SJT GROUP LLC
CERTIFIED PUBLIC ACCOUNTANTS

Center for Action and Contemplation

Financial Statements
and
Independent Auditors' Report

December 31, 2020 and 2019

Center for Action and Contemplation, Inc.

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Independent Auditors' Report

Board of Directors and Management
Center for Action and Contemplation, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of the Center for Action and Contemplation, Inc. (the "Center") (a nonprofit organization), which comprise the statement of financial position as of December 31, 2020, 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.

Auditors' 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 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 Center'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 Center'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.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Center as of December 31, 2020 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.

Other Matter – Prior Period Financial Statements

The financial statements of the Center as of and for the year ended December 31, 2019 were audited by a predecessor auditor, whose report dated November 18, 2020 expressed an unmodified opinion. Our opinion is not modified with respect to this matter.

SJT Group LLC

Albuquerque, New Mexico
August 26, 2021

Financial Statements

Center for Action and Contemplation, Inc.

Statements of Financial Position
December 31,

	2020	2019
ASSETS		
Current assets		
Cash and cash equivalents	**$ 825,006**	$ 712,713
Investments	**11,100,519**	9,897,828
Receivables	**130,297**	263,472
Inventory	**157,576**	188,218
Prepaid expenses	**149,785**	196,579
Total current assets	**12,363,183**	11,258,810
Noncurrent assets		
Property and equipment		
Land	**559,977**	559,977
Building and improvements	**1,202,499**	1,202,499
Equipment and furniture	**691,507**	624,915
Construction in process	**-**	14,844
	2,453,983	2,402,235
Less accumulated depreciation	**(988,630)**	(856,525)
Total property and equipment, net	**1,465,353**	1,545,710
Intangibles, net	**63,592**	68,397
Total noncurrent assets	**1,528,945**	1,614,107
Total assets	**$ 13,892,128**	$ 12,872,917
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	**$ 51,551**	$ 74,433
Accrued payroll liabilities	**232,619**	262,780
Deferred revenue	**997,473**	629,519
Other liabilities	**189,037**	462,740
Total current liabilities	**1,470,680**	1,429,472
Net assets		
Without donor restriction		
Board designated for emergency reserve	**2,700,000**	2,500,000
Board designated for strategic initiative reserve	**5,502,276**	6,870,350
Board designated for general scholarships	**250,000**	250,000
Investment in property, equipment and intangibles	**1,528,945**	1,614,107
Other	**2,200,689**	16,863
Total without donor restriction	**12,181,910**	11,251,320
With donor restrictions	**239,538**	192,125
Total net assets	**12,421,448**	11,443,445
Total liabilities and net assets	**$ 13,892,128**	$ 12,872,917

The accompanying notes are an integral part of these financial statements.

Center for Action and Contemplation, Inc.

Statement of Activities

For the Year Ended December 31, 2020

	Without Donor Restriction	With Donor Restriction	Total
PROGRAM REVENUES AND SUPPORT			
Contributions	$ 5,888,653	$ 183,411	$ 6,072,064
Living school	1,089,345	-	1,089,345
Royalties	249,051	-	249,051
Investment income, net	149,326	-	149,326
Services	8,019	-	8,019
Other	54,450	-	54,450
Total program revenues and support	7,438,844	183,411	7,622,255
BOOK AND MEDIA REVENUES			
Sales	2,070,489	-	2,070,489
Cost of sales	(144,897)	-	(144,897)
Gross profit	1,925,592	-	1,925,592
Net assets released from restrictions	135,998	(135,998)	-
Total support and revenue	9,500,434	47,413	9,547,847
EXPENSES			
Program services	5,152,946	-	5,152,946
Support services			
Management and general	3,125,113	-	3,125,113
Fundraising	344,861	-	344,861
Total expenses before other (income) expense	8,622,920	-	8,622,920
OTHER (INCOME) EXPENSE			
Unrealized gain on investments	(53,076)	-	(53,076)
Total other (income) expense	(53,076)	-	(53,076)
Total expenses	8,569,844	-	8,569,844
Change in net assets	930,590	47,413	978,003
Net assets, beginning of year	11,251,320	192,125	11,443,445
Net assets, end of year	$ 12,181,910	$ 239,538	$ 12,421,448

The accompanying notes are an integral part of these financial statements.

Center for Action and Contemplation, Inc.
Statement of Activities
For the Year Ended December 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
PROGRAM REVENUES AND SUPPORT			
Contributions	$ 4,821,727	$ 123,709	$ 4,945,436
Conferences	811,208	-	811,208
Living school	1,011,320	-	1,011,320
Royalties	586,495	-	586,495
Investment income, net	208,030	-	208,030
Services	21,631	-	21,631
Other	1,451	-	1,451
Total program revenues and support	7,461,862	123,709	7,585,571
BOOK AND MEDIA REVENUES			
Sales	1,778,271	-	1,778,271
Cost of sales	(199,696)	-	(199,696)
Gross profit	1,578,575	-	1,578,575
Net assets released from restrictions	64,473	(64,473)	-
Total support and revenue	9,104,910	59,236	9,164,146
EXPENSES			
Program services	5,100,441	-	5,100,441
Support services			
Management and general	2,932,762	-	2,932,762
Fundraising	202,924	-	202,924
Total expenses before other (income) expense	8,236,127	-	8,236,127
OTHER (INCOME) EXPENSE			
Unrealized gain on investments	(64,347)	-	(64,347)
Loss on asset disposal	2,162	-	2,162
Total other (income) expense	(62,185)	-	(62,185)
Total expenses	8,173,942	-	8,173,942
Change in net assets	930,968	59,236	990,204
Net assets, beginning of year	10,320,352	132,889	10,453,241
Net assets, end of year	$ 11,251,320	$ 192,125	$ 11,443,445

The accompanying notes are an integral part of these financial statements.

Center for Action and Contemplation, Inc.

Statement of Functional Expenses
For the Year Ended December 31, 2020

	Program Services	Management and General	Fundraising	Total
Salaries and wages	$ 1,854,196	$ 1,727,292	$ 136,905	$ 3,718,393
Employee benefits	265,892	250,923	15,678	532,493
Payroll taxes	136,344	128,881	10,065	275,290
	2,256,432	2,107,096	162,648	4,526,176
Professional services	888,415	249,523	33,226	1,171,164
Information technology	409,242	375,067	10,259	794,568
Office expenses	369,641	9,571	130,819	510,031
Scholarship expense	374,998	-	-	374,998
Donations and gifts	311,913	3,563	493	315,969
Royalties	208,943	-	-	208,943
Utilities	55,463	67,487	1,252	124,202
Conferences	116,903	-	-	116,903
Advertising	2,023	113,201	-	115,224
Maintenance	51,174	61,394	996	113,564
Professional development	18,963	18,954	1,901	39,818
Insurance	-	29,654	-	29,654
Travel	12,109	4,948	1,743	18,800
Production cost	11,683	602	10.00	12,295
Meals and entertainment	5,466	4,688	280	10,434
Board meetings	-	3,267	-	3,267
Total expenses before depreciation, amortization and other gains	5,093,368	3,049,015	343,627	8,486,010
Depreciation and amortization	59,578	76,098	1,234	136,910
Total expenses	$ 5,152,946	$ 3,125,113	$ 344,861	$ 8,622,920

The accompanying notes are an integral part of these financial statements.

Center for Action and Contemplation, Inc.

Statement of Functional Expenses
For the Year Ended December 31, 2019

	Program Services	Management and General	Fundraising	Total
Salaries and wages	$ 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
Scholarship expense	444,509	-	-	444,509
Donations and gifts	302,039	-	-	302,039
Royalties	157,772	-	-	157,772
Utilities	57,499	59,236	1,927	118,662
Conferences	521,192	601	31	521,824
Advertising	1,145	94,016	-	95,161
Maintenance	39,291	40,543	1,209	81,043
Professional development	27,255	18,310	546	46,111
Insurance	-	27,465	-	27,465
Travel	88,860	27,436	3,738	120,034
Production cost	9,832	2,557	76	12,465
Meals and entertainment	34,948	24,081	857	59,886
Board meetings	-	23,336	-	23,336
Total expenses 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

Center for Action and Contemplation, Inc.

Statements of Cash Flows
For the Years Ended December 31,

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from:		
Contributions	**$ 6,072,064**	$ 4,135,596
Conferences	**448,993**	1,279,254
Living school	**1,045,575**	1,067,890
Royalties	**387,310**	313,832
Interest income	**167,959**	165,206
Other	**65,722**	23,082
Sales	**1,910,628**	1,578,575
Cash paid to suppliers and employees	**(8,760,684)**	(7,794,729)
Net cash provided by operating activities	**1,337,567**	768,706
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of property and equipment	**-**	21,428
Purchases of intangibles	**-**	(64,200)
Purchases of property and equipment	**(57,026)**	(153,761)
Proceeds from sale of investments	**1,681,752**	2,448,499
Purchase of investments	**(2,850,000)**	(2,989,781)
Net cash used in investing activities	**(1,225,274)**	(737,815)
Net change in cash	**112,293**	30,891
Cash and cash equivalents, beginning of year	**712,713**	681,822
Cash and cash equivalents, end of year	**$ 825,006**	$ 712,713
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Change in net assets	**$ 978,003**	$ 990,204
Depreciation and amortization expense	**136,910**	134,952
Realized/unrealized gain on investments	**(34,443)**	(107,171)
Loss on disposition of property and equipment	**5,278**	2,162
Changes in assets and liabilities		
Receivables	**133,175**	(123,254)
Inventory	**30,642**	(58,972)
Prepaid expenses	**46,794**	(61,587)
Accounts payable	**(22,882)**	(7,415)
Accrued payroll and other liabilities	**(303,864)**	434,420
Unearned revenue	**367,954**	(434,633)
Total adjustments	**359,564**	(251,441)
Net cash provided by operating activities	**$ 1,337,567**	$ 768,706

The accompanying notes are an integral part of these financial statements.

Center for Action and Contemplation, Inc.

Notes to Financial Statements
December 31, 2020 and 2019

1) Organization

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 services to the healing of our world.

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

- Daily e-mail meditations circulated to approximately 369,000 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 called the Living School, featuring online learning, community-based spiritual formation, and in-person teaching experiences; and
- An online resource center offering dozens of books, video, and audio teachings.

The Center is committed to financial practices that embody the Center's spiritual lineage and values. A comprehensive financial philosophy guides decision-making in all areas of financial management in direct support of the Center's mission.

The Internal Revenue Service issued a determination letter stating that the Center qualifies as a public charity and is exempt from federal income tax under Section 501(c)(3).

2) Summary of Significant Accounting Policies

This summary of significant accounting policies of the Center is presented to assist in the understanding of the Center's financial statements. The financial statements and notes are the representations of the Center's management who is responsible for their integrity and objectivity.

The Financial Accounting Standards Board (FASB) issued the Accounting Standards Codification (ASC or the Codification) as the source of authoritative accounting principles recognized by the FASB to be used by nongovernmental entities when preparing financial statements in accordance with Generally Accepted Accounting Principles (GAAP) in the United States. The Codification essentially reduces the GAAP hierarchy to two levels: authoritative and non-authoritative, with the Codification being authoritative GAAP.

Basis of Accounting

The financial statements of the Center are prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

2) Summary of Significant Accounting Policies — continued

Basis of Presentation

The accompanying financial statements are prepared in accordance with generally accepted accounting principles for non-profit organizations. Under these provisions, net assets, revenues, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Center and changes therein are classified and reported as follows:

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 Center'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 Center or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. As of December 31, 2020 and 2019, the Center reported no net assets with donor restrictions, which are perpetual in nature.

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 Center considers all cash and short-term investments with an original 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

Management believes receivables are fully collectible and, accordingly, no allowance for uncollectible accounts is considered necessary.

Prepaid Expenses

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

2) Summary of Significant Accounting Policies — continued

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.

Property and Equipment
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
Building and improvements	7-14 years

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

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, 2020 and 2019.

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

2) Summary of Significant Accounting Policies — continued

Unearned Revenue

Income from advance sales and tuition is deferred and recognized over the fiscal years to which the sales and tuition relate.

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.

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 statements 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.

2) Summary of Significant Accounting Policies — continued

Advertising
The Center expenses advertising costs as they are incurred, which were $115,224 and $95,161 for the years ending December 31, 2020 and 2019, respectively.

Functional Expense Allocation
The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and in the statements 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.

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 reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes
The Center is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code on all income except unrelated business income. The Center evaluates uncertain tax positions in accordance with FASB ASC 450 *Accounting for Contingencies* whereby the effect of the uncertainties in tax positions would be recorded if the outcome was considered probable and reasonably estimable. The Center believes that there is appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements. The Center's open audit periods are for the fiscal year ended December 31, 2017 and thereafter.

Subsequent Events
Subsequent events are events or transactions that occur after the balance sheet date but before the financial statements are issued or are available to be 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 August 26, 2021 which is the date the financial statements were available to be issued.

Center for Action and Contemplation, Inc.

Notes to Financial Statements
December 31, 2020 and 2019

3) Liquidity and Availability

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

	2020	2019
Financial assets as of December 31:		
Cash and cash equivalents	**$ 825,006**	$ 712,713
Investments	**11,100,519**	9,897,828
Receivables	**130,297**	263,472
Total financial assets	**12,055,822**	10,874,013
Less amounts not available to be used within one year:		
Restricted by donor for scholarships	**(239,538)**	(192,125)
Scholarships committed in future years	**(198,952)**	(206,453)
Board Designations:		
Emergency Reserve	**(2,700,000)**	(2,700,000)
Strategic Initiative Reserve	**(5,502,276)**	(6,870,350)
General Scholarships	**(250,000)**	(250,000)
Financial assets available to meet general expenditures over the next twelve months	**$ 3,165,056**	$ 655,085

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 sources and uses of cash and shows positive cash generated by operations for fiscal years 2020 and 2019.

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.

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 and Mutual 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:

	2020	2019
Government agency	**$ 5,599,093**	$ 4,121,068
U.S. Treasury notes and bonds	**2,289,018**	4,540,321
Money market funds	**3,210,503**	1,236,439
Mutual funds	**1,905**	-
Total investments	**$ 11,100,519**	$ 9,897,828

4) Investments and Fair Value Measurements (Continued)

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

	2020	2019
Interest	$ 167,959	$ 187,845
Realized (loss) gain on investments, net	(18,633)	20,185
Unrealized gain on investments	53,076	64,347
	$ 202,402	$ 272,377

5) Receivables

Receivables consisted of the following at December 31:

	2020	2019
Royalties receivable	$ 125,141	$ 263,400
Other receivables	5,156	72
Total receivables	$ 130,297	$ 263,472

6) Property and Equipment

Property and equipment consisted of the following at December 31:

	2020	2019
Building and improvements	$ 1,202,499	$ 1,202,499
Furniture and equipment	691,507	624,915
Subtotal	1,894,006	1,827,414
Less accumulated depreciation	(988,630)	(856,525)
Subtotal depreciable property and equipment	905,376	970,889
Construction in process	-	14,844
Land	559,977	559,977
Net property and equipment	$ 1,465,353	$ 1,545,710

Depreciation expense was $132,105 and $131,573 for the years ended December 31, 2020 and 2019, respectively.

Center for Action and Contemplation, Inc.
Notes to Financial Statements
December 31, 2020 and 2019

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, 2020 and 2019, accumulated amortization was $8,491 and $3,686, respectively. The net realizable value of intangibles as of December 31, 2020 and 2019 was $63,592 and $68,397, respectively. The amortization expense was $4,805 and $3,379 for the years ended December 31, 2020 and 2019, respectively.

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, 2020 and 2019, employees' accrued leave totaled $168,932 and $89,486, respectively. These amounts are included in accrued payroll liabilities on the statements of financial position.

9) Net Assets with Donor Restriction

For the years ended December 31, 2020 and 2019, the Center had $239,538 and $192,125, respectively, in assets with donor restrictions. The funds are restricted for the Living School.

10) Sales and Cost of Goods Sold

Sales and cost of goods sold are as follows:

	2020	**%**	2019	%
Sales	**$ 2,070,489**	**100%**	$ 1,778,271	100%
COGS - production supplies	**(144,897)**	**-7%**	(199,696)	-11%
	$ 1,925,592	**93%**	$ 1,578,575	89%

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 approved during 2020 or prior years for future funding subject to future conditions are $198,952 and $206,453 for the years ending December 31, 2020 and 2019, respectively.

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.

	2020	**%**	2019	%
Contributions	**$ 6,072,064**	**63.5%**	$ 4,945,436	54.0%
Conferences	**-**	**0.0%**	811,208	8.9%
Living school	**1,089,345**	**11.4%**	1,011,320	11.0%
Royalties	**249,051**	**2.6%**	586,495	6.4%
Investment income, net	**149,326**	**1.6%**	208,030	2.3%
Services	**8,019**	**0.1%**	21,631	0.2%
Other	**54,450**	**0.6%**	1,451	0.0%
Gross profit book and media revenues	**1,925,592**	**20.2%**	1,578,575	17.2%
Total support and revenues	**$ 9,547,847**	**100%**	$ 9,164,146	100%

13) Uncertainty Related to the COVID-19 Outbreak

The Center's operations in fiscal years 2020 and 2021 have been affected by the recent and ongoing outbreak of the coronavirus disease 2019 (COVID-19) which has been declared a pandemic by the World Health Organization. The ultimate disruption caused by the outbreak is uncertain; however, it could have an adverse impact on the Center's financial position, operations, and cash flows.

14) Recently Issued Accounting Pronouncement – Leases

On February 25, 2016, the FASB issued ASU 2016-02 *Leases*, which significantly changes the accounting for leases in the financial statements of lessees and supersedes FASB ASC Topic 840. With this update, U.S. GAAP now will require lessees under operating leases to recognize a liability in the statement of financial position, a liability to make lease payments (the "lease liability"), and an asset representing its right to use the underlying asset for the lease term. For leases with a term of 12 months or less, a lessee is permitted to make an accounting election not to recognize lease assets and lease liabilities. If a lessee makes this election, it should recognize lease expense for such leases generally on a straight-line basis over the lease term. Cash flows related to operating leases will continue to be reported within operating activities on the statement of cash flows. The ASU is effective for fiscal years beginning after December 15, 2020 (The Center's fiscal year ending December 31, 2021). As of the date of these financial statements, management has not determined the impact this new accounting pronouncement will have on future reporting periods.