

INSTITUTE OF NOETIC SCIENCES  
FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2013 and 2012

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# Holden & Company LLP

## *Certified Public Accountants*

### INDEPENDENT AUDITOR'S REPORT

The Board of Directors  
Institute of Noetic Sciences  
Petaluma, California

#### **Report on the Financial Statements**

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, 2013 and 2012 and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

#### **Management's Responsibility 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; this includes 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.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Opinion**

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, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

HOLDEN & COMPANY LLP



Thomas J. Holden  
Certified Public Accountant

San Rafael, California  
January 24, 2014

INSTITUTE OF NOETIC SCIENCES  
STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2013 AND 2012

	2013				2012	
	<u>ASSETS</u>					
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total		
<b>CURRENT ASSETS</b>						
Cash	\$ 115,089	\$ 331,718	\$ 25,266	\$ 472,073	\$	326,664
Accounts Receivable	130,969			130,969		77,093
Interfund Receivable (Payable)	(378,710)	186,202	192,508	0		-
Inventory	32,875			32,875		36,544
Prepaid Expenses and Deposits	71,685			71,685		9,869
Total Current Assets	<u>(28,092)</u>	<u>517,920</u>	<u>217,774</u>	<u>707,602</u>		<u>450,170</u>
<b>FIXED ASSETS</b>						
Fixed Assets	10,896,338			10,896,338		10,533,653
Less: Accumulated Depreciation	<u>(3,160,977)</u>			<u>(3,160,977)</u>		<u>(2,888,696)</u>
Net Fixed Assets	<u>7,735,361</u>			<u>7,735,361</u>		<u>7,644,957</u>
<b>OTHER ASSETS</b>						
Intangibles, Net of Accumulated Amortization of \$312,827	17,434			17,434		128,434
<b>TOTAL ASSETS</b>	<u>\$ 7,724,703</u>	<u>\$ 517,920</u>	<u>\$ 217,774</u>	<u>\$ 8,460,397</u>	<u>\$</u>	<u>8,223,561</u>
<u>LIABILITIES &amp; NET ASSETS</u>						
<b>CURRENT LIABILITIES</b>						
Accounts Payable	\$ 221,136			\$ 221,136	\$	235,082
Accrued Interest on Notes	9,808			9,808		96
Accrued Vacations	134,819			134,819		123,230
Notes Payable	1,400,000			1,400,000		0
Deferred Revenue	<u>393,678</u>			<u>393,678</u>		<u>170,237</u>
Total Current Liabilities	<u>2,159,441</u>			<u>2,159,441</u>		<u>528,645</u>
<b>LONG-TERM LIABILITIES:</b>						
Notes Payable, Long Term	<u>0</u>			<u>0</u>		<u>1,000,000</u>
Total Long-Term Liabilities	<u>0</u>			<u>0</u>		<u>1,000,000</u>
<b>TOTAL LIABILITIES</b>	<u>\$ 2,159,441</u>			<u>\$ 2,159,441</u>	<u>\$</u>	<u>1,528,645</u>
<u>NET ASSETS</u>						
Unrestricted Net Assets	\$ 5,565,262			\$ 5,565,262	\$	5,804,709
Temporarily Restricted		517,920		517,920		682,433
Permanently Restricted			217,774	217,774		207,774
<b>TOTAL NET ASSETS</b>	<u>5,565,262</u>	<u>517,920</u>	<u>217,774</u>	<u>\$ 6,300,956</u>	<u>\$</u>	<u>6,694,916</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 7,724,703</u>	<u>\$ 517,920</u>	<u>\$ 217,774</u>	<u>\$ 8,460,397</u>	<u>\$</u>	<u>8,223,561</u>

INSTITUTE OF NOETIC SCIENCES  
STATEMENTS OF ACTIVITIES  
YEARS ENDED JUNE 30, 2013 AND 2012

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total 2013</u>	<u>Total 2012</u>
REVENUES, GAINS, AND OTHER SUPPORT					
SUPPORT					
Contributions	\$ 494,303	\$ 612,167		\$ 1,106,470	\$ 1,275,239
Memberships	625,020			625,020	659,140
Total Support	<u>1,119,323</u>	<u>612,167</u>		<u>1,731,490</u>	<u>1,934,379</u>
REVENUES					
Mailing List Rentals, Net	408			408	1,639
Facility Rentals	2,046,785			2,046,785	1,726,120
Conferences and Events	0			0	78,367
Interest and Dividends	715	9		724	1,701
Interfund Interest	(10,000)		\$ 10,000	0	0
Sales of Books, CDs and DVDs, Net	88,406			88,406	120,763
Royalties, Fees, & Other	186,604	1,849		188,453	118,264
Total Revenues	<u>2,312,918</u>	<u>1,858</u>	<u>10,000</u>	<u>2,324,776</u>	<u>2,046,854</u>
TOTAL SUPPORT AND REVENUES	3,432,241	614,025	10,000	4,056,266	3,981,233
EXPENSES					
PROGRAM SERVICES					
Research	623,021			623,021	754,053
Education	2,945,593			2,945,593	3,047,233
Eco Design	23,241			23,241	44,869
Total Program Services	<u>3,591,855</u>			<u>3,591,855</u>	<u>3,846,155</u>
SUPPORTING SERVICES					
Management and General	543,196			543,196	582,526
Fundraising	315,175			315,175	429,820
Total Supporting Services	<u>858,371</u>			<u>858,371</u>	<u>1,012,346</u>
TOTAL EXPENSES	<u>4,450,226</u>			<u>4,450,226</u>	<u>4,858,501</u>
Contributions Released from Restrictions	<u>778,538</u>	<u>(778,538)</u>		<u>0</u>	<u>0</u>
CHANGE IN NET ASSETS	(239,447)	(164,513)	10,000	(393,960)	(877,268)
NET ASSETS AT BEGINNING OF YEAR	<u>5,804,709</u>	<u>682,433</u>	<u>207,774</u>	<u>6,694,916</u>	<u>7,572,184</u>
NET ASSETS AT END OF YEAR	<u>\$ 5,565,262</u>	<u>\$ 517,920</u>	<u>\$ 217,774</u>	<u>\$ 6,300,956</u>	<u>\$ 6,694,916</u>

INSTITUTE OF NOETIC SCIENCES  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 2013

	PROGRAM SERVICES					SUPPORTING SERVICES			Total Expenditures
	Research	Education	Eco Design	Total Program Services	Mgmt & General	Fundraising	Total Supporting Services	Total	
Salaries	200,648	1,354,788	17,826	\$ 1,573,262	290,401	209,146	\$ 499,547	\$ 2,072,809	
Occupancy	79,569	345,714	2,122	427,405	31,390	13,137	44,527	471,932	
Retreats and Events	1,975	398,967	0	400,942	16,365	7,687	24,052	424,994	
Employee Benefits	22,565	152,364	2,005	176,934	32,659	23,521	56,180	233,114	
Grants and Honoraria	229,455	2,500	0	231,955	9,996	0	9,996	241,951	
Data and Telecomm	6,274	156,318	0	162,592	0	33,624	33,624	196,216	
Depreciation	9,201	255,976	0	265,177	12,870	1,534	14,404	279,581	
Payroll Taxes	14,502	97,918	1,288	113,708	20,989	15,116	36,105	149,813	
Outreach	1,050	20,843	0	21,893	883	7,075	7,958	29,851	
Professional Fees	0	8,467	0	8,467	39,525	0	39,525	47,992	
Office	11,906	62,061	0	73,967	9,028	2,190	11,218	85,185	
Printing and Publications	27,662	27,194	0	54,856	669	1,069	1,738	56,594	
Interest	0	0	0	-	71,520	0	71,520	71,520	
Merchant Service Fees	0	46,388	0	46,388	0	0	-	46,388	
Postage and Mailing	1,575	14,084	0	15,659	3,722	978	4,700	20,359	
Travel	16,639	2,011	0	18,650	3,179	98	3,277	21,927	
Total Functional Expenses	\$ 623,021	\$ 2,945,593	\$ 23,241	\$ 3,591,855	\$ 543,196	\$ 315,175	\$ 858,371	\$ 4,450,226	
				81%	12%	7%		100%	

INSTITUTE OF NOETIC SCIENCES  
STATEMENTS OF CASH FLOWS  
YEARS ENDED JUNE 30, 2013 AND 2012

	2013	2012
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ (393,960)	\$ (877,268)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) in Operating Activities:		
Depreciation	279,581	282,016
Amortization	111,000	110,088
Changes In Assets & Liabilities		
(Increase) Decrease In Accounts Receivable	(53,875)	7,282
(Increase) Decrease In Inventory	3,669	(5,552)
(Increase) Decrease In Prepaid Expense and Deposits	(61,816)	16,620
Increase (Decrease) In Accounts Payable	(13,947)	69,769
Increase (Decrease) In Accrued Interest on Notes	9,712	(35,318)
Increase (Decrease) In Accrued Vacation Payable	11,589	(20,813)
Increase (Decrease) In Deferred Revenue	223,441	(220,658)
Net Cash Provided (Used) in Operating Activities	115,394	(673,834)
<b>CASH FLOWS USED IN FINANCING ACTIVITIES</b>		
Principal Draws on Lines of Credit	400,000	125,000
Net Cash Provided (Used) in Financing Activities	400,000	125,000
<b>CASH FLOWS PROVIDED (USED) IN INVESTING ACTIVITIES</b>		
Disposal of Automobile	(7,300)	0
Purchase of Fixed Assets	(362,685)	(287,905)
Net Cash Provided (Used) in Investing Activities	(369,985)	(287,905)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	145,409	(836,739)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	326,664	1,163,403
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	\$ 472,073	\$ 326,664

Supplemental Disclosures of Cash Flow Information:

	Interest Expense	\$ 71,520	\$ 53,644
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INSTITUTE OF NOETIC SCIENCES  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2013 AND 2012

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

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

Programs and activities include:

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

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

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

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

Method of Accounting

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

Depreciation and Capitalization

Fixed assets are stated at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets, ranging from three to thirty years. Donated artwork is held on the books at its estimated fair market value at the date of donation, and, in accordance with Generally Accepted Accounting Principles (GAAP) is not depreciated. Depreciation expense for the years ended June 30, 2013 and 2012, was \$279,581 and \$282,016, respectively.

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

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



INSTITUTE OF NOETIC SCIENCES  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2013 AND 2012

Recognition of Revenue and Expenses

Revenue is recorded when earned and expenditures when incurred.

Accounts Receivable

Receivables are considered past due after 30 days.

Functional Expenditures

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

Contributed Services

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

Estimates

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

Contributions

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

Inventories

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

Intangible Assets

Intangible assets consist of development expenses for the website for the Organization. Amortization is computed using the straight-line method over the estimated useful life of three years with no residual value. Amortization expense for the year ended June 30, 2013 and 2012 was \$111,000 and \$110,088, respectively.

INSTITUTE OF NOETIC SCIENCES  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2013 AND 2012

Sales Tax

Gross receipts are shown net of sales tax collected.

Vacation/Sick Pay

Vacation and sick pay's monthly accrual rate is based on each employee's length of employment. Both are accrued by the Organization and are carried over to the next year, but only vacation time is guaranteed. The accrued balances for the years ended June 30, 2013 and 2012, was \$134,819 and \$123,230 respectively.

Bad Debt

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

Income Taxes

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

GAAP provides accounting and disclosure guidance about positions taken by the Organization in its tax returns that might be uncertain. Management has considered its tax positions and believes that all of the positions taken by the Organization in its federal and state exempt organization tax returns are more likely than not to be sustained upon examination. The Organization's returns for the years ended June 30, 2010, 2011 and 2012, are subject to examination by federal and state taxing authorities, generally for three years after they are filed.

NOTE 2 - CASH

The Organization does not have any cash equivalents.

The Organization 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, 2013 the accounts exceeded \$250,000 by \$221,373. Such funds were at risk in the event of insolvency of the banking institutions.

INSTITUTE OF NOETIC SCIENCES  
 NOTES TO FINANCIAL STATEMENTS  
 YEARS ENDED JUNE 30, 2013 AND 2012

NOTE 3 – INVENTORIES

Inventories at June 30, 2013 and 2012, consist of the following:

	2013		
	Cost	Market	Lower of Cost or Market
Premium Merchandise	\$ 21,345	\$ 11,656	\$ 11,656
Retreat Center Bookstore	21,219	51,464	21,219
	\$ 42,564	\$ 63,120	\$ 32,875
	2012		
	Cost	Market	Lower of Cost or Market
Premium Merchandise	\$ 49,166	\$ 20,430	\$ 20,430
Retreat Center Bookstore	16,114	35,813	16,114
	\$ 65,280	\$ 56,243	\$ 36,544

The Organization developed multi-media material from their research activities; some were offered to members as gifts (premium merchandise) and some were held for sale. Management estimates the market value of the premium merchandise at 55% and 41% of cost at June 30, 2013 and 2012, respectively.

NOTE 4 – FIXED ASSETS

Fixed assets at June 30, 2013 consist of the following:

	Cost	Accumulated Depreciation	Book Value
Land	\$ 4,800,000	\$ 0	\$ 4,800,000
Buildings and Improvements	5,044,812	2,561,269	2,483,543
Furniture and Equipment	583,955	559,990	23,965
Construction in Progress	418,223	0	418,223
Trucks and Automobiles	45,548	39,718	5,830
Artwork	3,800	0	3,800
	\$ 10,896,338	\$ 3,160,977	\$ 7,735,361

INSTITUTE OF NOETIC SCIENCES  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2013 AND 2012

NOTE 5- NOTES PAYABLE

As of June 30, 2013, the Organization has various notes payable of \$1,400,000. All of the notes are due June 30, 2014 and have an interest rate of 5%.

Management expects to refinance the above notes payable before the due date of June 30, 2014.

NOTE 6 – RELATED PARTY TRANSACTIONS

The Organization has two lines of credit with George Zimmer, a board member. One line is a revolving line of credit available up to \$500,000. The other line of credit (Infrastructure Loan) was available for draws up to \$500,000 until June 30, 2010, additional draws were allowed in the current fiscal year due to an agreement with George Zimmer. Both loans have an interest rate of 5% with interest payable on June 30<sup>th</sup> of each calendar year commencing on June 30, 2010. The principal and unpaid interest is payable in full on June 30, 2014. Both loans are secured by the land and buildings of the Organization. The revolving line of credit principal balance was \$500,000 at June 30, 2013. The infrastructure loan principal balance for the years ended June 30, 2013 and 2012, was \$500,000. The Organization paid George Zimmer interest in the amount of \$50,000 for the year ended June 30, 2013. There was no accrued interest payable for the years ended June 30, 2013 and 2012.

On July 17, 2013, Betsy Gordon, a board member, took assignment of the George Zimmer lines of credit.

On November 21, 2012, Edgar Mitchell, a board member, loaned the Organization \$100,000. The loan has an interest rate of 5% with interest and principal payable in full on June 30, 2014. Accrued interest at the end of the year was \$3,028. On July 18, 2013 Edgar Mitchell converted his note to a gift to the Organization.

On January 16, 2013, Harriet Crosby, a board member, loaned the Organization \$50,000. The loan has an interest rate of 5% with interest and principal payable in full on June 30, 2014. Accrued interest at the end of the year was \$897.

The Organization paid \$28,332 in legal fees to Calhoun Pilgrim LLP. Brian Calhoun was the primary service provider and is the son of Mark Calhoun, a board member.

NOTE 7 – NET ASSETS

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

NOTE 8 – NET ASSETS RELEASED FROM RESTRICTIONS

This activity reflects those contributions previously temporarily restricted but have met those requirements described in Note 1 to become released from restrictions. At June 30, 2013 net assets released from restrictions was \$778,538.

INSTITUTE OF NOETIC SCIENCES  
 NOTES TO FINANCIAL STATEMENTS  
 YEARS ENDED JUNE 30, 2013 AND 2012

NOTE 9 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets as of June 30, 2013 and 2012 consist of contributions received, which are restricted for the following purposes:

	2013	2012
Research	\$ 458,883	\$ 644,615
Donor Advised Funds	59,037	37,818
	\$ 517,920	\$ 682,433

NOTE 10 – PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets as of June 30, 2013 and 2012 consist of cash and an interfund receivable in the amount of \$217,774 and \$207,774 respectively

NOTE 11 – LEASE INCOME

The Organization leases office space to other organizations that closely align with their charitable goals. Lease income was \$99,492 and \$99,356 for years ended June 30, 2013 and 2012 respectively. All leases are month to month at June 30, 2013. The leased fixed assets as of June 30, 2013 consist of the following:

	Cost	Accumulated Depreciation	Book Value
Buildings and Improvements	\$ 706,274	\$ 358,578	\$ 347,696

NOTE 12 – LEASE EXPENSE

The Organization paid \$189,022 and \$186,187 for operating leases for the year ended June 30, 2013 and 2012 respectively. The Organization has the following minimum lease payments for the remaining three fiscal years for office space:

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

INSTITUTE OF NOETIC SCIENCES  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2013 AND 2012

NOTE 13 – COST OF GOODS SOLD

Sales of books, CDs & DVDs are shown net of cost of goods sold on the statement of activities. In the year ended June 30, 2011 the Organization started to sell digital copies of material through their online store, which has no inventory cost. Sales and cost of goods sold at June 30, 2013 and 2012 consist of the following:

	<u>2013</u>	<u>2012</u>
Sales	\$ 123,874	\$ 147,257
Cost of Goods Sold	<u>35,468</u>	<u>26,494</u>
Net Sales	<u>\$ 88,406</u>	<u>\$ 120,763</u>

NOTE 14 – CONTINGENT LIABILITY

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

NOTE 15 – EVALUATION OF SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through January 24, 2014, the date which the financial statements were available to be issued.