

INSTITUTE OF NOETIC SCIENCES
FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2012 and 2011

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Holden & Company LLP

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Institute of Noetic Sciences
Petaluma, California

We have audited the accompanying statements of financial position of the Institute of Noetic Sciences (a nonprofit corporation) as of June 30, 2012 and 2011 and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Institute of Noetic Sciences as of June 30, 2012 and 2011 and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

HOLDEN & COMPANY LLP



Thomas J. Holden
Certified Public Accountant

San Rafael, California
February 22, 2013

INSTITUTE OF NOETIC SCIENCES
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2012 and 2011

	2012				2011
	<u>ASSETS</u>				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	
CURRENT ASSETS					
Cash	\$ 41,917	\$ 284,141	\$ 606	\$ 326,664	\$ 1,163,403
Accounts Receivable	77,093			77,093	84,376
Interfund Receivable (Payable)	(605,460)	398,292	207,168	0	0
Inventory	36,544			36,544	30,992
Prepaid Expenses and Deposits	9,869			9,869	26,489
Total Current Assets	<u>(440,037)</u>	<u>682,433</u>	<u>207,774</u>	<u>450,170</u>	<u>1,305,260</u>
FIXED ASSETS					
Fixed Assets	10,533,653			10,533,653	10,245,748
Less: Accumulated Depreciation	<u>(2,888,696)</u>			<u>(2,888,696)</u>	<u>(2,606,680)</u>
Net Fixed Assets	<u>7,644,957</u>			<u>7,644,957</u>	<u>7,639,068</u>
OTHER ASSETS					
Intangibles, Net of Accumulated Amortization of \$201,827	<u>128,434</u>			<u>128,434</u>	<u>238,522</u>
TOTAL ASSETS	<u>\$ 7,333,354</u>	<u>\$ 682,433</u>	<u>\$ 207,774</u>	<u>\$ 8,223,561</u>	<u>\$ 9,182,850</u>
<u>LIABILITIES & NET ASSETS</u>					
CURRENT LIABILITIES					
Accounts Payable	\$ 235,082			\$ 235,082	\$ 165,314
Accrued Interest on Notes	96			96	35,414
Accrued Vacation Payable	123,230			123,230	144,043
Deferred Revenue	<u>170,237</u>			<u>170,237</u>	<u>390,895</u>
Total Current Liabilities	<u>528,645</u>			<u>528,645</u>	<u>735,666</u>
LONG-TERM LIABILITIES:					
Note Payable, Long Term	<u>1,000,000</u>			<u>1,000,000</u>	<u>875,000</u>
Total Long-Term Liabilities	<u>1,000,000</u>			<u>1,000,000</u>	<u>875,000</u>
TOTAL LIABILITIES	<u>\$ 1,528,645</u>			<u>\$ 1,528,645</u>	<u>\$ 1,610,666</u>
<u>NET ASSETS</u>					
Unrestricted Net Assets	\$ 5,804,709			\$ 5,804,709	\$ 6,605,765
Temporarily Restricted		682,433		682,433	762,624
Permanently Restricted			207,774	207,774	203,795
TOTAL NET ASSETS	<u>5,804,709</u>	<u>682,433</u>	<u>207,774</u>	<u>\$ 6,694,916</u>	<u>\$ 7,572,184</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 7,333,354</u>	<u>\$ 682,433</u>	<u>\$ 207,774</u>	<u>\$ 8,223,561</u>	<u>\$ 9,182,850</u>

INSTITUTE OF NOETIC SCIENCES
STATEMENT OF ACTIVITIES
YEARS ENDED JUNE 30, 2012 and 2011

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total 2012</u>	<u>Total 2011</u>
REVENUES, GAINS, AND OTHER SUPPORT					
SUPPORT					
Contributions	\$ 581,721	\$ 693,518		\$ 1,275,239	\$ 1,575,201
Memberships	659,140			659,140	693,860
Total Support	<u>1,240,861</u>	<u>693,518</u>		<u>1,934,379</u>	<u>2,269,061</u>
REVENUES					
Mailing List Rentals, Net	1,639			1,639	1,701
Facility Rentals	1,726,121			1,726,121	1,688,289
Conferences and Events	78,367			78,367	0
Interest and Dividends	1,381	320		1,701	3,869
Interfund Interest	(3,979)		\$ 3,979		
Sales of Books, CDs and DVDs, Net	120,763			120,763	29,805
Royalties, Fees, & Other	118,263			118,263	60,571
Total Revenues	<u>2,042,555</u>	<u>320</u>	<u>3,979</u>	<u>2,046,854</u>	<u>1,784,235</u>
TOTAL SUPPORT AND REVENUES	3,283,416	693,838	3,979	3,981,233	4,053,296
EXPENSES					
PROGRAM SERVICES					
Research	754,053			754,053	551,117
Education	3,047,233			3,047,233	2,998,791
Eco Design	44,869			44,869	44,191
Total Program Services	<u>3,846,155</u>			<u>3,846,155</u>	<u>3,594,099</u>
SUPPORTING SERVICES					
Management and General	582,526			582,526	460,138
Fundraising	429,820			429,820	470,114
Total Supporting Services	<u>1,012,346</u>			<u>1,012,346</u>	<u>930,252</u>
TOTAL EXPENSES	<u>4,858,501</u>			<u>4,858,501</u>	<u>4,524,351</u>
Contributions Released from Restrictions	<u>774,029</u>	<u>(774,029)</u>		<u>0</u>	<u>0</u>
CHANGE IN NET ASSETS	(801,056)	(80,191)	3,979	(877,268)	(471,055)
NET ASSETS AT BEGINNING OF YEAR	<u>6,605,765</u>	<u>762,624</u>	<u>203,795</u>	<u>7,572,184</u>	<u>8,043,239</u>
NET ASSETS AT END OF YEAR	<u>\$ 5,804,709</u>	<u>\$ 682,433</u>	<u>\$ 207,774</u>	<u>\$ 6,694,916</u>	<u>\$ 7,572,184</u>

INSTITUTE OF NOETIC SCIENCES
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2012

	PROGRAM SERVICES			SUPPORTING SERVICES			Total Expenditures	
	Research	Education	Eco Design	Total Program Services	Mgmt & General	Fundraising		Total Supporting Services
Salaries	\$ 285,203	\$ 1,306,965	\$ 35,543	\$ 1,627,711	\$ 256,939	\$ 256,511	\$ 513,450	\$ 2,141,161
Occupancy	77,400	326,923	1,633	405,956	29,970	12,762	42,732	448,688
Retreats and Events	8,510	375,177	0	383,687	21,784	37,192	58,976	442,663
Employee Benefits	41,115	188,412	5,124	234,651	37,040	36,979	74,019	308,670
Grants and Honoraria	274,096	15,000	0	289,096	9,996	0	9,996	299,092
Data and Telecomm	8,331	209,651	0	217,982	22,385	50,333	72,718	290,700
Depreciation	9,170	258,422	0	267,592	12,924	1,500	14,424	282,016
Payroll Taxes	20,615	94,472	2,569	117,656	18,572	18,541	37,113	154,769
Outreach	798	94,852	0	95,650	175	6,120	6,295	101,945
Professional Fees	75	10,000	0	10,075	80,772	0	80,772	90,847
Office	5,244	38,143	0	43,387	21,702	3,703	25,405	68,792
Printing and Publications	9,986	52,522	0	62,508	2,378	3,144	5,522	68,030
Interest	0	0	0	0	59,511	0	59,511	59,511
Merchant Service Fees	0	48,781	0	48,781	0	0	0	48,781
Postage and Mailing	1,002	22,275	0	23,277	2,320	1,811	4,131	27,408
Travel	12,508	5,638	0	18,146	6,058	1,224	7,282	25,428
Total Functional Expenses	\$ 754,053	\$ 3,047,233	\$ 44,869	\$ 3,846,155	\$ 582,526	\$ 429,820	\$ 1,012,346	\$ 4,858,501

See Independent Auditor's Report and Notes to Financial Statements.

INSTITUTE OF NOETIC SCIENCES
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2012 and 2011

	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (877,268)	\$ (471,055)
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities:		
Depreciation	282,016	266,390
Amortization	110,088	91,739
Changes In Assets & Liabilities		
(Increase) Decrease In Accounts Receivable	7,282	(8,860)
(Increase) Decrease In Inventory	(5,552)	(3,055)
(Increase) Decrease In Prepaid Expense and Deposits	16,620	(2,824)
Increase (Decrease) In Accounts Payable	69,769	9,193
Increase (Decrease) In Accrued Interest on Notes	(35,318)	22,092
Increase (Decrease) In Accrued Vacation Payable	(20,813)	17,413
Increase (Decrease) In Deferred Revenue	(220,658)	309,545
Net Cash Provided (Used) in Operating Activities	(673,834)	230,578
CASH FLOWS USED IN FINANCING ACTIVITIES		
Principal Draws on Lines of Credit	125,000	575,000
Principal Payments on Lines of Credit	0	0
Net Cash Provided (Used) in Financing Activities	125,000	575,000
CASH FLOWS PROVIDED (USED) IN INVESTING ACTIVITIES		
Development of Website	0	(46,590)
Purchase of Fixed Assets	(287,905)	(359,985)
Net Cash Provided (Used) in Investing Activities	(287,905)	(406,575)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(836,739)	399,003
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	1,163,403	764,400
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 326,664	\$ 1,163,403

Supplemental Disclosures of Cash Flow Information:

	Interest Expense	\$ 53,644	\$ 13,400
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INSTITUTE OF NOETIC SCIENCES
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2011 and 2010

	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (471,055)	\$ (333,370)
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities:		
Depreciation	266,390	257,478
Amortization	91,739	0
Changes In Assets & Liabilities		
(Increase) Decrease In Accounts Receivable	(8,860)	(5,854)
(Increase) Decrease In Inventory	(3,055)	(6,604)
(Increase) Decrease In Prepaid Expense and Deposits	(2,824)	3,532
Increase (Decrease) In Accounts Payable	9,193	(59,833)
Increase (Decrease) In Accrued Interest on Notes	22,092	13,322
Increase (Decrease) In Accrued Vacation Payable	17,413	20,788
Increase (Decrease) In Deferred Revenue	309,545	32,780
Net Cash Provided (Used) in Operating Activities	230,578	(77,761)
CASH FLOWS USED IN FINANCING ACTIVITIES		
Principal Draws on Lines of Credit	575,000	550,000
Principal Payments on Lines of Credit	0	(250,000)
Net Cash Provided (Used) in Financing Activities	575,000	300,000
CASH FLOWS PROVIDED (USED) IN INVESTING ACTIVITIES		
Liquidation of Investments	0	186,788
Development of Website	(46,590)	(283,671)
Purchase of Fixed Assets	(359,985)	(60,698)
Net Cash Provided (Used) in Investing Activities	(406,575)	(157,581)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	399,003	64,658
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	764,400	699,742
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 1,163,403	\$ 764,400

Supplemental Disclosures of Cash Flow Information:

	Interest Expense	\$ 13,400	\$ 0
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INSTITUTE OF NOETIC SCIENCES
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2012 and 2011

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Institute of Noetic Sciences (the Organization), founded in 1973, is a non-profit corporation whose mission is to broaden the knowledge of the nature and potentials of the mind and consciousness and to apply that knowledge to enhancing human well-being and the quality of life on the planet. The Organization's activities include operating a transformative learning center and research laboratory, catalyzing learning communities, developing essential curriculum, creating integrated multimedia communications, demonstrating sustainable ecology, expanding its global membership and inspiring public dialog. The public is educated about the latest findings in these areas through publications, conferences, and the Organization's website. The Organization receives the majority of its funding through private contributions, membership dues and a transformative learning center.

Programs and activities include:

Research – Providing small grants for leading-edge scientific and scholarly research.

Education – Includes lectures, conferences, books, research reports and monographs by leading scientists, philosophers and scholars.

Membership Activities – Offering opportunities for individuals to blend available knowledge with their own experiences. Members are invited to participate in local groups, lectures and field research.

Eco-Design – Includes the design of a demonstration center of regenerative design and sustainable practices.

Method of Accounting

The accrual method of accounting is used for financial statement purposes.

Depreciation and Capitalization

Fixed assets are stated at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets, ranging from three to thirty years. Donated artwork is held on the books at its estimated fair market value at the date of donation, and, in accordance with Generally Accepted Accounting Principles (GAAP) is not depreciated. Depreciation expense for the years ended June 30, 2012 and 2011, was \$282,016 and \$266,390, respectively.

Maintenance and repairs are charged to operations when incurred. When property or equipment is sold or otherwise disposed of, the asset account and related accumulated depreciation account are reduced, and any gain or loss is included in operations.

Whenever events or changes in circumstances indicate that the carrying amount of a long-lived asset may not be recoverable, management reviews the carrying amount of the asset to determine if there has been impairment. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to the undiscounted future net cash flows expected to be generated by that asset. If the carrying amount of an asset exceeds its estimated future undiscounted cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset. Management of the Organization believes that its long-lived assets are recoverable over the remaining useful lives.

INSTITUTE OF NOETIC SCIENCES
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2012 and 2011

Recognition of Revenue and Expenses

Revenue is recorded when earned and expenditures when incurred.

Accounts Receivable

Receivables are considered past due after 30 days.

Functional Expenditures

The organization reports its expenditures on a functional basis. Expenditures that are common to several functions are allocated among the pertinent functions.

Contributed Services

No amounts have been reflected in the financial statement for donated services. The Organization generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization, but these services do not meet the criteria for recognition as contributed services.

Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures.

Contributions

Contributions received are considered available and unrestricted for the general program unless temporarily or permanently restricted by the donor and are reflected in net assets as such. Funds are considered temporarily restricted if the donor imposes a restriction, which will either expire by the passage of time or will be fulfilled and removed, by actions of the Organization pursuant to those stipulations. At the time of fulfillment, those contributions are removed from the temporarily restricted category and are then considered unrestricted. As to permanently restricted assets, the donor-imposed restriction stipulates that such contributions be maintained permanently, but the Organization is allowed to use the income derived from such assets or fixed percentage of the fund. Donated property is recorded in the financial statements at the estimated fair market value at the date of receipt.

Inventories

Inventories are stated at the lower of cost or market with the average cost method for promotional merchandise and perpetual method for the retreat center bookstore. Inventories consist of promotional merchandise and the retreat center bookstore.

Intangible Assets

Intangible assets consist of development expenses for the website for the Organization. Amortization is computed using the straight-line method over the estimated useful life of three years with no residual value. Amortization expense for the year ended June 30, 2012 and 2011 was \$110,088 and \$91,739, respectively.

INSTITUTE OF NOETIC SCIENCES
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2012 and 2011

Sales Tax

Gross receipts are shown net of sales tax collected.

Vacation/Sick Pay

Vacation and sick pay's monthly accrual rate is based on each employee's length of employment. Both are accrued by the organization and are carried over to the next year, but only vacation time is guaranteed. The accrued balances for the years ended June 30, 2012 and 2011, was \$123,230 and \$144,043 respectively.

Bad Debt

The Organization elects to record bad debt using the direct write-off method. GAAP requires that the allowance method be used to reflect bad debts. However, the effect of the use of the direct write-off method is not materially different from the result that would be obtained had the allowance method been followed.

Income Taxes

The Organization is a not-for-profit organization that is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and California franchise tax under Section 23701(d) of the Revenue and Taxation Code. The Organization used the same accounting methods for tax and financial reporting.

GAAP provides accounting and disclosure guidance about positions taken by the organization in its tax returns that might be uncertain. Management has considered its tax positions and believes that all of the positions taken by the Organization in its federal and state exempt organization tax returns are more likely than not to be sustained upon examination. The Organization's returns for the years ended June 30, 2009, 2010 and 2011, are subject to examination by federal and state taxing authorities, generally for three years after they are filed.

NOTE 2 - CASH

The organization does not have any cash equivalents.

The Organization utilizes two banks to deposit cash funds. The Federal Deposit Insurance Corporation (FDIC), insured these accounts, to the extent that the accounts in any one bank did not exceed \$250,000. On June 30, 2012 the accounts exceeded \$250,000 by \$71,730. Such funds were at risk in the event of insolvency of the banking institutions.

INSTITUTE OF NOETIC SCIENCES
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2012 and 2011

NOTE 3 – INVENTORIES

Inventories at June 30, 2012 and 2011, consist of the following:

	2012		
	<u>Cost</u>	<u>Market</u>	<u>Lowest of Cost or Market</u>
Premium Merchandise	\$ 49,166	\$ 20,430	\$ 20,430
Retreat Center Bookstore	<u>16,114</u>	<u>35,813</u>	<u>16,114</u>
	<u>\$ 65,280</u>	<u>\$ 56,243</u>	<u>\$ 36,544</u>
	2011		
	<u>Cost</u>	<u>Market</u>	<u>Lowest of Cost or Market</u>
Premium Merchandise	\$ 55,296	\$ 19,354	\$ 19,354
Retreat Center Bookstore	<u>11,638</u>	<u>25,664</u>	<u>11,638</u>
	<u>\$ 66,934</u>	<u>\$ 45,018</u>	<u>\$ 30,992</u>

The Organization developed multi-media material from their research activities; some were offered to members as gifts (premium merchandise) and some were held for sale. Management estimates the market value of the premium merchandise at 35% or 100% and 35% of cost at June 30, 2012 and 2011, respectively.

NOTE 4 – FIXED ASSETS

Fixed assets at June 30, 2012 consist of the following:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Book Value</u>
Land	\$ 4,800,000	\$ 0	\$ 4,800,000
Buildings and Improvements	5,100,228	2,305,137	2,795,091
Furniture and Equipment	576,777	543,185	33,593
Trucks and Automobiles	52,848	40,374	12,473
Artwork	<u>3,800</u>	<u>0</u>	<u>3,800</u>
	<u>\$ 10,533,653</u>	<u>\$ 2,888,696</u>	<u>\$ 7,644,957</u>

NOTE 5 – RELATED PARTY TRANSACTIONS

The organization has two lines of credit with George Zimmer, a board member. One line is a revolving line of credit available up to \$500,000. The other line of credit (Infrastructure Loan) was available for draws up to \$500,000 until June 30, 2010, additional draws were allowed in the current fiscal year due to an agreement with George Zimmer. Both loans have an interest rate of 5% with interest payable on June 30th of each calendar year commencing on June 30, 2010. The principal and unpaid interest is payable in full on June 30, 2014. Both loans are secured by the land and buildings of the organization. The revolving line of credit principal balance was \$500,000 at June 30, 2012. The infrastructure loan principal balance for the years ended June 30, 2012 and

INSTITUTE OF NOETIC SCIENCES
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2012 and 2011

NOTE 5 – RELATED PARTY TRANSACTIONS (continued)

2011, was \$500,000 and \$375,000 respectively. Accrued interest payable for the years ended June 30, 2012 and 2011, was \$0 and \$35,414 respectively.

The organization paid \$50,000 in professional fees to RDI Consulting, a company owned by Board Chairman Bill Sechrest.

NOTE 6 – NET ASSETS

Net assets are the Organization's residual interest in their assets remaining after their liabilities are deducted. Net assets are categorized by unrestricted, temporarily restricted and permanently restricted relating to such restrictions imposed by their contributors discussed in Note 1.

NOTE 7 – NET ASSETS RELEASED FROM RESTRICTIONS

This activity reflects those contributions previously temporarily restricted but have met those requirements described in Note 1 to become released from restrictions. At June 30, 2012 net assets released from restrictions for was \$774,029.

NOTE 8 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets as of June 30, 2012 and 2011 consist of contributions received, which are restricted for the following purposes:

	<u>2012</u>	<u>2011</u>
Research	\$ 644,615	\$ 711,836
Donor Advised Funds	<u>37,818</u>	<u>50,788</u>
	<u>\$ 682,433</u>	<u>\$ 762,624</u>

NOTE 9 – PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets as of June 30, 2012 and 2011 consist of cash and an interfund receivable in the amount of \$207,774 and \$203,795 respectively

INSTITUTE OF NOETIC SCIENCES
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED JUNE 30, 2012 and 2011

NOTE 11 – LEASE INCOME

The Organization leases office space to other organizations that closely align with their charitable goals. Lease income was \$99,356 and \$37,792 for years ended June 30, 2012 and 2011 respectively. All leases are month to month at June 30, 2012. The leased fixed assets as of June 30, 2012 consist of the following:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Book Value</u>
Buildings and Improvements	\$ 714,032	\$ 322,719	\$ 391,313

NOTE 11 – LEASE EXPENSE

The Organization paid \$186,187 and \$101,927 for operating leases for the year ended June 30, 2012 and 2011 respectively. The Organization has the following minimum lease payments for the next five fiscal years for office space:

<u>Year Ended</u>	<u>Amount</u>
June 30, 2013	\$ 108,780
June 30, 2014	\$ 108,300
June 30, 2015	\$ 117,120
June 30, 2016	\$ 119,940

NOTE 12 – COST OF GOODS SOLD

Sales of books, CDs & DVDs are shown net of cost of goods sold on the statement of activities. In the year ended June 30, 2011 the Organization started to sell digital copies of material through their online store, which has no inventory cost. Sales and cost of goods sold at June 30, 2012 and 2011 consist of the following:

	<u>2012</u>	<u>2011</u>
Digital Sales	\$ 93,866	\$ 9,988
Physical Sales	53,391	41,577
Cost of Goods Sold	<u>26,494</u>	<u>21,760</u>
Net Sales	<u>\$ 120,763</u>	<u>\$ 29,805</u>

NOTE 13 – CONTINGENT LIABILITY

Pursuant to the terms of a contribution agreement, the Organization is obligated to donate the amount of \$504,560 to a non-profit organization in the event of sale of land located at their premises prior to October 25, 2017.

INSTITUTE OF NOETIC SCIENCES
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2012 and 2011

NOTE 14 – EVALUATION OF SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through January 15, 2012, the date which the financial statements were available to be issued.