REPORT OF INDEPENDENT AUDITORS
AND FINANCIAL STATEMENTS

CENTER FOR ACTION AND CONTEMPLATION, INC.

December 31, 2019 and 2018

MOSSADAMS

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Center for Action and Contemplation, Inc.
Official Roster (Unaudited)
December 31, 2019

Board of Directors:

LaVera Crawley, Chair

Richard Rohr, Founding Chair

Jack Willome, Vice Chair

Heidi Franklin, Treasurer

Alexie Torres-Fleming, Secretary

Christopher Ferebee, Director

Wally Goulet, Director

Philenna Heuertz, Director

Christian Peele, Director

Don Samuels, Director

Drew Jackson, Director

Administrative Officers:

Michael Poffenberger, Executive Director

Doug Murrell, Chief Operating Officer

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Report of Independent Auditors

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Center for Action and Contemplation, Inc. (the "Center") (a non-profit organization) which comprise the statements of financial position as of December 31, 2019 and 2018, 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 audits 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, Inc. as of December 31, 2019 and 2018, 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.

Other Matter – Report on Summarized Comparative Information

We have previously audited Center for Action and Contemplation, Inc.'s December 31, 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 16, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Moss Adams LLP

Albuquerque, New Mexico
November 18, 2020

Center for Action and Contemplation, Inc.
Statements of Financial Position

ASSETS

	December 31, 2019	December 31, 2018
CURRENT ASSETS		
Cash and cash equivalents	$ 712,713	$ 681,822
Investments	9,897,828	9,249,375
Receivables	263,472	140,218
Inventory	188,218	129,246
Prepaid expenses	196,579	134,992
Total current assets	11,258,810	10,335,653
NONCURRENT ASSETS		
Property and equipment		
Land	559,977	559,977
Buildings and improvements	1,202,499	1,128,203
Equipment and furniture	624,915	546,162
Construction in process	14,844	43,558
	2,402,235	2,277,900
Less accumulated depreciation	(856,525)	(730,788)
Total property and equipment, net	1,545,710	1,547,112
Intangibles, net	68,397	7,576
Net noncurrent assets	1,614,107	1,554,688
Total assets	$ 12,872,917	$ 11,890,341

See accompanying notes.

LIABILITIES AND NET ASSETS

	December 31, 2019	December 31, 2018
CURRENT LIABILITIES		
Accounts payable	$ 74,433	$ 81,848
Accrued payroll liabilities	262,780	101,043
Unearned revenue	629,519	1,064,152
Other liabilities	462,740	190,057
Total current liabilities	1,429,472	1,437,100
Total liabilities	1,429,472	1,437,100
NET ASSETS		
Without donor restriction		
Board Designated for emergency reserve	2,500,000	2,500,000
Board Designated for strategic initiative reserve	6,870,350	5,338,058
Board Designated for general scholarships	250,000	-
Investment in property, equipment and intangibles	1,614,107	1,554,688
Other	16,863	927,606
Total without donor restriction	11,251,320	10,320,352
With donor restriction	192,125	132,889
Total net assets	11,443,445	10,453,241
Total liabilities and net assets	$ 12,872,917	$ 11,890,341

Center for Action and Contemplation, Inc.
Statements of Activities

	Year Ended December 31, 2019			Year Ended
	Without Donor Restriction	With Donor Restriction	Total	December 31, 2018
PROGRAM REVENUES AND SUPPORT				
Contributions	$ 4,821,727	$ 123,709	$ 4,945,436	$ 4,341,989
Conferences	811,208	-	811,208	484,666
Living school	1,011,320	-	1,011,320	787,650
Royalties	586,495	-	586,495	242,635
Investment income, net	208,030	-	208,030	112,838
Services	21,631	-	21,631	15,297
Other	1,451	-	1,451	2,256
Total program revenues and support	7,461,862	123,709	7,585,571	5,987,331
BOOK AND MEDIA REVENUES				
Sales	1,778,271	-	1,778,271	1,314,533
Cost of sales	(199,696)	-	(199,696)	(164,252)
Gross profit	1,578,575	-	1,578,575	1,150,281
Net assets released from restrictions	64,473	(64,473)	-	-
Total support and revenues	9,104,910	59,236	9,164,146	7,137,612
EXPENSES AND LOSSES				
Program	5,100,441	-	5,100,441	4,369,437
Administrative	2,932,762	-	2,932,762	2,053,260
Fundraising	202,924	-	202,924	253,494
Total expenses before other (income) expense	8,236,127	-	8,236,127	6,676,191
OTHER (INCOME) EXPENSE				
Unrealized gain on investments	(64,347)	-	(64,347)	(6,236)
Loss on asset disposal	2,162	-	2,162	2,000
Total other (income) expense	(62,185)	-	(62,185)	(4,236)
Total expenses	8,173,942	-	8,173,942	6,671,955
Change in net assets	930,968	59,236	990,204	465,657
Net assets, beginning of year	10,320,352	132,889	10,453,241	9,987,584
Net assets, end of year	$ 11,251,320	$ 192,125	$ 11,443,445	$ 10,453,241

	Year Ended December 31, 2019			
	Program Services	Administrative and General	Fundraising	Total
Salaries	$ 1,529,484	$ 1,569,522	$ 48,249	$ 3,147,255
Employee benefits	231,610	189,696	6,253	427,559
Payroll taxes	119,760	115,490	4,246	239,496
	1,880,854	1,874,708	58,748	3,814,310
Professional services	803,182	496,439	9,937	1,309,558
Information technology	342,314	164,095	7,262	513,671
Office expenses	325,515	11,270	116,544	453,329
Conferences	521,192	601	31	521,824
Maintenance	39,291	40,543	1,209	81,043
Utilities	57,499	59,236	1,927	118,662
Insurance	-	27,465	-	27,465
Professional development	27,255	18,310	546	46,111
Royalties	157,772	-	-	157,772
Scholarship expense	444,509	-	-	444,509
Travel	88,860	27,436	3,738	120,034
Advertising	1,145	94,016	-	95,161
Meals and entertainment	34,948	24,081	857	59,886
Board meetings	-	23,336	-	23,336
Donations	302,039	-	-	302,039
Production cost	9,832	2,557	76	12,465
Total expense before depreciation, amortization and other gains	5,036,207	2,864,093	200,875	8,101,175
Depreciation and amortization	64,234	68,669	2,049	134,952
Total expenses	$ 5,100,441	$ 2,932,762	$ 202,924	$ 8,236,127

See accompanying notes.

Center for Action and Contemplation, Inc.
Statements of Functional Expenses

	Year Ended December 31, 2018			
	Program Services	Administrative and General	Fundraising	Total
Salaries	$ 1,496,265	$ 1,070,958	$ 77,180	$ 2,644,403
Employee benefits	217,242	138,027	9,354	364,623
Payroll taxes	116,732	83,942	6,128	206,802
	1,830,239	1,292,927	92,662	3,215,828
Professional services	567,199	298,077	13,862	879,138
Postage	126,350	760	19,351	146,461
Printing and copies	72,126	597	32,274	104,997
Information technology	462,886	140,750	13,603	617,239
Office expenses	10,315	4,850	654	15,819
Conferences	395,736	3,296	218	399,250
Bank fees	92,137	3,096	66,190	161,423
Maintenance	40,010	37,799	2,467	80,276
Utilities	54,877	49,067	3,207	107,151
Insurance	-	26,978	-	26,978
Professional development	52,157	43,317	2,862	98,336
Royalties	17,478	-	-	17,478
Scholarship expense	313,116	-	-	313,116
Travel	90,953	17,385	1,399	109,737
Advertising	3,978	49,156	-	53,134
Meals and entertainment	25,106	13,865	1,014	39,985
Board meetings	-	13,158	-	13,158
Donations	149,944	1,714	-	151,658
Production cost	8,002	2,940	194	11,136
Total expense before depreciation, amortization, and other gains	4,312,609	1,999,732	249,957	6,562,298
Depreciation and amortization	56,828	53,528	3,537	113,893
Total expenses	$ 4,369,437	$ 2,053,260	$ 253,494	$ 6,676,191

See accompanying notes.

Center for Action and Contemplation, Inc.
Statements of Cash Flows

	Years Ended December 31, 2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from:		
Contributions	$ 4,135,596	$ 5,749,565
Conferences	1,279,254	1,228,472
Living school	1,067,890	759,354
Royalties	313,832	308,756
Interest income	165,206	21,007
Other	23,082	26,539
Sales	1,578,575	1,150,281
Cash paid to suppliers and employees	(7,794,729)	(6,591,002)
Net cash provided by operating activities	768,706	2,652,972
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of property and equipment	21,428	-
Purchases of intangibles	(64,200)	-
Purchases of property and equipment	(153,761)	(171,410)
Proceeds from sale of investments	2,448,499	1,405,925
Purchases of investments	(2,989,781)	(3,790,208)
Net cash used in investing activities	(737,815)	(2,555,693)
Net change in cash	30,891	97,279
CASH AND CASH EQUIVALENTS, beginning of year	681,822	584,543
CASH AND CASH EQUIVALENTS, end of year	$ 712,713	$ 681,822
RECONCILIATION OF CHANGE IN NET ASSETS TO CASH PROVIDED BY OPERATING ACTIVITIES		
Change in net assets	$ 990,204	$ 465,657
Depreciation and amortization expense	134,952	113,893
Realized/unrealized (gain) loss on investments	(107,171)	(119,642)
Loss (gain) on land held for sale	-	2,000
Loss on disposition of property and equipment	2,162	-
Changes in assets and liabilities		
Receivables	(123,254)	1,342,264
Inventory	(58,972)	(13,844)
Prepaid expenses	(61,587)	(53,181)
Accounts payable	(7,415)	28,305
Accrued payroll and other liabilities	434,420	14,820
Unearned revenue	(434,633)	872,700
	$ 768,706	$ 2,652,972

Note 1 – Organization

Nature of Activities

The Center for Action and Contemplation, Inc. (the "Center") introduces spiritual seekers to the transformative wisdom of the Christian contemplative tradition and nurtures its emergence in service to the healing of our world.

This mission is realized through a variety of programs, including:

- Daily e-mail meditations circulated to approximately 335,000 people
- Regular online courses and live webcast teachings serving thousands of seekers around the world
- Live teaching and community-building events held in Albuquerque, New Mexico
- A two-year enrichment program featuring online learning, community-based spiritual formation, and in-person teaching experiences
- An online resource center offering dozens of books, video, and audio teachings

Note 2 – Significant Accounting Policies

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

Net Asset Classifications

Net Assets Without Donor Restriction and Board Designated Net Assets

Undesignated, net assets without donor restrictions are used to account for all resources over which the Board of Directors has discretionary control. The net assets without donor restriction represent the investment in assets that do not have any donor imposed restrictions and amounts invested in property and equipment, less accumulated depreciation and amortization and any related debt.

Net Assets With Donor Restrictions

Net assets with donor restrictions 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 9 for the net asset with donor restrictions balance.

Net assets with donor restrictions, which are perpetual in nature, 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, 2019 and 2018, the Center reported no net assets with donor restrictions, which are perpetual in nature.

Note 2 – Significant Accounting Policies (continued)

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

Investments consist of marketable investments which are recorded at fair value in accordance with Accounting Standards Codification (ASC) 820 *Fair Value Measurements and Disclosures* (see Note 4). Realized and unrealized gains and losses less external and direct internal investment expenses are recognized in the statements of activities. 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.

Receivables

Receivables represent amounts due from royalty payments. All receivables are deemed fully collectible and therefore no allowance is deemed necessary.

Inventory

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

Prepaid Expenses

Prepaid expenses consist mainly of prepaid insurance, prepaid IT services, prepaid conference expenses, and prepaid postage.

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. 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
Equipment and furniture	3-7 years
Buildings and improvements	7-14 years

Repairs and maintenance expenses are charged to operations when incurred and major betterments and replacements are capitalized.

Note 2 – Significant Accounting Policies (continued)

Intangibles
Intangibles acquired are carried at cost and amortized over the economic or technological life of the intangible asset.

Impairment of Long-Lived Assets
The Center accounts for long-lived assets in accordance with the provisions of 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, 2019 and 2018.

Unearned Revenue
Income from advance conference sales is deferred and recognized over the fiscal years to which the conferences relate.

Contributions
The Center for Action and Contemplation, Inc. has adopted 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 with donor restriction support and increase the respective class of net assets. Contributions received with time restrictions that are met in the same reporting period are reported as without donor restriction support and increase net assets without donor restrictions. When a donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions 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 net assets without donor restrictions 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.

Note 2 – Significant Accounting Policies (continued)

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.

Advertising
The Center expenses advertising costs as they are incurred, which were $95,161 and $53,134 for the years ending December 31, 2019 and 2018, respectively.

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. These costs include salaries and benefits, occupancy, information technology and other shared costs and are allocated based on estimates of time and effort.

Federal Income Tax
The Center has adopted the provisions of ASC 740-10, *Accounting for Uncertainty in Income Taxes.* The Center recognizes the tax (benefit) expense from uncertain tax positions only if it is more likely than not that the tax positions will be sustained on examination by the tax authorities, based on the technical merits of the position. Any such tax (benefit) expense is measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. The Center had no unrecognized tax benefits as of December 31, 2019 and 2018. The Center files an exempt organization return with the Internal Revenue Service (IRS). It is not a "private foundation" for tax purposes. The Center had no taxable unrelated business income for the years ended December 31, 2019 and 2018. Accordingly, a provision for income taxes has not been established in the accompanying financial statements.

Note 2 – Significant Accounting Policies (continued)

Use of Estimates
The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from these estimates.

Recent Accounting Pronouncements
Accounting Standards Update (ASU) 2016-02 and 2020-05 – Leases: Changes the way lessees will recognize leases as they will recognize most leases on-balance sheet and will increase reported assets and liabilities. Lessor accounting remains substantially similar to current U.S. GAAP. ASU 2016-02 is effective for annual periods beginning after December 15, 2020, and interim periods in fiscal years beginning after December 15, 2021. The ASU mandates a modified retrospective transition method for all entities. Management is currently evaluating the impact of this ASU, but does not anticipate a significant impact to the financial statements upon adoption.

ASU 2018-08 – Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made – This ASU provides clarification in evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, *Not-for-Profit Entities*, or as exchange (reciprocal) transactions subject to other guidance and determining whether a contribution is conditional. The guidance is applicable for transactions where the entity serves as the resource recipient beginning after December 15, 2018 and for transactions in which the entity serves as the resource provider beginning after December 15, 2019. The Center adopted the ASU as a resource recipient as of the date of the initial application of January 1, 2019. Management is in the process of determining the impact of this pronouncement as a resource provider.

The Center applied the ASU using the full retrospective method. However, the adoption of the new standard did not have an effect on earnings or on the timing of the Center's contributions. Therefore, there was no adjustment to the statement of activities for the years ending December 31, 2019 or 2018.

Subsequent Events
Subsequent events are events or transactions that occur after the statements of financial position date but before the financial statements are issued. The Center 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 Center'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 November 18, 2020, which is the date the financial statements were available to be issued (see Note 13).

Note 3 – Liquidity and Availability

Financial assets available for general expenditure within one year of the balance sheet date comprise the following:

Financial Assets as of December 31, 2019	
Cash and cash equivalents	$ 712,713
Investments	9,897,828
Receivables	263,472
Total financial assets	10,874,013
Less those unavailable for general expenditure within one year due to:	
Restricted by donor for scholarships	(123,709)
Scholarships committed in future years	(206,453)
Board Designations:	
Emergency Reserve	(2,500,000)
Strategic Initiative Reserve	(6,870,350)
General Scholarships	(250,000)
Financial assets available to meet cash needs for general expenditures within one year	$ 923,501

In addition to financial assets available to meet general expenditures over the next 12 months, the Center operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources. Refer to the statement of cash flows which identifies the sources and uses of cash and shows positive cash generated by operations for fiscal years 2019 and 2018.

Note 4 – Investments and Fair Value Measurements

The Center follows ASC 820, *Fair Value Measurements and Disclosure,* which provides a framework for measuring fair value under GAAP and expands disclosures about fair value measurement. ASC 820-10 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. ASC 820-10 requires that valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs.
ASC 820-10 also establishes a fair value hierarchy, which prioritizes the valuation inputs.

Note 4 – Investments and Fair Value Measurements (continued)

The fair value hierarchy prioritizes the inputs into valuation techniques to measure fair value into three broad levels. They are as follows:

Level 1 – are quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2 – are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly through corroboration with observable market data.

Level 3 – are unobservable inputs for the asset or liability that are inputs that reflect the Center's own assumptions about the assumptions market participants would use in pricing the asset or liability.

The fair value hierarchy gives the highest priority for quoted prices (unadjusted) in active markets (Level 1) and the lowest priority to unobservable inputs (Level 3).

The Government Agency and U.S. Treasury notes and bonds are United States Government issues that generally have maturities of one year or less and are valued based on various pricing sources.

Money Market Funds – classifications consist of investments in various funds that have differing investment goals that are traded in an active market.

A summary of investment accounts are as follows and consist of all Level 1 investments at December 31:

	2019	2018
Government agency	$ 4,121,068	$ 5,573,424
U.S. Treasury notes and bonds	4,540,321	3,321,008
Money market funds	1,236,439	354,943
Total investments	$ 9,897,828	$ 9,249,375

Net investment income including unrealized gain on investments consisted of the following for the years ending December 31:

	2019	2018
Interest	$ 187,845	$ 134,101
Realized gain (loss) on investments, net	20,185	(21,263)
Unrealized gain on investments	64,347	6,236
	$ 272,377	$ 119,074

Note 5 – Receivables

The receivables consisted of the following at December 31:

	2019	2018
Royalties receivable	$ 263,400	$ 135,815
Other receivables	72	4,403
Total receivables	$ 263,472	$ 140,218

Note 6 – Property and Equipment

Property and equipment consisted of the following at December 31:

	2019	2018
Building and improvements	$ 1,202,499	$ 1,128,203
Furniture and equipment	624,915	546,162
Construction in process	14,844	43,558
Subtotal	1,842,258	1,717,923
Less accumulated depreciation	(856,525)	(730,788)
Subtotal depreciable property and equipment	985,733	987,135
Land	559,977	559,977
Net property and equipment	$ 1,545,710	$ 1,547,112

Depreciation expense was $131,573 and $113,586 for the years ended December 31, 2019 and 2018, respectively.

Note 7 – Intangibles

During 2018, the Center acquired domain names for the Living School. The gross amount of the asset subject to amortization is $7,883. Management has determined the economic useful life of the intangible asset to be 15 years. During 2019, the Center received assignment of interest in Copyright of the online course *The Introductory Wisdom School eCourse* for $64,200 subject to amortization. Management has determined that the economic useful life of the intangible asset to be 15 years. As of December 31, 2019 and 2018, accumulated amortization was $3,686 and $307, respectively. The net realizable value of intangibles as of December 31, 2019 and 2018 was $68,397 and $7,576, respectively. The amortization expense was $3,379 and $307 for the years ended December 31, 2019 and 2018, respectively.

Note 8 – Compensated Absences

The Center allows its employees to accrue time off with pay, beginning on their date of hire. Employees accrue paid time off is 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, 2019 and 2018, employees' accrued leave totaled $89,486 and $89,161, respectively. These amounts are included in accrued payroll liabilities on the statements of financial position.

Note 9 – Net Assets with Donor Restriction

For the years ended December 31, 2019 and 2018, the Center had $192,125 and $132,889, respectively, in assets with donor restrictions. The funds are restricted for the Living School and software development.

Note 10 – Sales and Cost of Goods Sold

Sales and cost of goods sold are as follows:

	2019	%	2018	%
Sales	$ 1,778,271	100%	$ 1,314,533	100%
COGS - production supplies	(199,696)	-11%	(164,252)	-12%
	$ 1,578,575	89%	$ 1,150,281	88%

Note 11 – Scholarship Commitments

The Center awards multiple-year for some Living School scholarship recipients, which are considered conditional scholarships until school enrollment is complete and tuition is due and are not accrued in the accompanying financial statements. Scholarship commitments were also made in 2019 for events and online education in 2020 and those expenses will be recorded in 2020. Scholarship commitments approved during 2019 or prior years for future funding subject to future conditions are $206,453 for the year ending December 31, 2019.

Note 12 – 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 was implemented starting in January 2017, which includes the addition of two new core faculty.

	2019	%	2018	%
Contributions	$ 4,945,436	54%	$ 4,341,989	61%
Conferences	811,208	10%	484,666	7%
Living school	1,011,320	11%	787,650	11%
Royalties	586,495	6%	242,635	3%
Investment income, net	208,030	2%	112,838	2%
Services	21,631	0%	15,297	0%
Other	1,451	0%	2,256	0%
Gross profit book and media revenues	1,578,575	17%	1,150,281	16%
Total support and revenues	$ 9,164,146	100%	$ 7,137,612	100%

Note 13 – Subsequent Events

Subsequent to year end, an outbreak of a novel coronavirus (COVID-19) occurred in the United States, along with various other countries globally. On March 11, 2020, the World Health Organization assessed the novel coronavirus outbreak and characterized it as a pandemic. Subsequent to the declaration of a pandemic, a variety of federal, state, and local governments have taken actions in response to the pandemic, which have ranged by jurisdiction, but are resulting in a variety of negative economic consequences, the scope of which are not currently known or quantifiable.

The duration and intensity of the impact of the coronavirus and resulting impact to the Center is unknown.