INSTITUTE OF NOETIC SCIENCES

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2023 AND 2022

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HAC

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, 2023 and 2022, 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, 2023 and 2022, 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.

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.

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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
April 29, 2024

INSTITUTE OF NOETIC SCIENCES
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2023 AND 2022

	2023	2022
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	$ 6,598,704	$ 15,449,793
Accounts Receivable	14,339	0
Unconditional Promises to Give - Current	318,819	76,424
Prepaid Expenses and Deposits	102,152	30,952
Total Current Assets	7,034,014	15,557,169
FIXED ASSETS		
Fixed Assets	316,542	388,193
Less: Accumulated Depreciation	(270,515)	(332,975)
Net Fixed Assets	46,027	55,218
OTHER ASSETS		
Financing Lease Right-of-Use Asset	12,539	0
Operating Lease Right-of Use Asset	256,239	0
Unconditional Promises to Give - Non Current	490,128	95,657
Operating Investments	8,730,542	0
Endowment Investments	1,328,813	0
Total Other Assets	10,818,261	95,657
TOTAL ASSETS	$ 17,898,302	$ 15,708,044
LIABILITIES		
CURRENT LIABILITIES		
Accounts Payable	$ 136,811	$ 123,243
Payroll Liabilities	200,151	0
Accrued Vacations	131,996	174,248
Other Accruals	2,066	0
Finance Lease Liability - Current	5,297	0
Operating Lease Liability - Current	95,525	0
Deferred Revenue	0	7,631
Total Current Liabilities	571,846	305,122
LONG TERM LIABILITIES		
Finance Lease Liability - Non Current	7,368	0
Operating Lease liability - Non Current	165,867	0
Total Long Term Liabilities	173,235	0
TOTAL LIABILITIES	$ 745,081	$ 305,122
NET ASSETS		
Without donor restrictions	$ 14,904,191	$ 14,698,218
With donor restrictions	2,249,030	704,704
TOTAL NET ASSETS	$ 17,153,221	$ 15,402,922
TOTAL LIABILITIES AND NET ASSETS	$ 17,898,302	$ 15,708,044

INSTITUTE OF NOETIC SCIENCES
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total 2023
SUPPORT AND REVENUES			
SUPPORT			
Contributions	$ 2,029,217	$ 2,046,470	$ 4,075,687
REVENUES			
Program Fees	102,792		102,792
Revenue From Contracts	28,040		28,040
Interest	27,955		27,955
Investment Return, Net	939,562	119,793	1,059,355
Sales of Books, CDs and DVDs, Net	5,802		5,802
Royalties, Fees, & Other	62,739		62,739
Total Revenues	1,166,890	119,793	1,286,683
TOTAL SUPPORT AND REVENUES	3,196,107	2,166,263	5,362,370
EXPENSES			
PROGRAM SERVICES			
Research	1,226,864		1,226,864
Education	1,008,591		1,008,591
Total Program Services	2,235,455	0	2,235,455
SUPPORTING SERVICES			
Management and General	656,994		656,994
Fundraising	718,541		718,541
Total Supporting Services	1,375,535	0	1,375,535
TOTAL EXPENSES	3,610,990	0	3,610,990
Loss on Disposal of Fixed Assets	1,081	0	1,081
Contributions Released from Restrictions	621,937	(621,937)	0
CHANGE IN NET ASSETS	205,973	1,544,326	1,750,299
NET ASSETS AT BEGINNING OF YEAR	14,698,218	704,704	15,402,922
NET ASSETS AT END OF YEAR	$ 14,904,191	$ 2,249,030	$ 17,153,221

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	$ 2,098,409	$ 392,321	$ 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	12,471,903	402,321	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	8,814,002	184,077	8,998,079
NET ASSETS AT BEGINNING OF YEAR	5,884,216	520,627	6,404,843
NET ASSETS AT END OF YEAR	$ 14,698,218	$ 704,704	$ 15,402,922

INSTITUTE OF NOETIC SCIENCES
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2023

	PROGRAM SERVICES			SUPPORTING SERVICES			
	Research	Education	Total Program Services	Mgmt. & General	Fundraising	Total Supporting Services	Total Expenditures
Salaries	$ 673,503	$ 653,694	$ 1,327,197	$ 297,133	$ 356,560	$ 653,693	$ 1,980,890
Professional Fees	101,533	41,211	142,744	188,304	155,322	343,626	486,370
Data & Telecomm	53,180	109,391	162,571	21,732	32,142	53,874	216,445
Employee Benefits	63,397	61,532	124,929	27,969	33,563	61,532	186,461
Payroll Taxes	53,685	52,106	105,791	23,684	28,421	52,105	157,896
Occupancy	62,673	18,106	80,779	29,248	29,248	58,496	139,275
Office	48,794	11,158	59,952	53,669	8,419	62,088	122,040
Grants & Fellowships	100,276	4,084	104,360	0	0	0	104,360
Outreach	33,481	18,999	52,480	283	28,534	28,817	81,297
Printing & Publications	9,702	24,340	34,042	0	11,857	11,857	45,899
Merchant Service Fees	581	2,023	2,604	6,410	15,888	22,298	24,902
Depreciation & Amortization	11,730	3,868	15,598	5,457	5,519	10,976	26,574
Travel	3,322	3,159	6,481	490	9,408	9,898	16,379
Postage & Mailing	9,832	206	10,038	821	2,481	3,302	13,340
Events	1,175	4,692	5,867	1,042	1,179	2,221	8,088
Interest	0	0	0	752	0	752	752
Royalties	0	22	22	0	0	0	22
Total Functional Expenses	$ 1,226,864	$ 1,008,591	$ 2,235,455	$ 656,994	$ 718,541	$ 1,375,535	$ 3,610,990
			62%	18%	20%		100%

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%

INSTITUTE OF NOETIC SCIENCES
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ 1,750,299	$ 8,998,079
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities:		
Depreciation	22,992	117,720
Amortization	3,582	39,604
Bad Debt Expense	918	0
Unrealized Gain on Operating Investment	(939,562)	0
Contribution - Real Property	0	(1,012,882)
Other Income - Forgiveness of PPP Loan #1	0	(357,597)
PPP Loan #2 Interest Forgiven	0	(1,039)
Gain on Sale of Fixed Assets	0	(9,114,005)
Contributions Restricted to Endowment	(896,246)	0
Unrealized Endowment Net Investment Return	(119,793)	0
Loss on Disposal of Fixed Assets	1,081	0
Changes In Assets & Liabilities		
(Increase) Decrease In Accounts Receivable	(14,339)	39,677
(Increase) Decrease In Prepaid Expense and Deposits	(71,200)	162,496
(Increase) Decrease In Unconditional Promises to Give	(637,784)	31,740
Increase (Decrease) In Accounts Payable	13,568	12,268
Increase (Decrease) In Accrued Vacation Payable	(42,252)	5,382
Increase (Decrease) In Payroll Liabilities	200,151	0
Increase (Decrease) In Deferred Revenue	(7,631)	(136,881)
Increase (Decrease) In Other Accruals	2,066	0
Increase (Decrease) In Operating Lease Assets and Liabilities	5,153	0
Net Cash Used by Operating Activities	(728,997)	(1,215,438)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(14,882)	(46,644)
Proceeds from Sale of Contributed Real Property	0	1,012,882
Proceeds from Sale of Fixed Assets	0	15,922,891
Purchase of Operating Investments	(7,791,010)	0
Purchase of Endowment Investments	(1,208,990)	0
Net Cash Provided by (Used by) Investing Activities	(9,014,882)	16,889,129
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment on Notes Payable	0	(1,350,000)
Principal Payments of Finance Lease	(3,456)	0
Collections of Contributions Restricted to Endowment	896,246	0
Net Cash Provided by (Used by) Financing Activities	892,790	(1,350,000)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(8,851,089)	14,323,691
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	15,449,793	1,126,102
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 6,598,704	$15,449,793

Supplemental Disclosures of Cash Flow Information:

	2023	2022
Interest paid	$ 752	$ 27,599

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

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 endowments that are perpetual in nature, or other long-term purposes are excluded from this definition.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Adoption of Accounting Standard Update 2016-02

During the year ended June 30, 2023 the Organization adopted the Financial Accounting Standards Board (FASB) Accounting Standard Update (ASU) No. 2016-02, Leases (Topic 842). The objective of this ASU is to increase the transparency and comparability in financial reporting by requiring balance sheet recognition of lease assets and liabilities, and disclosures of certain information about them.

For most nonprofit organizations, this became effective for the first time for fiscal years beginning after December 15, 2021; thus, the Organization's adoption date was for its fiscal year beginning after June 30, 2022.

The Organization adopted the new lease standards using the modified retrospective approach with July 1, 2022 as the initial date of application. With this approach, the Organization has reflected the impact of initially applying Topic 842 as of the beginning of the year of adoption and accordingly, has not restated the earlier comparative period presented.

Management has elected to apply all practical expedients available under the new guidance, which allows the organization to : (1) not reassess whether an expired or existing contract previously assessed as not containing leases are actually leases, or contain leases; (2) not reassess the lease classification for any expired or existing leases; and (3) not reassess initial direct costs for any existing leases. The Organization also elected to apply the practical expedient to use hindsight in determining the lease term.

The most significant impact of this adoption was the recognition of right-of-use assets and lease liabilities for all leases with terms greater than twelve months. Accordingly, right-of-use assets and lease liabilities totaling $338,284 were recognized for office and equipment lease contracts in the fiscal year ended June 30, 2023.

Right-of-Use Assets, Lease Liabilities , and Lease Expense

Lease liabilities are initially measured at the present value of minimum lease payments using a risk-free rate that approximates the remaining term of the lease. The risk-free rates for office and equipment lease contracts recognized in the fiscal year ended June 30, 2023 were between 3.23% and 4.41%. The right-of-use asset is the lease liability adjusted for other lease-related accounts, if applicable.

Management considers the likelihood of exercising renewal or termination clauses, if any, in measuring the Organization's right-of-use assets and lease liabilities. Operating lease expense and finance lease amortization are allocated over the lease term on a straight-line basis. Finance lease interest expense is calculated using the risk-free rate that approximate the remaining term of the lease multiplied by the outstanding finance lease liability; that is, the same rate used in the determination of the respective lease liability.

The Organization considers leases with initial terms of twelve months or less, and no option to purchase the underlying asset at a bargain price, to be short-term leases. Accordingly, short-term lease costs are expensed over the lease term with no corresponding right-of-use asset or lease liability.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Organization considers leases with initial terms of twelve months or less, and no option to purchase the underlying asset at a bargain price, to be short-term leases. Accordingly, short-term lease costs are expensed over the lease term with no corresponding right-of-use asset or lease liability.

Depreciation and Capitalization

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 statements of activities. Costs of maintenance and repairs that do not improve tor 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 years ended June 30, 2023 and 2022.

Investments

We record 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 statements of financial position. Net investment return/(loss) is reported in the statements of activities and consists of interest and dividend income, realized and unrealized capital gain and losses, less external and direct internal investment expenses.

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, 2023 and 2022.

Program fees and revenues from royalties and other sources of income are recognized when the performance obligation of transferring the product or providing the services have been met.

Revenue from contracts is recognized when the performance obligation of scientific research has been met.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. Contract liabilities are reported as deferred revenue in accompanying statements of financial position. There were no accounts receivable from contracts for years ended June 30, 2023 and 2022.

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. Bad debt expense for the year ended June 30, 2023 was $918 and is included in office expense on the statement of functional expenses.

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 their net present value. 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:

	2023	2022
Within one year	$ 318,819	$ 76,424
In one to five years	426,993	27,530
Over five years	95,898	101,404
	841,710	205,358
Less discount to net present value at rates ranging from 0% to 2.32%	32,763	33,277
Less allowance for uncollectible promises to give	0	0
	$ 808,947	$ 172,081

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Expenditures

The costs of program and supporting service activities have been summarized on a functional basis in the statements of activities. The statements 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.

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, and those differences could be material.

Financial Instruments and Credit Risk

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 guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to $250,000 per depositor, per insured bank, for each account ownership category. As of June 30, 2023, and 2022, the Organization had approximately $6,322,039 and $15,191,550, respectively, in excess of FDIC insurance 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 believes 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.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2023 and 2022 were $131,996 and $174,248, respectively.

Advertising Costs

Advertising costs are expensed as incurred. The Organization did not incur any advertising costs for the year ended June 30, 2023 and for the year ended June 30, 2022 the cost incurred was $2,350.

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.

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.

IONS, LLC a limited liability company, is a disregarded entity for federal income tax purposes under the Internal Revenue code. For California purposes, the LLC is subject to an annual minimum tax of $800 for the California state franchise tax.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

NOTE 3 – AVAILABILITY AND LIQUIDITY

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:

	2023	2022
Cash and cash equivalents	$ 6,168,615	$ 14,840,746
Accounts receivable	14,339	0
Promises to give, net due in one year	318,819	76,424.00
Financial assets available to meet general expenditures over the next twelve months	$ 6,501,773	$ 14,917,170

The Organization's goal is to maintain financial assets at a level equal to 90-180 days of its operating expenses (approximately $903,000 -$1,806,000). 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 4 – 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.

NOTE 4 – 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 table presents 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, 2023:

		Fair Value Measurements at Report Date Using			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Observable Inputs (Level 3)	Investments Measured at NAV
Assets					
Operating Investments Limited Partnership	$8,730,542	$ 0	$ 0	$ 0	$8,730,542
Endowment Investment Limited Partnership	$1,328,813	$ 0	$ 0	$ 0	$1,328,813

NOTE 5 – FIXED ASSETS

Fixed assets at June 30, 2023 consist of the following:

	Cost	Accumulated Depreciation	Book Value
Furniture and Equipment	$ 289,182	$ 255,467	$ 33,715
Trucks and Automobiles	27,360	15,048	12,312
	$ 316,542	$ 270,515	$ 46,027

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

	Cost	Accumulated Depreciation	Book Value
Furniture and Equipment	$ 360,833	$ 323,399	$ 37,434
Trucks and Automobiles	27,360	9,576	17,784
	$ 388,193	$ 332,975	$ 55,218

Depreciation expense for the years ended June 30, 2023 and 2022 was $22,992 and $117,720 respectively.

NOTE 6 – RELATED PARTY TRANSACTIONS

In March 2022 and 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 $23,640 in the fiscal year ended June 30, 2023 and $51,569 in the fiscal year ended June 30, 2022 from Emerald Gate Charitable Trust.

NOTE 7 – NET ASSETS

Net assets with donor restrictions were as follows for the years ended June 30, 2023 and 2022:

	2023	2022
Research	$ 107,063	$ 153,571
Education	323,026	142,702
Linda G. O'Bryant Endowment Fund	979,224	0
Winston Franklin Endowment Fund	349,589	312,774
Promises to give that are not restricted by donors, but which are unavailable for expenditure until due	490,128	95,657
	$ 2,249,030	$ 704,704

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 30th of each year may be withdrawn for operational use at the discretion of the Board of Directors and the Chief Executive Officer.

In November 2011 upon the approval of the Donor, the Board of Directors of the Organization resolved to borrow $200,000 from this fund for the benefit of the Organization's general fund, with interest imputed at the rate of 5% annually. This loan was settled in full in October 2022.

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 non-profit organizations.

The value of this funds was $349,589 and $312,774 at June 30, 2023 and 2022, respectively.

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 non-profit organizations.

The value of this fund was $979,224 at June 30,2023.

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

NOTE 8 – ENDOWMENT(Continued)

As of June 30, 2023 and 2022, the Organization had the following endowment net asset composition by type of fund:

6/30/2023	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	$ 0	$ 1,209,020	$ 1,209,020
Accumulated investment gains	0	119,793	119,793
	$ 0	$ 1,328,813	$ 1,328,813

6/30/2022	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor (included in cash)	$ 0	$ 312,774	$ 312,774
Accumulated investment gains	0	0	0
	$ 0	$ 312,774	$ 312,774

NOTE 9 – LEASES

Operating Leases under Topic 842

The Organization is obligated for office space through December 2025 and the base lease payments increase annually as provided for the lease. The lease contains an option to extend the lease terms.

Under accounting principles generally accepted in the United States of America (GAAP), operating lease expense is recognized on a straight-line basis over the lease term.

The Organization had no variable or short-term lease expense in fiscal years ended June 30, 2023 and 2022.

Maturity of the operating lease liabilities as of June 30, 2023 was as follows:

Weighted average remaining lease terms	2.5 years
Weighted average discount rates	3.61%

NOTE 9 – LEASES(Continued)

Finance Lease under Topic 842

The Organization is obligated under a non-cancelable finance lease for certain office equipment through October 2025.

Amortization on the finance right-of-Use asset totaled $3,582 and is included in depreciation and amortization expense on the statement of functional expenses for the year ended June 30, 2023.

The accumulated amortization on the finance right-of-use asset was $3,582 and the interest expense on the finance lease liability totaled $281 for the year ended June 30, 2023.

Maturity of the finance lease as of June 30, 2023 are as follows:

Fiscal year ending June 30, 2024	$	5,640
Fiscal year ending June 30, 2025		5,640
Fiscal year ending June 30, 2026		2,820
Total undiscounted minimum lease payments		14,100
Less discount to present value		1,435
Total finance lease liabilities	$	12,665

Interest paid for amounts included in the measurement Of finance lease liabilities – operating cash flows	$281
Weighted average remaining lease term	2.33 years
Weighted average discount rate	3.35%

The following summarizes cash flow information related to leases for the year ended June 30, 2023:

Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	$ 66,757
Operating cash flows from finance leases	3,780
Financing cash flows from finance leases	281
Lease assets obtained in exchange for lease obligations:	
Operating leases	$322,163
Finance leases	16,121
Total operating lease expense	$ 85,539

NOTE 10 – 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, 2023 and , 2022 consist of the following:

	2023	2022
Sales	$ 6,260	$ 1,308
Cost of Goods Sold	458	466
Net Sales	$ 5,802	$ 842

NOTE 11 – REVENUE FROM CONTRACTS

Contract liabilities are reported as deferred revenue in the statements of financial position. For the year ended June 30, 2023 there was no deferred revenue from contracts. For the year ended June 30, 2022, deferred revenue from contracts at the beginning of the year was $6,437 and all was recognized during the year.

NOTE 12 – EVALUATION OF SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through April 29, 2024 the date which the financial statements were available to be issued.