

INSTITUTE OF NOETIC SCIENCES
FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2022 AND 2021

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Certified Public Accountants Inc.

INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Institute of Noetic Sciences
Novato, California

Opinion

We have audited the accompanying financial statements of Institute of Noetic Sciences (a nonprofit organization), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Institute of Noetic Sciences as of June 30, 2022 and 2021, 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.

Emphasis of Matter

As discussed in Note 15 to the financial statements, the 2022 financial statements have been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

Basis for Opinion

We conducted our audits 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 audits. 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 these 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 within one year after the date that the financial statements are available to be issued.

Auditor's Responsibility 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 auditor's 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 generally accepted auditing standards 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 judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, 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 judgement, 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.

HAC Certified Public Accountants Inc

HAC Certified Public Accountants Inc.

San Rafael, California

January 18, 2023, except as to Note 15, which is as of April 27, 2023.

INSTITUTE OF NOETIC SCIENCES
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2022 AND 2021

	2022	2021
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 15,449,793	\$ 1,126,102
Accounts Receivable	0	39,677
Unconditional Promises to Give - Current	76,424	203,821
Prepaid Expenses and Deposits	30,952	193,448
Total Current Assets	15,557,169	1,563,048
FIXED ASSETS		
Fixed Assets	388,193	11,615,829
Less: Accumulated Depreciation	(332,975)	(4,680,649)
Net Fixed Assets	55,218	6,935,180
OTHER ASSETS		
Intangibles, net	0	39,604
Unconditional Promises to Give - Non Current	95,657	0
Total Other Assets	95,657	39,604
TOTAL ASSETS	\$ 15,708,044	\$ 8,537,832
<u>LIABILITIES</u>		
CURRENT LIABILITIES		
Accounts Payable	\$ 123,243	\$ 110,975
Accrued Interest	0	1,039
Accrued Vacations	174,248	168,866
Notes Payable	0	1,100,000
Deferred Revenue	7,631	144,512
Total Current Liabilities	305,122	1,525,392
LONG TERM LIABILITIES		
Notes Payable	0	250,000
PPP Loan Payable	0	357,597
Total Long Term Liabilities	0	607,597
TOTAL LIABILITIES	\$ 305,122	\$ 2,132,989
<u>NET ASSETS</u>		
Without donor restrictions	\$ 14,793,875	\$ 5,884,216
With donor restrictions	609,047	520,627
TOTAL NET ASSETS	\$ 15,402,922	\$ 6,404,843
TOTAL LIABILITIES AND NET ASSETS	\$ 15,708,044	\$ 8,537,832

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

INSTITUTE OF NOETIC SCIENCES
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total 2022
SUPPORT AND REVENUES			
SUPPORT			
Contributions	\$ 2,194,066	\$ 296,664	\$ 2,490,730
REVENUES			
Facility Rentals	563,098		563,098
Program Fees	117,262		117,262
Revenue From Contracts	110,443		110,443
Interest and Dividends	1,002		1,002
Interfund Interest	(10,000)	10,000	0
Sales of Books, CDs and DVDs, Net	842		842
Royalties, Fees, & Other	476,842		476,842
Gain on Sale of Fixed Assets	9,114,005		9,114,005
Total Revenues	10,373,494	10,000	10,383,494
TOTAL SUPPORT AND REVENUES	12,567,560	306,664	12,874,224
EXPENSES			
PROGRAM SERVICES			
Research	804,730		804,730
Education	1,582,260		1,582,260
Total Program Services	2,386,990	0	2,386,990
SUPPORTING SERVICES			
Management and General	615,502		615,502
Fundraising	873,653		873,653
Total Supporting Services	1,489,155	0	1,489,155
TOTAL EXPENSES	3,876,145	0	3,876,145
Contributions Released from Restrictions	218,244	(218,244)	0
CHANGE IN NET ASSETS	8,909,659	88,420	8,998,079
NET ASSETS AT BEGINNING OF YEAR	5,884,216	520,627	6,404,843
NET ASSETS AT END OF YEAR	\$ 14,793,875	\$ 609,047	\$ 15,402,922

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

INSTITUTE OF NOETIC SCIENCES
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total 2021
SUPPORT AND REVENUES			
SUPPORT			
Contributions	\$ 2,562,084	\$ 244,081	\$ 2,806,165
REVENUES			
Facility Rentals	487,562		487,562
Program Fees	133,590		133,590
Revenue From Contracts	28,916		28,916
Interest and Dividends	154		154
Interfund Interest	(10,000)	10,000	0
Sales of Books, CDs and DVDs, Net	618		618
Royalties, Fees, & Other	744,199		744,199
Total Revenues	1,385,039	10,000	1,395,039
TOTAL SUPPORT AND REVENUES	3,947,123	254,081	4,201,204
EXPENSES			
PROGRAM SERVICES			
Research	764,208		764,208
Education	1,849,330		1,849,330
Total Program Services	2,613,538	0	2,613,538
SUPPORTING SERVICES			
Management and General	615,609		615,609
Fundraising	615,768		615,768
Total Supporting Services	1,231,377	0	1,231,377
TOTAL EXPENSES	3,844,915	0	3,844,915
Contributions Released from Restrictions	90,190	(90,190)	0
CHANGE IN NET ASSETS	192,398	163,891	356,289
NET ASSETS AT BEGINNING OF YEAR	5,691,818	356,736	6,048,554
NET ASSETS AT END OF YEAR	\$ 5,884,216	\$ 520,627	\$ 6,404,843

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

INSTITUTE OF NOETIC SCIENCES
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2022

	PROGRAM SERVICES			SUPPORTING SERVICES			
	Research	Education	Total Program Services	Mgmt. & General	Fundraising	Total Supporting Services	Total Expenditures
Salaries	\$ 470,361	\$ 802,693	\$ 1,273,054	\$ 305,078	\$ 382,524	\$ 687,602	\$ 1,960,656
Professional Fees	89,937	53,303	143,240	122,868	117,150	240,018	383,258
Retreats & Events	13,904	64,083	77,987	18,743	99,405	118,148	196,135
Occupancy	20,298	148,770	169,068	14,029	12,833	26,862	195,930
Office	32,351	117,077	149,428	36,988	5,122	42,110	191,538
Data & Telecomm	55,709	91,936	147,645	12,916	23,631	36,547	184,192
Employee Benefits	42,884	73,184	116,068	27,815	34,875	62,690	178,758
Depreciation & Amortization	28,037	105,226	133,263	12,389	11,671	24,060	157,323
Payroll Taxes	35,195	60,061	95,256	22,827	28,622	51,449	146,705
Outreach	2,350	37,647	39,997	1,011	101,647	102,658	142,655
Interest	0	0	0	30,411	0	30,411	30,411
Printing & Publications	5,042	17,211	22,253	0	16,713	16,713	38,966
Merchant Service Fees	1,190	4,328	5,518	9,949	17,059	27,008	32,526
Travel	5,681	1,889	7,570	0	19,671	19,671	27,241
Postage & Mailing	791	3,610	4,401	478	2,730	3,208	7,609
Royalties	0	1,242	1,242	0	0	0	1,242
Grants & Fellowships	1,000	0	1,000	0	0	0	1,000
Total Functional Expenses	\$ 804,730	\$ 1,582,260	\$ 2,386,990	\$ 615,502	\$ 873,653	\$ 1,489,155	\$ 3,876,145
			62%	16%	22%		100%

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

INSTITUTE OF NOETIC SCIENCES
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2021

	PROGRAM SERVICES			SUPPORTING SERVICES			Total Expenditures
	Research	Education	Total Program Services	Mgmt. & General	Fundraising	Total Supporting Services	
Salaries	\$ 464,210	\$ 773,869	\$ 1,238,079	\$ 259,258	\$ 362,477	\$ 621,735	\$ 1,859,814
Occupancy	26,050	323,543	349,593	15,479	12,458	27,937	377,530
Professional Fees	72,369	63,142	135,511	137,844	80,000	217,844	353,355
Depreciation & Amortization	39,561	250,110	289,671	16,236	14,099	30,335	320,006
Employee Benefits	47,558	79,282	126,840	26,561	37,135	63,696	190,536
Office	23,762	97,293	121,055	35,508	4,439	39,947	161,002
Data & Telecomm	51,129	69,441	120,570	12,138	21,420	33,558	154,128
Payroll Taxes	33,629	56,062	89,691	18,782	26,259	45,041	134,732
Retreats & Events	0	107,744	107,744	3,366	426	3,792	111,536
Interest	0	0	0	77,879	0	77,879	77,879
Printing & Publications	4,631	18,368	22,999	0	17,857	17,857	40,856
Merchant Service Fees	885	4,580	5,465	10,259	13,222	23,481	28,946
Outreach	45	1,890	1,935	2,222	21,514	23,736	25,671
Postage & Mailing	141	3,547	3,688	77	3,192	3,269	6,957
Travel	238	0	238	0	1,270	1,270	1,508
Royalties	0	459	459	0	0	0	459
Total Functional Expenses	\$ 764,208	\$ 1,849,330	\$ 2,613,538	\$ 615,609	\$ 615,768	\$ 1,231,377	\$ 3,844,915
			68%	16%	16%		100%

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

INSTITUTE OF NOETIC SCIENCES
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 8,998,079	\$ 356,289
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities:		
Depreciation	117,720	267,194
Amortization	39,604	52,812
Contribution - Forgiveness of Loan	0	(30,000)
Contribution - Real Property	(1,012,882)	0
Other Income - Forgiveness of PPP Loan #1	(357,597)	(635,350)
PPP Loan #2 Interest Forgiven	(1,039)	0
Gain on Sale of Fixed Assets	(9,114,005)	(2,792)
Changes In Assets & Liabilities		
(Increase) Decrease In Accounts Receivable	39,677	(39,677)
(Increase) Decrease In Prepaid Expense and Deposits	162,496	(128,677)
(Increase) Decrease In Unconditional Promises to Give	31,740	(203,821)
Increase (Decrease) In Accounts Payable	12,268	8,084
Increase (Decrease) In Accrued Interest	0	186
Increase (Decrease) In Accrued Vacation Payable	5,382	19,175
Increase (Decrease) In Deferred Revenue	(136,881)	(285,966)
Increase (Decrease) In Legal Trust Fund	0	(22,500)
Net Cash Used by Operating Activities	(1,215,438)	(645,043)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(46,644)	(104,625)
Proceeds from Sale of Contributed Real Property	1,012,882	0
Proceeds from Sale of Fixed Assets	15,922,891	0
Proceeds from Disposal of Vehicles, Including Insurance Proceeds	0	9,292
Net Cash Provided by (Used by) Investing Activities	16,889,129	(95,333)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment on Notes Payable	(1,350,000)	0
Principle Draw on PPP Loan #2	0	357,597
Payment on EIDL	0	(10,000)
Net Cash Provided by (Used by) Financing Activities	(1,350,000)	347,597
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	14,323,691	(392,779)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	1,126,102	1,518,881
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 15,449,793	\$ 1,126,102

Supplemental Disclosures of Cash Flow Information:

	Interest paid \$	27,599	\$	70,330
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INSTITUTE OF NOETIC SCIENCES
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2022 and 2021

NOTE 1 – DESCRIPTION OF THE ORGANIZATION

Nature of Activities

The Institute of Noetic Sciences (the Organization), founded in 1973, is a non-profit 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.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Method of Accounting

The financial statements of the Organization have been prepared in accordance with U.S. generally accepted accounting principles (US GAAP), which requires the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization’s management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

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 long-term purposes are excluded from this definition.

The Organization maintains its cash in bank accounts which, at times may exceed federally insured limits. 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, 2022, the accounts exceeded \$250,000 by \$15,191,550. Such funds were at risk in the event of insolvency of the banking institutions.

See Independent Auditor’s Report.

INSTITUTE OF NOETIC SCIENCES
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2022 and 2021

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. The Organization has a capitalization threshold of \$1,000. 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, 2022 and 2021 was \$117,720 and \$267,194 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. There were no indicators of asset impairment during the years ended June 30, 2022 and 2021.

Revenue and Revenue recognition

Contributions are recognized when cash, securities or other assets, unconditional promises to give, or notification of a beneficial interest is received.

Conditional promises to give, which are those with a measurable performance, barrier or a right of return, are not recognized until the conditions on which they depend have been substantially met. No conditional promises to give existed at June 30, 2022 and 2021.

Program Fees, Revenue from Contracts, and Facility Rentals are recognized as performance obligations are satisfied or partially satisfied.

Revenues from Royalties and other sources of income are recognized when earned.

Accounts Receivable

Receivables are considered past due after 30 days.

Receivables from contracts with customers are reported as accounts receivable in the accompanying statements of financial position. There were no accounts receivable from contracts for year ended June 30, 2022. Accounts receivable from contracts for the year ended June 30, 2021 was \$7,500.

See Independent Auditor's Report.

INSTITUTE OF NOETIC SCIENCES
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED JUNE 30, 2022 and 2021

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Promises to Give

Contributions are recognized when the donor makes a promise to the Organization that is in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are 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.

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 contribution revenue in the statements of activities. The Organization determines the allowance for uncollectable promises to give based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectable.

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

	2022	2021
Within one year	\$ 76,424	\$ 203,821
In one to five years	27,530	0
Over five years	101,404	0
	205,358	203,821
Less discount to net present value at rates ranging from 0% to 2.32%	(33,277)	0
Less allowance for uncollectable promises to give	0	0
	\$ 172,081	\$ 203,821

See Independent Auditor's Report.

INSTITUTE OF NOETIC SCIENCES
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2022 and 2021

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Expenditures

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. 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.

Contributed Services

No amounts have been reflected in the financial statements 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 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.

Sales Tax

Gross receipts are shown net of sales tax collected.

Vacation/Sick Pay

Vacation and sick pay benefits are based on each employee's length of employment and only vacation may be carried over to the next year. The accrued balances for the years ended June 30, 2022 and 2021 were \$174,248 and \$168,866 respectively.

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 uses the same accounting methods for tax and financial reporting.

See Independent Auditor's Report.

INSTITUTE OF NOETIC SCIENCES
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED JUNE 30, 2022 and 2021

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. Generally, the Organization’s tax returns remain open for three years for examination by federal and state taxing authorities.

Reclassifications

Certain prior year amounts have been reclassified to conform to the current year presentation.

NOTE 3 – AVAILABILITY AND LIQUIDITY

The Organization manages its liquidity by developing and adopting an operating budget that provides sufficient funds for general expenditures, liabilities, and other obligations as they become due:

	2022	2021
Total financial assets	\$ 15,526,217	\$ 1,369,600
Less amounts restricted by donors for research and education expenditures	296,273	222,853
Less amounts restricted by donors for endowment	312,774	297,774
Financial assets available to meet general expenditures over the next twelve months	\$ 14,917,170	\$ 848,973

The Organization’s goal is to maintain financial assets at a level equal to 90-180 days of its operating expenses (approximately \$970,000 -\$1,940,000).

NOTE 4 – INVESTMENTS

For the years ended June 30, 2022 and 2021, the Organization did not hold any investments.

NOTE 5 – INTANGIBLE ASSETS

Intangible assets at June 30, 2022 and 2021 consist of website costs of \$158,431 less accumulated amortization of \$158,431 and \$118,827 for a net of \$0 and \$39,604 respectively. The Organization amortizes its website costs over 36 months.

See Independent Auditor’s Report.

INSTITUTE OF NOETIC SCIENCES
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2022 and 2021

NOTE 6 – FIXED ASSETS

Fixed assets at June 30, 2022 consist of the following:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Book Value</u>
Furniture and Equipment	\$ 357,033	\$ 323,399	\$ 33,634
Trucks and Automobiles	27,360	9,576	17,784
Artwork	3,800	0	3,800
	<u>\$ 388,193</u>	<u>\$ 332,975</u>	<u>\$ 55,218</u>

Fixed assets at June 30, 2021 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	5,468,195	4,118,233	1,349,962
Furniture and Equipment	649,289	515,164	134,125
Construction in Progress	624,037	0	624,037
Trucks and Automobiles	70,508	47,252	23,256
Artwork	3,800	0	3,800
	<u>\$ 11,615,829</u>	<u>\$ 4,680,649</u>	<u>\$ 6,935,180</u>

NOTE 7 – NOTES AND LOANS PAYABLE

The Organization’s notes payable, secured by the land and buildings consisted of the following:

	<u>2022</u>	<u>2021</u>
Note payable to a private lender, Interest of 5% due annually and principal due in full June 30, 2022 This Note was paid in full on December 1, 2021	\$ 0	\$ 50,000
Note payable to a private lender, Interest of 5% due annually and principal due in full June 30, 2022 This Note was paid in full on December 1, 2021	0	50,000
Note payable to Calvin LeHew (see Related Party Note-8), Interest of 5% due annually and principal due in full June 30, 2022 This Note was paid in full on December 1, 2021	0	1,000,000

See Independent Auditor’s Report.

INSTITUTE OF NOETIC SCIENCES
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2022 and 2021

NOTE 7 – NOTES AND LOANS PAYABLE (Continued)

Note payable to Harriett Crosby (see Related Party Note-8), Interest of 5% due annually and principal due in full June 30, 2023 This Note was paid in full on December 1, 2021	0	50,000
Notes payable to a private lender, Interest at 5% due annually and principal due in full June 30, 2023 This Note was paid in full on December 1, 2021	<u>0</u>	<u>200,000</u>
	\$ 0	\$1,350,000
Less: current portion	<u>(0)</u>	<u>(1,100,000)</u>
	<u>\$ 0</u>	<u>\$ 250,000</u>

The Organization’s loans payable consists of the following:

On March 24, 2021 the Organization received a second Paycheck Protection Program loan (PPP) in the amount of \$357,597 from Harvest Small Business Finance, LLC. This loan carried interest at 1% annually and had an initial deferment period stating that no payments are due for six months from the date of the first disbursement, with interest accruing during the deferment period. Pursuant to the CARES Act, the Organization applied for and was granted forgiveness of principal and accrued interest of \$2,811.79 on January 5, 2022.

NOTE 8 – RELATED PARTY TRANSACTIONS

As disclosed in Note-7, Calvin LeHew, a board member, loaned the Organization \$1,000,000 in August 2016 to settle two maturing loans. The loan carried an interest rate of 5% with interest and principal payable in full on June 30, 2022. The Organization paid Calvin LeHew interest of \$50,000 for the year ended June 30, 2021 and there was no unpaid accrued interest for the years ended June 30, 2022 and 2021. This loan was secured by the land and buildings of the Organization.

On December 1, 2021, this loan from Calvin LeHew was paid in full along with accrued interest of \$21,096.

As disclosed in Note-7, Harriett Crosby, a board member, loaned the Organization \$50,000 in February 2013 for the purpose of real property improvements. The loan carried an interest rate of 5% with interest and principal payable in full on June 30, 2023. The Organization paid Harriet Crosby interest of \$2,500 for the year ended June 30, 2021 and there was no unpaid accrued interest for the years ended June 30, 2022 and 2021. This loan was secured by the land and buildings of the Organization.

On December 1, 2021, this loan from Harriett Crosby was paid in full along with accrued interest of \$1,055.

In June 2021 the Organization entered into scientific research consulting contracts 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 \$51,569 in the fiscal year ended June 30, 2022 and \$21,416 in the fiscal year ended June 30, 2021 from Emerald Gate Charitable Trust.

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 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED JUNE 30, 2022 and 2021

NOTE 9 – NET ASSETS

Net assets with donor restrictions were as follows for the years ended June 30, 2022 and 2021:

	2022	2021
Research	\$ 153,571	\$ 142,853
Education	142,702	80,000
Winston Franklin Endowment Fund	312,774	297,774
	\$ 609,047	\$ 520,627

NOTE 10 – WINSTON FRANKLIN ENDOWMENT FUND

The purpose of this fund is to allow an additional way for donors to contribute toward the long-term future of the Organization.

This donor-restricted endowment fund was established in November 2004 and allows funds to be withdrawn from the corpus of the gift each year and used by the Board of Directors and Chief Executive Officer in their sole discretion. Such withdrawals are limited to 5% of the total value of the fund on June 30th of each year.

The Organization has sole discretion as to how funds are invested and as of June 30, 2022 and 2021, the Winston Franklin Endowment Fund consisted of cash held in a high yield savings account.

In November 2011, the Board of Directors of the Organization resolved to borrow \$200,000 from the Winston Franklin Endowment Fund for the benefit of the Organization’s general fund, with interest to be imputed at the rate of 5% annually; the Fund’s original donor approved this request and the loan remained outstanding at June 30, 2022 and 2021.

Fund balance June 30, 2021	\$ 297,774
Contribution	5,000
Imputed interest	10,000
Fund balance, June 30, 2022	\$ 312,774

NOTE 11 – LEASES

The Organization paid \$22,752 and \$86,409 for on-site modular offices, guest lodging, and off-site storage facilities for the year ended June 30, 2022 and 2021 respectively. The Off-Site storage lease is on a month-to-month basis. The modular office lease was terminated in December 2021.

Additionally, the Organization leases equipment under various operating leases expiring at various dates through 2023. Lease expense for years ended June 30, 2022 and 2021 was \$7,192 and \$8,637 respectively.

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NOTE 11 – LEASES (Continued)

Future minimum lease payments are as follows:

Year ending June 30, 2023	<u>\$1,743</u>
	<u>\$1,743</u>

NOTE 12 – COST OF GOODS SOLD

Sales of books, CDs & DVDs are shown net of cost of goods sold on the statement of activities. 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, 2022 and 2021 consist of the following:

	2022	2021
Sales	\$ 1,308	\$ 951
Cost of Goods Sold	466	333
Net Sales	\$ 842	\$ 618

NOTE 13 – REVENUE FROM CONTRACTS

The Organization has scientific research consulting contracts. Revenue from these contracts is recognized when the performance obligation is satisfied or partially satisfied.

Contract liabilities are reported as deferred revenue in the statements of financial position. There was no deferred revenue for the year ended June 30, 2022. Deferred revenue from contracts for the year ended June 30, 2021 was \$6,437.

NOTE 14 – EVALUATION OF SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through January 18, 2023 the date which the financial statements were available to be issued. On September 20, 2022 the Organization entered into a lease for office space and on November 7, 2022, the Organization entered into a lease for additional office space. On October 14, 2022, The Board approved the settlement of its Winston Franklin Endowment Fund “unrestricted operations loan” and the subsequent transfer of cash to a new investment account, along with other cash totaling \$9,000,000. Also, on October 14, 2022, following the departure of the Organization’s CEO in August 2022, the Board authorized its Executive Committee to search for a replacement and appointed its Board Chairman as interim CEO. An estimate of the financial effects of the subsequent events cannot be made as of January 18, 2023, the date which the financial statements were available to be issued.

NOTE 15 – RECLASSIFICATION

On the statement of cash flow, under operating activities we have disclosed the contribution of real property and the subsequent sale as an investing activity.

See Independent Auditor’s Report.