



INSTITUTE OF NOETIC SCIENCES  
FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2024 AND 2023

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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, 2024 and 2023, 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, 2024 and 2023, 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.

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 27, 2025

INSTITUTE OF NOETIC SCIENCES  
STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 5,409,088	\$ 6,598,704
Accounts Receivable	53,156	14,339
Promises to Give - Current	305,947	318,819
Prepaid Expenses and Deposits	<u>140,177</u>	<u>102,152</u>
Total Current Assets	5,908,368	7,034,014
FIXED ASSETS		
Fixed Assets	331,604	316,542
Less: Accumulated Depreciation	<u>(301,020)</u>	<u>(270,515)</u>
Net Fixed Assets	30,584	46,027
OTHER ASSETS		
Financing Lease Right-of-Use Asset	7,187	12,539
Operating Lease Right-of Use Asset	156,237	256,239
Promises to Give - Non Current	124,514	490,128
Operating Investments	10,542,593	8,730,542
Endowment Investments	<u>1,967,124</u>	<u>1,328,813</u>
Total Other Assets	12,797,655	10,818,261
TOTAL ASSETS	<u>\$ 18,736,607</u>	<u>\$ 17,898,302</u>
<u>LIABILITIES</u>		
CURRENT LIABILITIES		
Accounts Payable	\$ 90,333	\$ 136,811
Payroll Liabilities	1,274	200,151
Accrued Vacations	165,806	131,996
Other Accruals	0	2,066
Finance Lease Liability - Current	5,477	5,297
Operating Lease Liability - Current	106,773	95,525
Deferred Revenue	<u>7,440</u>	<u>0</u>
Total Current Liabilities	377,103	571,846
LONG TERM LIABILITIES		
Finance Lease Liability - Non Current	1,891	7,368
Operating Lease liability - Non Current	<u>59,094</u>	<u>165,867</u>
Total Long Term Liabilities	60,985	173,235
TOTAL LIABILITIES	<u>\$ 438,088</u>	<u>\$ 745,081</u>
<u>NET ASSETS</u>		
Without donor restrictions	\$ 4,868,240	\$ 14,904,191
Designated by the board for operating reserve	<u>10,542,593</u>	<u>0</u>
	15,410,833	14,904,191
With donor restrictions	<u>2,887,686</u>	<u>2,249,030</u>
TOTAL NET ASSETS	<u>\$ 18,298,519</u>	<u>\$ 17,153,221</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 18,736,607</u>	<u>\$ 17,898,302</u>

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

INSTITUTE OF NOETIC SCIENCES  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total 2024
SUPPORT AND REVENUES			
SUPPORT			
Contributions & Grants	\$ 1,263,633	\$ 880,100	\$ 2,143,733
REVENUES			
Program Fees	56,085		56,085
Revenue From Contracts	108,880		108,880
Interest	153,850		153,850
Investment Return, Net	1,514,623	275,739	1,790,362
Events	(10,018)		(10,018)
Sales of Books, CDs and DVDs, Net	26,834		26,834
Royalties, Fees, & Other	41,187		41,187
Total Revenues	<u>1,891,441</u>	<u>275,739</u>	<u>2,167,180</u>
TOTAL SUPPORT AND REVENUES	3,155,074	1,155,839	4,310,913
EXPENSES			
PROGRAM SERVICES			
Research	1,072,427		1,072,427
Education	912,457		912,457
Total Program Services	<u>1,984,884</u>	<u>0</u>	<u>1,984,884</u>
SUPPORTING SERVICES			
Management and General	585,435		585,435
Fundraising	595,296		595,296
Total Supporting Services	<u>1,180,731</u>	<u>0</u>	<u>1,180,731</u>
TOTAL EXPENSES	<u>3,165,615</u>	<u>0</u>	<u>3,165,615</u>
Contributions Released from Restrictions	<u>517,183</u>	<u>(517,183)</u>	<u>0</u>
CHANGE IN NET ASSETS	506,642	638,656	1,145,298
NET ASSETS AT BEGINNING OF YEAR	<u>14,904,191</u>	<u>2,249,030</u>	<u>17,153,221</u>
NET ASSETS AT END OF YEAR	<u><u>\$ 15,410,833</u></u>	<u><u>\$ 2,887,686</u></u>	<u><u>\$ 18,298,519</u></u>

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

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 & Grants	\$ 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	<u>1,166,890</u>	<u>119,793</u>	<u>1,286,683</u>
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	<u>2,235,455</u>	<u>0</u>	<u>2,235,455</u>
SUPPORTING SERVICES			
Management and General	656,994		656,994
Fundraising	718,541		718,541
Total Supporting Services	<u>1,375,535</u>	<u>0</u>	<u>1,375,535</u>
TOTAL EXPENSES	<u>3,610,990</u>	<u>0</u>	<u>3,610,990</u>
Loss on Disposal of Fixed Assets	1,081	0	1,081
Contributions Released from Restrictions	<u>621,937</u>	<u>(621,937)</u>	<u>0</u>
CHANGE IN NET ASSETS	205,973	1,544,326	1,750,299
NET ASSETS AT BEGINNING OF YEAR	<u>14,698,218</u>	<u>704,704</u>	<u>15,402,922</u>
NET ASSETS AT END OF YEAR	<u>\$ 14,904,191</u>	<u>\$ 2,249,030</u>	<u>\$ 17,153,221</u>

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



INSTITUTE OF NOETIC SCIENCES  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 2024

	PROGRAM SERVICES			SUPPORTING SERVICES			
	Research	Education	Total Program Services	Mgmt. & General	Fundraising	Total Supporting Services	Total Expenditures
Salaries	\$ 742,551	\$ 605,766	\$ 1,348,317	\$ 254,031	\$ 351,735	\$ 605,766	\$ 1,954,083
Professional Fees	72,136	11,089	83,225	125,450	31,725	157,175	240,400
Data & Telecomm	66,693	53,354	120,047	30,489	40,016	70,505	190,552
Employee Benefits	64,749	52,821	117,570	22,151	30,670	52,821	170,391
Payroll Taxes	53,629	43,750	97,379	18,347	25,403	43,750	141,129
Occupancy	14,567	63,123	77,690	19,424	24,278	43,702	121,392
Office	7,517	914	8,431	73,206	2,454	75,660	84,091
Outreach	381	39,188	39,569	167	21,250	21,417	60,986
Events	3,925	8,219	12,144	17,371	12,366	29,737	41,881
Travel	18,843	0	18,843	4,191	18,473	22,664	41,507
Printing & Publications	18,590	14,674	33,264	127	5,824	5,951	39,215
Depreciation & Amortization	4,306	18,657	22,963	5,718	7,176	12,894	35,857
Merchant Service Fees	159	711	870	12,776	21,070	33,846	34,716
Postage & Mailing	3,281	191	3,472	340	2,856	3,196	6,668
Grants & Fellowships	100	0	100	1,100	0	1,100	1,200
Royalties	1,000	0	1,000	0	0	0	1,000
Interest	0	0	0	547	0	547	547
Total Functional Expenses	<u>\$ 1,072,427</u>	<u>\$ 912,457</u>	<u>\$ 1,984,884</u>	<u>\$ 585,435</u>	<u>\$ 595,296</u>	<u>\$ 1,180,731</u>	<u>\$ 3,165,615</u>
			63%	18%	19%		100%

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

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	<u>\$ 1,226,864</u>	<u>\$ 1,008,591</u>	<u>\$ 2,235,455</u>	<u>\$ 656,994</u>	<u>\$ 718,541</u>	<u>\$ 1,375,535</u>	<u>\$ 3,610,990</u>
			62%	18%	20%		100%

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

INSTITUTE OF NOETIC SCIENCES  
STATEMENTS OF CASH FLOWS  
YEARS ENDED JUNE 30, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 1,145,298	\$ 1,750,299
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities:		
Depreciation	30,505	22,992
Amortization	5,352	3,582
Bad Debt and Credit Losses	0	918
Unrealized Gain on Operating Investment	(1,514,623)	(939,562)
Contributions Restricted to Endowment	(362,572)	(896,246)
Unrealized Endowment Net Investment Return	(275,739)	(119,793)
Loss on Disposal of Fixed Assets	0	1,081
Changes In Assets and Liabilities		
(Increase) Decrease In Accounts Receivable	(38,817)	(14,339)
(Increase) Decrease In Prepaid Expense and Deposits	(38,025)	(71,200)
(Increase) Decrease In Promises to Give	378,486	(637,784)
Increase (Decrease) In Accounts Payable	(46,478)	13,568
Increase (Decrease) In Accrued Vacation Payable	33,810	(42,252)
Increase (Decrease) In Payroll Liabilities	(198,877)	200,151
Increase (Decrease) In Deferred Revenue	7,440	(7,631)
Increase (Decrease) In Other Accruals	(2,066)	2,066
Increase (Decrease) In Operating Lease Assets and Liabilities	4,477	5,153
Net Cash Used by Operating Activities	<u>(871,829)</u>	<u>(728,997)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(15,062)	(14,882)
Purchase of Operating Investments	(1,182)	(7,791,010)
Purchase of Endowment Investments	(658,818)	(1,208,990)
Net Cash Used by Investing Activities	<u>(675,062)</u>	<u>(9,014,882)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Principal Payments of Finance Lease	(5,297)	(3,456)
Collections of Contributions Restricted to Endowment	362,572	896,246
Net Cash Provided by Financing Activities	<u>357,275</u>	<u>892,790</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	(1,189,616)	(8,851,089)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>6,598,704</u>	<u>15,449,793</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u><u>\$ 5,409,088</u></u>	<u><u>\$ 6,598,704</u></u>

Supplemental Disclosures of Cash Flow Information:

Interest paid	\$ 547	\$ 752
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INSTITUTE OF NOETIC SCIENCES  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2024 and 2023

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.

INSTITUTE OF NOETIC SCIENCES  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2024 and 2023

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Adopted Accounting Guidance

Allowance for Credit Losses

In June 2016, the Financial Accounting Standards Board (FASB) issued FASB Accounting Standards Codification (FASB ASC 326) which significantly changed how entities will measure credit losses for most financial assets and certain other instruments that aren't measured at fair value through net income. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. Financial assets held by the organization that are subject to the guidance in FASB ASC 326 were accounts receivable.

The Organization adopted the standard effective July 1, 2023. The impact of the adoption was not considered material to the financial statements and primarily resulted in new/enhanced disclosures only. Management has determined that no allowance is necessary at June 30, 2024 and 2023. There were no write-offs in fiscal years 2024 or 2023.

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.

See Independent Auditor's Report.

INSTITUTE OF NOETIC SCIENCES  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2024 and 2023

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 or extend the useful lives of the respective assets are expensed currently.

The Organization reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the years ended June 30, 2024 and 2023.

Investments

The Organization records investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the 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.

See Independent Auditor's Report.

INSTITUTE OF NOETIC SCIENCES  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2024 and 2023

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2024 and 2023.

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.

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. Accounts receivable from contracts for years ended June 30, 2024 and 2023 were \$16,520 and \$0, respectively.

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. Promises to give written off during the years ended June 30, 2024 and 2023 were \$0 and \$918, respectively.

INSTITUTE OF NOETIC SCIENCES  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2024 and 2023

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

	<u>2024</u>	<u>2023</u>
Within one year	\$ 305,947	\$ 318,819
In one to five years	37,530	426,993
Over five years	<u>123,695</u>	<u>95,898</u>
	467,172	841,710
Less discount to net present value at rates ranging from 0% to 4.97%	36,711	32,763
Less allowance for uncollectible promises to give	<u>0</u>	<u>0</u>
	<u><u>\$ 430,461</u></u>	<u><u>\$ 808,947</u></u>

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 either guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per depositor, per insured bank, for each account ownership category or protected by the Securities Investor Protection Corporation (SPIC) which protects up to a \$250,000 cash limit for each customer.

See Independent Auditor's Report.



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NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

As of June 30, 2024, and 2023, the Organization had approximately \$366,767 and \$6,322,039, respectively, in excess of FDIC insurance limits and \$4,390,211 and 0, respectively, in excess of SPIC limits. To date, the Organization has not experienced losses in any of these accounts. Credit risk associated with accounts receivable and promises to give is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from board members and foundations supportive of the Organization's mission. Investments are made by an investment advisory firm focused on serving the nonprofit community, whose performance is monitored by the Organization's investment committee of the Board of Directors. Although the fair values of investments are subject to fluctuation on a year-to-year basis, the Organization and the investment committee 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.

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, 2024 and 2023 were \$165,806 and \$131,996 respectively.

Advertising Costs

Advertising costs are expensed as incurred. The Organization did not incur any advertising costs for the year ended June 30, 2024 and 2023.

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 federal tax returns remain open for three years and state tax returns remain open for four years for examination by 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.

See Independent Auditor's Report.

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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:

	2024	2023
Cash and cash equivalents	\$ 4,735,024	\$ 6,168,615
Accounts receivable	53,156	14,339
Promises to give, net due in one year	305,947	318,819
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 5,094,127</u>	<u>\$ 6,501,773</u>

The Organization's goal is to maintain financial assets at a level equal to 90-180 days of its operating expenses (approximately \$792,000 - \$1,583,000). 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.

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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, 2024:

Fair Value Measurement at Report Date using					
		Quoted			
		Prices in	Significant	Significant	
		Active Markets	Other	Other	Investments
		for Identical Assets	Observable Inputs	Observable Inputs	Measured at
	Total	(Level 1)	(Level 2)	(Level 3)	NAV
<u>Assets</u>					
Operating Investment					
Limited Partnership	\$ 10,542,593	\$ 0	\$ 0	\$ 0	\$ 10,542,593
Endowment Investment					
Limited Partnership	\$ 1,967,124	\$ 0	\$ 0	\$ 0	\$ 1,967,124

See Independent Auditor's Report.

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NOTE 4 – FAIR VALUE MEASUREMENTS AND DISCLOSURES (Continued)

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 Measurement at Report Date using					
		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
	Total				
<u>Assets</u>					
Operating Investment					
Limited Partnership	\$ 8,730,542	\$ 0	\$ 0	\$ 0	\$ 8,730,542
Endowment Investment					
Limited Partnership	\$ 1,328,813	\$ 0	\$ 0	\$ 0	\$ 1,328,813

Investments in certain entities that are measured at fair value using NAV per share as a practical expedient are as follows at June 30, 2024 and 2023:

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
<u>6/30/2024</u>				
Limited Partnership	\$ 12,509,717	\$ 0	Liquid	75 Days
<u>6/30/2023</u>				
Limited Partnership	\$ 10,059,355	\$ 0	Liquid	75 Days

Limited Partnership – The Organization invests in a single Limited Partnership that invests in Equity-Oriented, Diversifying and fixed Income funds.

See Independent Auditor's Report.

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NOTE 5 – FIXED ASSETS

Fixed assets at June 30, 2024 consist of the following:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Book Value</u>
Furniture and Equipment	\$ 304,244	\$ 280,500	\$ 23,744
Trucks and Automobiles	27,360	20,520	6,840
	<u>\$ 331,604</u>	<u>\$ 301,020</u>	<u>\$ 30,584</u>

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

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

Depreciation expense for the years ended June 30, 2024 and 2023 was \$30,505 and \$22,992 respectively.

NOTE 6 – RELATED PARTY TRANSACTIONS

The Organization entered into a scientific research consulting contract, in March 2022, with Emerald Gate Charitable Trust, a 501(c)(3) exempt private foundation, for which board member David Dominik is a Trustee. The Organization received payments of \$108,880 and \$23,640 in the fiscal year ended June 30, 2024 and 2023, respectively.

Contributions from board members include \$755,395 and \$1,575,597 for the years ended June 30, 2024 and 2023, respectively. Of those contributions, \$5,000 and \$232,500 is included in current unconditional promises to give at June 30, 2024 and 2023, respectively.

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

See Independent Auditor's Report.

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NOTE 7 – NET ASSETS

Net assets with donor restrictions were as follows for the years ended June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Research	\$ 225,921	\$ 107,063
Education	448,143	323,026
Linda G. O'Bryant Endowment Fund	1,558,320	979,224
Winston Franklin Endowment Fund	408,804	349,589
Promises to give that are not restricted by donors, but which are unavailable for expenditure until due	246,498	490,128
	<u>\$ 2,887,686</u>	<u>\$ 2,249,030</u>

NOTE 8 – ENDOWMENT

Winston Franklin Endowment Fund

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

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

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

The value of this fund was \$408,804 and \$349,589 at June 30, 2024 and 2023, respectively.

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.

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NOTE 8 – ENDOWMENT (Continued)

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 \$1,558,320 and \$979,224 at June 30, 2024 and 2023, respectively.

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

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NOTE 8 – ENDOWMENT (Continued)

As of June 30, 2024, and 2023, the Organization had the following endowment net asset composition by type of fund:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>6/30/2024</u>			
Donor-restricted endowment funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	\$ 0	\$ 1,571,592	\$ 1,571,592
Accumulated investment gains	0	395,532	395,532
	<u>\$ 0</u>	<u>\$ 1,967,124</u>	<u>\$ 1,967,124</u>
<u>6/30/2023</u>			
Donor-restricted endowment funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor (included in cash)	\$ 0	\$ 1,209,020	\$ 1,209,020
Accumulated investment gains	0	119,793	119,793
	<u>\$ 0</u>	<u>\$ 1,328,813</u>	<u>\$ 1,328,813</u>

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, 2024 and 2023.



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NOTE 9 – LEASES (Continued)

Maturity of the operating lease liabilities as of June 30, 2024 was as follows:

Fiscal year ending June 30, 2025	\$ 111,043
Fiscal year ending June 30, 2026	<u>59,713</u>
Total undiscounted minimum lease payments	170,756
Less discount to present value	<u>4,889</u>
Total operating lease liabilities	<u><u>\$ 165,867</u></u>

The supplementary qualitative operating lease information for the years ended June 30, 2024 and 2023 are as follows:

	<u>2024</u>	<u>2023</u>
Weighted-average remaining lease term	1.5 years	2.5 years
Weighted-average discount rate	3.61%	3.61%

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 \$5,352 and \$3,582 and is included in depreciation and amortization expense on the statement of functional expenses for the years ended June 30, 2024 and 2023, respectively.

The accumulated amortization on the finance right-of-use asset was \$8,934 and \$3,582 and the interest expense on the finance lease liability totaled \$343 and \$281 for the years ended June 30, 2024 and 2023, respectively.

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NOTE 9 – LEASES (Continued)

Maturity of the finance lease as of June 30, 2024 are as follows:

Fiscal year ending June 30, 2025	\$ 5,640
Fiscal year ending June 30, 2026	<u>1,880</u>
Total undiscounted minimum lease payments	7,520
Less discount to present value	<u>152</u>
Total finance lease liabilities	<u><u>\$ 7,368</u></u>

The supplementary qualitative finance lease information for the years ended June 30, 2024 and 2023 are as follows:

	<u>2024</u>	<u>2023</u>
Interest paid for amounts included in the measurement of finance lease liabilities- operating cash flows	\$343	\$281
Weighted-average remaining lease term	1.33 years	2.33 years
Weighted-average discount rate	3.35%	3.35%

The following summarizes cash flow information related to leases for the years ended June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	\$ 103,396	\$ 66,757
Operating cash flows from finance leases	5,640	3,780
Financing cash flows from finance leases	343	281
Lease assets obtained in exchange for lease obligations:		
Operating leases	\$ 0	\$ 322,163
Finance leases	0	16,121
Total operating lease expense	\$ 107,622	\$ 85,539

See Independent Auditor's Report.

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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, 2024 and 2023 consist of the following:

	<u>2024</u>	<u>2023</u>
Sales	\$ 26,856	\$ 6,260
Cost of Goods Sold	<u>22</u>	<u>458</u>
Net Sales	<u>\$ 26,834</u>	<u>\$ 5,802</u>

NOTE 11 – REVENUE FROM CONTRACTS

Contract liabilities are reported as deferred revenue in the statements of financial position. For the year ended June 30, 2024 and 2023 there were no deferred revenue from contracts.

NOTE 12 – EVALUATION OF SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through January 27, 2025 the date which the financial statements were available to be issued.