HINKLE + LANDERS

Certified Public Accountants + Business Consultants

CENTER FOR ACTION AND CONTEMPLATION, INC.
FINANCIAL STATEMENTS

For The Year Ended
December 31, 2016
With Comparative Totals For 2015

2500 9th St. NW, Albuquerque, NM 87102 · 505.883.8788 · www.HL-cpas.com

CENTER FOR ACTION AND CONTEMPLATION

Financial Statements
and
Independent Auditor's Report

For the Year Ended December 31, 2016
With Comparative Totals For 2015

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Center for Action and Contemplation
OFFICIAL ROSTER

As of December 31, 2016

BOARD OF DIRECTORS

Phil Robers	Chair
Richard Rohr	Vice Chair
John Willome	Treasurer
Phileena Heuertz	Secretary
Christopher Ferebee	Director
Damien Faughnan	Director
Jean Esposito	Director
LaVera Crawley	Director

ADMINISTRATIVE OFFICERS

Michael Poffenberger	Executive Director
Corinne Carmony	Director of Finance and Operations

INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Center for Action and Contemplation, Inc.
Albuquerque, New Mexico

Report on the Financial Statements

We have audited the accompanying statement of financial position of the Center for Action and Contemplation, Inc. (Center) (a non-profit organization) as of December 31, 2016, and the related statements of activities, functional expenses and cash flows for the year 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit 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 The Center for Action and Contemplation as of December 31, 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Report on Summarized Comparative Information

The prior year summarized comparative information has been derived from the Center for Action and Contemplation, Inc.'s 2015 financial statements. We previously audited, and expressed an unmodified audit opinion on, the financial statements for the year ended December 31, 2015 in our report dated June 14, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2015 is consistent, in all material respects, from which it has been derived.

Hinkle + Landers, P.C.

Hinkle + Landers, P.C.
Albuquerque, NM
April 25, 2017

CENTER FOR ACTION AND CONTEMPLATION
STATEMENT OF FINANCIAL POSITION
As of December 31, 2016, With Comparative Totals For 2015

ASSETS	**Notes**	**2016**	2015
Current Assets			
Cash and cash equivalents	2	$ **516,140**	425,364
Investments	4	**5,593,311**	4,085,307
Receivables	5	**184,458**	139,433
Inventory	6	**116,820**	117,723
Prepaid expenses	7	**77,194**	37,389
Total current assets		**6,487,923**	4,805,216
Other Assets			
Note receivable	13	**-**	10,000
Land held for sale		**202,000**	502,000
Total other assets		**202,000**	512,000
Property and equipment	8		
Land		**283,000**	285,000
Buildings and improvements		**1,034,449**	1,034,449
Equipment and furniture		**442,930**	413,976
Total property and equipment		**1,760,379**	1,733,425
Less accumulated depreciation		**(669,493)**	(588,817)
		1,090,886	1,144,608
Total assets		$ **7,780,809**	6,461,824
LIABILITIES AND NET ASSETS			
Current Liabilities			
Accounts payable		$ **100,359**	122,936
Accrued payroll liabilities		**110,817**	83,697
Unearned revenue		**424,355**	197,363
Current portion of capital lease		**11,618**	10,470
Other liabilities		**26,564**	23,960
Total current liabilities		**673,713**	438,426
Non-Current Liabilities			
Capital lease- long-term portion		**7,396**	16,055
Land proceeds pledged to others		**100,000**	250,000
		107,396	266,055
Total liabilities		**781,109**	704,481
Net Assets			
Investment in property and equipment, net of debt		**1,071,872**	1,118,083
Unrestricted		**5,902,810**	4,475,061
Temporarily restricted		**25,018**	164,199
Total net assets		**6,999,700**	5,757,343
Total liabilities and net assets		$ **7,780,809**	6,461,824

SEE INDEPENDENT AUDITOR'S REPORT
The accompanying notes are an integral part of the financial statements

CENTER FOR ACTION AND CONTEMPLATION
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2016, With Comparative Totals For 2015

	2016			2015
	Unrestricted	**Temporarily Restricted**	**Total**	Total
Program Revenues and Support				
Contributions	$ 2,922,467	108,093	**3,030,560**	1,770,355
Conferences	396,390	-	**396,390**	630,863
Living school	457,350	-	**457,350**	644,492
Royalties	272,211	-	**272,211**	251,744
Investment income, net	31,690	-	**31,690**	9,743
Services	10,860	-	**10,860**	7,277
Other	4,123	-	**4,123**	449
Total revenues and support	4,095,091	108,093	**4,203,184**	3,314,923
Book and Expressions Revenue				
Sales	1,440,907	-	**1,440,907**	1,164,841
Cost of sales	(227,284)	-	**(227,284)**	(200,537)
Gross profit	1,213,623	-	**1,213,623**	964,304
Net assets released from restrictions	247,274	(247,274)	**-**	-
Total support and revenues	5,555,988	(139,181)	**5,416,807**	4,279,227
Expenses and Losses				
Program	3,075,497	-	**3,075,497**	2,318,884
Administrative	504,040	-	**504,040**	437,973
Fundraising	412,436	-	**412,436**	276,412
Unrealized loss on investments	30,477	-	**30,477**	6,361
Adjustment for lower of cost or market- land held for sale	152,000	-	**152,000**	-
Total expenses and losses	4,174,450	-	**4,174,450**	3,039,630
Change in net assets	1,381,538	(139,181)	**1,242,357**	1,239,597
Net assets, beginning of year	5,593,144	164,199	**5,757,343**	4,517,746
Net assets, beg. of year, restated	5,593,144	164,199	**5,757,343**	4,517,746
Net assets, end of year	$ 6,974,682	25,018	**6,999,700**	5,757,343

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CENTER FOR ACTION AND CONTEMPLATION
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2016, With Comparative Totals For 2015

		2016			2015
	Program Services	Administrative and General	Fundraising	Total	Total
Salaries	$ 1,144,537	145,731	97,649	**1,387,917**	1,005,270
Employee Benefits	137,494	24,122	13,731	**175,346**	153,792
Payroll taxes	119,151	15,368	10,363	**144,882**	94,104
	1,401,182	185,220	121,743	**1,708,145**	1,253,166
Professional services	482,486	116,139	12,006	**610,631**	464,718
Postage	99,060	653	108,729	**208,442**	122,105
Printing and copies	45,249	87	34,703	**80,039**	124,669
Information technology	181,549	55,715	17,399	**254,663**	107,461
Office expenses	11,085	5,336	-	**16,421**	17,390
Conferences	271,643	1,131	-	**272,774**	351,611
Bank fees	93,887	458	90,791	**185,136**	136,390
Maintenance	38,343	23,967	-	**62,310**	60,185
Utilities	15,902	9,709	-	**25,611**	32,011
Insurance	14,056	8,986	-	**23,042**	27,486
Professional development	11,991	1,693	-	**13,684**	8,585
Royalties	14,294	-	-	**14,294**	17,466
Scholarship expense	212,665	-	-	**212,665**	49,905
Travel	36,352	11,402	-	**47,754**	22,700
Advertising	6,877	144	-	**7,021**	21,948
Meals and entertainment	14,566	5,039	-	**19,605**	6,371
Board meetings	5,734	3,666	-	**9,400**	7,314
Donations	59,974	37,428	-	**97,402**	77,940
Production costs	532	139	27,065	**27,736**	-
Contract Labor	-	-	-	**-**	32,136
Total expenses before depreciation	3,017,426	466,913	412,436	**3,896,775**	2,941,557
Depreciation	58,071	37,127	-	**95,198**	91,712
Total expenses	$ 3,075,497	504,040	412,436	**3,991,973**	3,033,269

SEE INDEPENDENT AUDITOR'S REPORT

The accompanying notes are an integral part of the financial statements

CENTER FOR ACTION AND CONTEMPLATION
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2016, With Comparative Totals For 2015

		2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from:			
Contributions	$	**3,030,560**	1,770,355
Conferences		**396,390**	630,863
Living School		**457,350**	644,492
Services		**10,860**	7,277
Royalties		**464,178**	477,579
Interest income		**45,532**	36,906
Other		**4,123**	449
Sales		**1,440,907**	1,164,841
Subtotal cash received from operating activities		**5,849,900**	4,732,762
Cash paid to suppliers and employees		**(4,168,925)**	(3,186,416)
Net cash provided (used) by operating activities		**1,680,975**	1,546,346
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchases of property and equipment		**(43,476)**	(35,247)
Proceeds from sale of investments		**235,888**	18,599
Purchases of investments		**(1,775,100)**	(3,145,733)
Net cash provided (used) by investing activities		**(1,582,688)**	(3,162,381)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Payment of capital lease		**(7,511)**	(10,390)
Net cash provided (used) by financing activities		**(7,511)**	(10,390)
Net change in cash		**90,776**	(1,626,425)
Cash and cash equivalents, beginning of year		**425,364**	2,051,789
Cash and cash equivalents, end of year	$	**516,140**	425,364

Reconciliation of change in net assets to cash provided (used) by operating activities

Change in net assets	$	**1,242,357**	1,239,597
Depreciation expense		**95,198**	91,712
Realized and unrealized loss on investments		**31,208**	28,070
Loss on disposition of assets		**152,000**	-
(Increase) decrease in prepaid assets		**(39,805)**	18,057
(Increase) decrease in inventory		**903**	24,414
Increase (decrease) in accounts payable		**(22,577)**	(7,643)
Increase (decrease) in payroll and other liabilities		**29,724**	(73,696)
(Increase) decrease in receivables		**(35,025)**	39,406
Increase (decrease) in unearned revenue		**226,992**	186,429
	$	**1,680,975**	1,546,346

SUPPLEMENTAL DISCLOSURE

Capital lease obligation incurred	$	**-**	4,365

SEE INDEPENDENT AUDITOR'S REPORT
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NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader:

Nature of Activities

The Center for Action and Contemplation, Inc. (Center) is a center for experiential education, rooted in the Gospels, encouraging the transformation of human consciousness through contemplation and equipping people to be instruments of peaceful change in the world.

This is lived out in a variety of ways:

- Connection with people on all 6 continents through webcasts, periodic emails and events.
- Daily engagement with 247,000 people through email Daily Meditations.
- Quarterly engagement with 30,000 people through our Mendicant newsletter.
- Regular opportunities for connection with multiple constituencies through about 1-2 events a year.
- Enrichment of incalculable numbers of people through Richard Rohr's body of work, including products currently available for sale.
- In the year 2016, the Center offered 49 book titles and 201 recording titles (CD/DVD/MP3/and MP4).

Basis of Presentation

Both the 2016 and the 2015 financial statements for of the Center have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

Advertising

The Center expenses advertising costs as they are incurred, which were $7,021 and $21,948 in 2016 and 2015, respectively.

Reclassifications

Certain prior year amounts may have been reclassified to be consistent with the current year presentation.

Functional Classification of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and support services benefited.

Accounting Method

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its FASB ASC 958, *Financial Statements of Not-for-Profit Centers*. Under FASB ASC 958, the Center is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. The Center also may designate certain unrestricted net assets of the Center to be used for special purposes.

Unrestricted and Board Designated Net Assets
Undesignated, unrestricted net assets are used to account for all resources over which the Board of Directors has discretionary control. The unrestricted net assets represent the investment in unrestricted assets and amounts invested in property and equipment, less accumulated depreciation and amortization and any related debt. As of December 31, 2016, no amounts had been designated by the Board of Directors for special purposes.

Temporarily Restricted Net Assets
Temporarily restricted net assets result from contributions and other inflows of assets, the use of which is limited by donor-imposed stipulations that expire by passage of time or can be fulfilled and removed by actions of The Center pursuant to those stipulations. See Note 11 for the temporarily restricted net asset balance.

Permanently Restricted Net Assets
Permanently restricted net assets result from contributions and other inflows of assets, the use of which is limited by donor-imposed stipulations that cannot be removed by actions of the Center. At December 31, 2016, the Center reported no permanently restricted net assets.

Income Taxes
Center for Action and Contemplation, Inc. is exempt from federal income taxes under section 501(A) of the Internal Revenue Code as an organization described in section 501(c)(3) and has been designated as a charity other than a private foundation. The State of New Mexico also recognizes this exemption.

Accounting for Uncertainty in Tax Provisions
The Center files their Federal Form 990 tax return in the U.S. federal jurisdiction. The Center is generally no longer subject to examination by the Internal Revenue Service and the New Mexico Taxation and Revenue Department for fiscal years before 2013. The Center is not currently under audit nor has the Center been contacted by any of these jurisdictions. Management believes that they are operating within their tax-exempt purpose.

The Center recognizes interest accrued related to unrecognized tax benefits in interest expenses and penalties in operating expenses, when applicable. No provision for the effects of uncertain tax positions has been recorded for the years ended December 31, 2016 or 2015.

Cash and Cash Equivalents
For purposes of the statement of cash flows, the Center considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Investments
Center for Action and Contemplation, Inc. has adopted FASB ASC 958-320, *Investments—Debt and Equity Securities*. Under ASC 958-320, investments in marketable securities with readily determinable fair market values and all investments in debt securities are reported at their fair market values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met, either by passage of time or by use, in the reporting period in which the income and gains are recognized.

Land Held For Sale

Land held for sale is stated at lower of cost or fair value. During 2016, the land was re-appraised, resulting in a reduction of $300,000 to its value. This asset is identified as a Level 3 type asset. The asset is summarized as follows:

Description	2016	2015
Land held for sale	$ **202,000**	502,000
Total	$ **202,000**	502,000

Summary of Fair Value Exposure

U.S. generally accepted accounting principles, as they relate to fair value measurement, establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under Fair Value Measurement are described as follows:

Level 1

Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Investment Entity has the ability to access.

Level 2

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liabilities;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full asset or liability value.

Level 3

Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The table below presents the fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis as of December 31:

	Level 3		
Description	2015	adjustment	2016
Land held for sale	$ 502,000	(300,000)	**202,000**
Total	$ 502,000	(300,000)	**202,000**

The following assumptions were used to estimate the fair value of the assets included in the table above:

- **Land held for sale—(Level 3)**
  The Center made a lower of cost or market adjustment to reduce land held for sale based on an appraisal conducted during 2016, as well as a realtor's opinion on realizable value.

The carrying amounts of cash and cash equivalents, receivables, payables, accrued expenses and other liabilities approximate fair value due to the short maturity periods of these instruments.

Property, Equipment and Depreciation
Property and equipment is carried at cost or, if donated, at the approximate fair value at the date of donation. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. During 2015, the Center decided to lower its capitalization threshold from $5,000 to $1,000. Expenditures for property and equipment with a cost of $1,000 or more and with a useful life of one year or greater are capitalized and depreciated on a straight-line basis over their estimated useful life. Items with a cost of less than $1,000 are expensed in the year of acquisition. The major classifications of property and equipment and the related depreciable lives are as follows:

Description	Estimated Useful Lives
Furniture and Equipment	3 - 7 years
Buildings and Improvements	7 - 40 years

Repairs and maintenance expenses are charged to operations when incurred and major betterments and replacements are capitalized. The Center adopted the provisions of FASB ASC 360-10-45, *Property and Equipment; Other Presentation Matters*. In accordance with ASC 360-10-45, the Center uses the direct expensing method to account for planned major maintenance activities. The adoption of this provision has no effect on the prior year ending net assets.

Impairment of Long-Lived Assets
The Center accounts for long-lived assets in accordance with the provisions of FASB ASC 360-10 and subsections *Accounting for the Impairment of Long-Lived Assets*. The provision requires that long-lived assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or the fair value less costs to sell. Management does not believe impairment indicators are present as of December 31, 2016.

Inventory
The Center's inventory includes books, Expressions (including CDs, DVDs, MP3s and other multi-media materials) and other miscellaneous items for sale. Inventory is stated at cost.

Accounting Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

Contributions

The Center for Action and Contemplation, Inc. has adopted FASB ASC 958-605, *Not-for-Profit Entities; Revenue Recognition*. All contributions are considered available for the Center's general programs unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor are reported as temporarily or permanently restricted support and increase the respective class of net assets. Contributions received with temporary restrictions that are met in the same reporting period are reported as unrestricted support and increase unrestricted net assets. When a donor restriction expires, restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Investment income that is limited to specific uses by donor restrictions is reported as increases in unrestricted net assets if the restrictions are met in the same reporting period as the income is recognized. Donated stocks, bonds or other securities are recorded at the fair market value on the date of the gift.

Gifts of long-lived assets are reported as unrestricted support unless the donor has restricted the use of the assets for specific purposes. Long-lived assets with explicit restrictions and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service. Contributed long-lived assets are recorded at their fair market value on the date of receipt.

Donated Services and Materials

A substantial number of volunteers have made significant contributions of their time in the furtherance of the Center's activities. The value of this contributed time is not reflected in these statements as it does not meet the criteria for recognition under accounting principles generally accepted in the United States of America. Donated marketable securities and other non-cash donations are recorded as contributions at their estimated fair values at the date of donation.

Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose.

NOTE 2—CASH AND CASH EQUIVALENTS
A summary of cash and cash equivalents held at December 31 is as follows:

		2016	2015
Cash in bank-Operating accounts	$	**297,020**	78,784
Cash in bank-Savings		**-**	196,572
PayPal		**19,013**	-
ICS Insured Cash Sweep		**200,107**	150,008
Total Cash and Cash Equivalents	$	**516,140**	425,364

NOTE 3—CONCENTRATION OF CREDIT RISK
As of December 31, 2016, the Center's cash balance in its checking account exceeded FDIC coverage of $250,000 by $47,020. This was unusual because the Center's policy is to move cash to investments before this threshold is reached.

NOTE 4—INVESTMENTS
The Center invests any cash not immediately needed for operations with Wealth Advisory Services, an affiliate of New Mexico Bank and Trust. A summary of changes to the accounts is as follows:

		2016	2015
Government agency	$	**4,129,549**	2,828,861
US Treasury notes & bonds		**1,432,989**	1,157,119
Money market funds		**30,773**	99,327
Total Investments	$	**5,593,311**	4,085,307

NOTE 5—ACCOUNTS RECEIVABLE
The accounts receivable account consists mainly of royalties receivable. Other receivables of the Center are incidental.

		2016	2015
Royalties receivable	$	**183,760**	138,664
Other receivables		**698**	769
Total Receivables	$	**184,458**	139,433

NOTE 6—INVENTORY
The Center maintains an inventory of books, cds, dvds, and other items of this type, mainly produced by the Center itself. Inventory is priced at cost to produce. It is sold at the Center's bookstore and online.

NOTE 7—PREPAID EXPENSES
Prepaid expenses consist mainly of prepaid insurance, prepaid IT services, and prepaid postage.

NOTE 8—PROPERTY AND EQUIPMENT

A summary of property and equipment, reported at cost at December 31, 2016 is as follows:

	2015	Additions	Deletions	2016
Building and improvements	$ 1,034,449	-	-	**1,034,449**
Furniture and equipment	413,976	43,476	(14,522)	**442,930**
Subtotal	1,448,425	43,476	(14,522)	**1,477,379**
Less accumulated depreciation	(588,817)	(95,198)	14,522	**(669,493)**
Subtotal depreciable property & equipment	859,608	(51,722)	-	**807,886**
Land	285,000	-	(2,000)	**283,000**
Subtotal non-depreciable property & equipment	285,000	-	(2,000)	**283,000**
Net property and equipment	$ 1,144,608	(51,722)	(2,000)	**1,090,886**

Depreciation expense was $95,198 and $91,712 for the years ended December 31, 2016 and 2015, respectively.

NOTE 9—COMPENSATED ABSENCES

The Center allows its employees to accrue time off with pay, beginning on their date of hire. Employees accrue paid time off pro-rated based on their years of service. The maximum amount of accrued leave is limited to 120 hours, 160 hours or 200 hours depending upon years of service, and up to 80 hours is paid out upon termination. As of December 31, 2016 and 2015, employees' accrued leave totaled $31,457 and $30,924, respectively.

NOTE 10—LEASE COMMITMENTS

During 2014, the Center entered into two capital lease agreements for 48 months. The payment schedule is a follows:

2017	$ 11,618
2018	6,581
2019	815
Thereafter	-
	$ 19,014

NOTE 11—TEMPORARILY RESTRICTED NET ASSETS

For the year ended December 31, 2016, the Center had $25,018 in temporarily restricted assets. The funds are restricted for the Living School and general scholarships.

NOTE 12—SALES AND COST OF GOODS SOLD

Sales and cost of goods sold are as follows:

	2016	**%**	2015	%
Sales	$ **1,440,907**	**100%**	1,164,841	100%
COGS-Production supplies	**(227,284)**	**(16)%**	(200,537)	(17)%
Gross margin	$ **1,213,623**	**84%**	964,304	83%

NOTE 13—NOTE RECEIVABLE

The Center extended one loan to the New Mexico Community Development Loan Fund in 2013 with the amount of $10,000. The loan had a one year term, but was extended each year until 2016. In 2016, the Center decided to convert the loan to a permanent donation.

NOTE 14—LAND PROCEEDS PLEDGED TO OTHERS

The Center has pledged ½ the proceeds of the land held for sale (excluding the land in Socorro, which is valued at $2,000) to the non-profit organization Illuman, a 501(c)(3) organization.

NOTE 15—ECONOMIC DEPENDENCY

The Center receives a significant portion of its revenue from contributions, conferences, royalties, and sales of books and recordings. Most of the inventory as well as the royalty proceeds are from materials authored by the founder. The founder is also involved in teaching the conferences and the Living School. If the founder were to separate from the organization, it is possible that the revenues noted above would be greatly diminished. It is also possible that contributions would be significantly diminished as well under these circumstances. As of the issuance of these financial statements, such a separation is not expected in the foreseeable future. The Board of Directors approved a strategic plan in July, 2016 which addresses the future of the Center when the founder is no longer actively involved. This plan is being implemented which includes the addition of two new core faculty in January of 2017.

Concentrations		2016	%	2015	%
Contributions	$	**3,030,560**	56%	1,770,355	41%
Conferences		**396,390**	7%	630,863	15%
Living school		**457,350**	8%	644,492	15%
Royalties		**272,211**	5%	251,744	6%
Investment income, net		**31,690**	1%	9,743	0%
Services		**10,860**	0%	7,277	0%
Other		**4,123**	0%	449	0%
Gross profit from inventory sales		**1,213,623**	22%	964,304	23%
Total support and revenues	$	**5,416,807**	100%	4,279,227	100%

NOTE 16—EVALUATION OF SUBSEQUENT EVENTS

Subsequent events are events or transactions that occur after the Statement of Financial Position date but before the financial statements are issued. The organization recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the Statement of Financial Position, including the estimates inherent in the process of preparing the financial statements. The organization's financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the statement of financial position but arose after the statement of financial position date and before financial statements are available to be issued.

The Center has evaluated subsequent events through April 25, 2017, which is the date the financial statements were available to be issued.