861
Total	<u>\$ -</u>	<u>\$ 2,904,431</u>	<u>\$ 2,904,431</u>

NOTE 9 LEASES

Operating and Finance Leases

The Organization leases office spaces under an operating lease in Novato, California that expires December 31, 2025. The organization leases an office copier under a financing lease that expires October 30, 2025. Subsequent to year end June 30, 2025, the Organization extended the term of the office space operating lease to January 31, 2029.

The following table provides quantitative information concerning the Organization's leases for the year ended June 30, 2025

Lease Cost:

Finance Lease Cost:	
Amortization of Right-of-Use Assets	\$ 5,374
Interest on Lease Liabilities	163
Operating Lease Cost	107,638
Short Term Lease Cost	6,110
Total Lease Cost	<u>\$ 119,285</u>

Other Information:

Operating Cash Flows from Finance Leases	\$ 5,640
Operating Cash Flows from Operating Leases	111,043
Financing Cash Flows from Finance Leases	163
Weighted-Average Remaining Lease Term - Operating Leases	0.5 years
Weighted-Average Remaining Lease Term - Finance Leases	0.2 years
Weighted-Average Discount Rate - Operating Leases	3.61%
Weighted-Average Discount Rate - Finance Leases	3.35%

**INSTITUTE OF NOETIC SCIENCES
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025**

NOTE 9 LEASES (CONTINUED)

Operating and Finance (Continued)

A maturity analysis of annual undiscounted cash flows for lease liabilities as of June 30, 2025, is as follows:

<u>Year Ending June 30,</u>	<u>Operating</u>	<u>Finance</u>	<u>Total</u>
2026	<u>\$ 59,713</u>	<u>\$ 1,891</u>	<u>\$ 61,604</u>
Total Undiscounted Minimum Lease Payments	59,713	1,891	61,604
Less: Discount to Present Value	<u>(619)</u>	<u>-</u>	<u>(619)</u>
Total Lease Liabilities	<u>\$ 59,094</u>	<u>\$ 1,891</u>	<u>\$ 60,985</u>

Short-Term Leases

The Organization has elected, for all underlying classes of assets, to not recognize ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less at lease commencement, and do not include an option to purchase the underlying asset that the Organization is reasonably certain to exercise. The Organization recognizes the lease payments in profit and loss on a straight-line basis over the lease term and variable lease payments in the period in which the obligation for those payments is incurred.

NOTE 10 COST OF GOODS SOLD

Sales of books, CDs and DVDs are shown net of cost of goods sold on the statement of activities and changes in net assets. The Organization sells digital copies of material through their online store, which has no inventory cost. Sales and cost of goods sold at June 30, 2025 consist of the following:

Sales	\$ 6,423
Cost of Goods Sold	<u>694</u>
Net Sales	<u>\$ 5,729</u>



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