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Mark R. McDonell
Certified Public Accountant

Member American Institute of Certified Public Accountants

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Trustees
Center for Spiritual Living, Santa Rosa

I have reviewed the accompanying statements of financial position of Center for Spiritual Living, Santa Rosa (an incorporated church) as of December 31, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Center management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, I do not express such an opinion.

Management's Responsibility for the Financial Statements

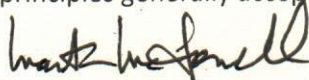
Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

Accountant's Responsibility

My responsibility is to conduct the review engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. Those standards require me to perform procedures to obtain limited assurance as a basis for reporting whether I am aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. I believe that the results of my procedures provide a reasonable basis for my conclusion.

Accountant's Conclusion

Based on my reviews, I am not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.



February 25, 2021

CENTER FOR SPIRITUAL LIVING, SANTA ROSA
STATEMENTS OF FINANCIAL POSITION
December 31, 2020 and 2019

ASSETS

	2020	2019
Current assets:		
Cash and cash equivalents	\$ 511,506	\$ 292,313
Inventory	17,234	21,821
Prepaid expenses	8,896	17,523
Total current assets	537,636	331,657
Fixed assets:		
Land and improvements	233,375	233,375
Buildings and improvements	2,870,385	2,865,673
Fixtures	205,241	205,241
Equipment	391,013	391,013
Subtotal	3,700,014	3,695,302
Less accumulated depreciation	(2,050,325)	(1,954,883)
Net fixed assets	1,649,689	1,740,419
Investments:		
Investment securities	721,543	636,065
Certificates of deposit	309,876	301,939
Certificate of deposit designated for minister's deferred compensation	17,143	-
Total investments	1,048,562	938,004
Total assets	\$ 3,235,887	\$ 3,010,080

See independent accountant's review report.
The accompanying notes are an integral part of these financial statements.

CENTER FOR SPIRITUAL LIVING, SANTA ROSA
STATEMENTS OF FINANCIAL POSITION
December 31, 2020 and 2019

LIABILITIES AND NET ASSETS

	2020	2019
Current liabilities:		
Accounts payable	\$ 14,532	\$ 17,401
Accrued vacation	31,039	25,164
Deferred revenue	36,304	38,242
Current portion of long-term liabilities	67,363	63,562
Other current liabilities	1,507	5,141
Total current liabilities	150,745	149,510
Long-term liabilities:		
Mortgage payable, net of current portion	507,369	534,964
Economic injury disaster loan, net of current portion	147,670	-
Minister's deferred compensation contractual commitment	34,286	17,143
Total liabilities	840,070	701,617
Net assets:		
Without donor restrictions	2,250,038	2,128,044
With donor restrictions	145,779	180,419
Total net assets	2,395,817	2,308,463
Total liabilities and net assets	\$ 3,235,887	\$ 3,010,080

See independent accountant's review report.
The accompanying notes are an integral part of these financial statements.

Center for Spiritual Living, Santa Rosa
Statements of Activities
For the years ended December 31, 2020 and 2019

	<u>2020</u>			<u>2019</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenue and Support						
Contributions	\$943,589	\$84,976	\$1,028,565	\$1,027,418	\$98,306	\$1,125,724
Education	75,413	-	75,413	98,697	-	98,697
Bookstore sales	18,070	-	18,070	94,881	-	94,881
Program services	16,076	-	16,076	95,536	-	95,536
Fundraising	10,063	-	10,063	49,020	-	49,020
Interest and dividends	8,143	-	8,143	2,576	-	2,576
Net assets released from restrictions	119,616	(119,616)	-	27,159	(27,159)	-
Total Revenue and Support	<u>1,190,969</u>	<u>(34,640)</u>	<u>1,156,329</u>	<u>1,395,287</u>	<u>71,147</u>	<u>1,466,434</u>
Expenses						
Program services						
Celebration Services	410,020	-	410,020	438,520	-	438,520
Education	181,323	-	181,323	184,381	-	184,381
Youth and family	100,793	-	100,793	123,823	-	123,823
Member services	203,875	-	203,875	271,395	-	271,395
Tithing to CSL and non-profit partners	95,030	-	95,030	102,383	-	102,383
Bookstore	24,064	-	24,064	82,559	-	82,559
Supporting services						
Administrative	262,371	-	262,371	212,629	-	212,629
Fundraising	-	-	-	26,815	-	26,815
Total Expenses	<u>1,277,476</u>	<u>-</u>	<u>1,277,476</u>	<u>1,442,505</u>	<u>-</u>	<u>1,442,505</u>
Bookstore costs of sales	9,998	-	9,998	51,866	-	51,866
Change in Net Assets from Operations	<u>(96,505)</u>	<u>(34,640)</u>	<u>(131,145)</u>	<u>(99,084)</u>	<u>71,147</u>	<u>(27,937)</u>
Non-Operational Income and Expense						
Paycheck Protection Program loan forgiven	127,118	-	127,118	-	-	-
Unrealized gains on investments	77,493	-	77,493	85,379	-	85,379
Dividends and interest	13,888	-	13,888	17,613	-	17,613
Change in net assets	<u>121,994</u>	<u>(34,640)</u>	<u>87,354</u>	<u>3,908</u>	<u>71,147</u>	<u>75,055</u>
Net assets, beginning of year	<u>2,128,044</u>	<u>180,419</u>	<u>2,308,463</u>	<u>2,124,136</u>	<u>109,272</u>	<u>2,233,408</u>
Net assets, end of year	<u>\$ 2,250,038</u>	<u>\$ 145,779</u>	<u>\$ 2,395,817</u>	<u>\$ 2,128,044</u>	<u>\$ 180,419</u>	<u>\$ 2,308,463</u>

See independent accountant's review report.
The accompanying notes are an integral part of these financial statements.

Center for Spiritual Living, Santa Rosa
Statement of Functional Expenses
For the Year Ended December 31, 2020

Expenses by category	Programs and Activities						Administrative	Fundraising	Total expenses
	Celebration services	Education	Youth and family	Member services	Bookstore	Total			
Wages and compensation	\$165,101	\$68,058	\$44,979	\$73,410	\$8,928	\$360,476	\$94,565	\$ -	\$455,041
Payroll taxes	11,564	4,767	3,150	5,142	625	25,248	6,623	-	31,871
Benefits	62,209	25,643	16,948	27,660	3,364	135,824	35,631	-	171,455
Workers compensation insurance	5,824	2,401	1,587	2,589	315	12,716	3,336	-	16,052
Total compensation cost	244,698	100,869	66,664	108,801	13,232	534,264	140,155	-	674,419
Administration	2,961	1,221	807	1,317	160	6,466	23,663	-	30,129
Outside services	-	-	-	-	-	-	12,546	-	12,546
Bookstore	-	-	-	-	4,620	4,620	-	-	4,620
Celebration services	50,459	-	-	-	-	50,459	-	-	50,459
Copier maintenance and supplies	-	-	-	-	-	-	21,914	-	21,914
Depreciation	34,629	14,275	9,434	15,397	1,873	75,608	19,834	-	95,442
Education ministry	-	33,105	-	-	-	33,105	-	-	33,105
Facilities	49,297	20,321	13,430	21,919	2,666	107,633	28,235	-	135,868
Insurance	3,569	1,471	972	1,587	193	7,792	2,044	-	9,836
Interest	11,064	4,561	3,014	4,919	598	24,156	6,337	-	30,493
Ministry	-	-	-	19,659	-	19,659	-	-	19,659
Programs and events	-	-	-	24,343	-	24,343	-	-	24,343
Utilities	13,343	5,500	3,635	5,933	722	29,133	7,643	-	36,776
Youth ministry	-	-	2,837	-	-	2,837	-	-	2,837
Total expenses	\$410,020	\$181,323	\$100,793	\$203,875	\$24,064	\$920,075	\$262,371	\$ -	\$1,182,446

See independent accountant's review report.
The accompanying notes are an integral part of these financial statements.

Center for Spiritual Living, Santa Rosa
Statement of Functional Expenses
For the Year Ended December 31, 2019

Expenses by category	Programs and Activities						Administrative	Fundraising	Total expenses
	Celebration services	Education	Youth and family	Member services	Bookstore	Total			
Wages and compensation	194,360	68,192	57,180	104,923	38,378	\$463,033	77,519	5,790	\$546,342
Payroll taxes	14,160	4,968	4,166	7,644	2,796	33,734	5,647	422	39,803
Benefits	62,276	21,850	18,322	33,619	12,297	148,364	24,838	1,855	175,057
Workers compensation insurance	4,809	1,687	1,415	2,596	950	11,457	1,918	143	13,518
Total compensation cost	275,605	96,697	81,083	148,782	54,421	656,588	109,922	8,210	774,720
Administration	1,983	696	583	1,070	391	4,723	30,548	59	35,330
Outside services	-	-	-	-	-	-	12,378	-	12,378
Bookstore	-	-	-	-	9,267	9,267	-	-	9,267
Celebration services	67,334	-	-	-	-	67,334	-	-	67,334
Copier maintenance and supplies	-	-	-	-	-	-	22,450	-	22,450
Depreciation	37,031	12,993	10,895	19,991	7,312	88,222	14,770	1,103	104,095
Education ministry	-	54,148	-	-	-	54,148	-	-	54,148
Facilities	25,714	9,022	7,565	13,881	5,077	61,259	10,256	766	72,281
Insurance	4,353	1,527	1,281	2,350	859	10,370	1,736	130	12,236
Interest	11,614	4,075	3,417	6,270	2,293	27,669	4,632	346	32,647
Ministry	-	-	-	17,674	-	17,674	-	-	17,674
Programs and events	-	-	-	53,341	-	53,341	-	15,758	69,099
Utilities	14,886	5,223	4,379	8,036	2,939	35,463	5,937	443	41,843
Youth ministry	-	-	14,620	-	-	14,620	-	-	14,620
Total expenses	\$438,520	\$184,381	\$123,823	\$271,395	\$82,559	\$1,100,678	\$212,629	\$26,815	\$1,340,122

See independent accountant's review report.
The accompanying notes are an integral part of these financial statements.
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CENTER FOR SPIRITUAL LIVING, SANTA ROSA
STATEMENTS OF CASH FLOWS
For The Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 87,354	\$ 75,055
Adjustments to reconcile change in net assets to cash provided by operating activities		
Depreciation	95,442	104,095
Net unrealized gains on investments	(77,493)	(85,379)
(Increase) decrease in:		
Inventory	4,587	(3,603)
Prepaid expenses	8,627	(55)
Increase (decrease) in:		
Deferred revenue	(1,937)	(21,717)
Accounts payable, accrued expenses and other liabilities	16,514	(4,455)
Total cash provided by operating activities	<u>133,094</u>	<u>63,941</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments, including certificates of deposit	(33,065)	(244,286)
Purchase of property and equipment	(4,712)	(3,897)
Total cash used by investing activities	<u>(37,777)</u>	<u>(248,183)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from economic injury disaster loan	150,000	-
Principal payments on mortgage payable	(26,124)	(60,447)
Total cash provided (used) by financing activities	<u>123,876</u>	<u>(60,447)</u>
NET CHANGE IN CASH	219,193	(244,689)
CASH AND CASH EQUIVALENTS, beginning of year	<u>292,313</u>	<u>537,002</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 511,506</u>	<u>\$ 292,313</u>
Supplemental information:		
Cash paid for interest	<u>\$ 30,493</u>	<u>\$ 32,647</u>

See independent accountant's review report.
The accompanying notes are an integral part of these financial statements.

fCENTER FOR SPIRITUAL LIVING, SANTA ROSA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES

The Center for Spiritual Living, Santa Rosa, is chartered by the Centers for Spiritual Living, an international organization headquartered in Golden, Colorado.

The Center is a spiritual community that promotes global transformation through personal transformation. It aspires to be a place of inspiration where people from all spiritual paths feel at home. At the Center one learns to live spiritually through participation in religious services, classes, workshops, social events, and community involvement. The Center is available to all people regardless of race, nationality, religion, age, sex, or sexual preference.

The Center is a tithing organization. A percentage of its non-designated contributions are donated to spiritual and community service organizations on an on-going basis.

Programs and Activities

Celebration Services include three Sunday morning services, a Sunday evening service for a smaller and quieter service, and a Wednesday evening service that provides mid-week sanctuary. The Sunday services include a featured topic, along with music, choir, and guest speakers. On Wednesday evenings the services may include a featured topic, song and music, and sacred chanting.

Education programs include Science of Mind classes, spiritual enrichment courses, workshops, and the School of Spiritual Leadership, a ministerial master's degree program. The School of Spiritual Leadership campus relocated from the Center for Spiritual Living, Santa Rosa to the Center for Spiritual Living, Napa, as of August 30, 2020.

Youth and family ministries include Sunday morning youth groups and teen group, as well as teen camps and activities at various times during the year.

Member services include prayer services, support services and ministries, support groups, outreach services, and our Member Assistance Program. It also includes the tithing to the home office and our nonprofit partners in the local, national, or international community.

Bookstore activities include providing spiritual, inspirational, and Science of Mind books and materials to support the spiritual growth of our members. The bookstore also presents evening events featuring published authors and other speakers.

CENTER FOR SPIRITUAL LIVING, SANTA ROSA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

Basis of Presentation – The Center reports information regarding its financial position and activities in two classes of net assets:

Net Assets without Donor Restrictions: Net assets not subject to donor-imposed restrictions. Net assets without donor restrictions may be designated for specific purposes by action of the Board of Trustees.

Net Assets with Donor Restrictions: Net assets subject to donor-imposed stipulations that may be fulfilled by actions of the Center to meet the stipulations, or that become unrestricted at the date specified by the donor.

Recognition of Revenue and Support –

Sales and Services – Such revenue is required to be recognized through five steps consisting of identifying a contract with a customer, identifying the performance obligations in the contract, determining the transaction price, allocating the transaction price to the performance obligations, and recognizing revenue as the performance obligations are satisfied. Generally, the Center has to satisfy only one performance obligation: deliver its product or service. Product sales revenue is recognized at the point in time the product is transferred to the customer. And customer service revenue is recognized at the point in time the service is rendered or, in certain limited cases, ratably as service is rendered. Payment for products and services is generally collected in advance. Advance payments are deferred revenue until earned by delivering product or rendering service (e.g., holding applicable class, workshop, or event). The Center does not have contract assets (e.g., accounts receivable).

Contributions – Contributions received are classified according to the existence and nature of any donor restrictions. Net assets with donor restrictions are reclassified to net assets without donor restrictions upon satisfaction of the time or purpose restrictions. Contributions restricted for the purchase of property, equipment, or improvements are classified as net assets with donor restrictions until the assets are acquired and placed in service, unless the donor stipulates otherwise.

CENTER FOR SPIRITUAL LIVING, SANTA ROSA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributed Services – Contributed services are recognized when received if such services (a) create or enhance non-financial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not donated.

The Center receives the services of hundreds of volunteers who donate their time and talent to assist in the celebration services, music ministry, education programs, bookstore, administrative and logistics services and fund-raising activities. These contributed services are not included in the contributed services income in the financial statements since these services do not meet the criteria for recognition as contributed services. Nonetheless, the Center recognizes that it would not be able to efficiently operate without the support of these volunteer contributed services.

Contributed Goods – Contributed goods are recorded at their estimated fair values.

Non-Operational Income and Expense Presented in Center’s Statements of Activities – Consists of (a) dividends, interest, and unrealized gains (losses) on the Center’s Legacy Investment Fund that was created with a major bequest from the Estate of Cynthia Waggoner and (b) proceeds from a Paycheck Protection Program loan that was forgiven under Coronavirus Aid, Relief, and Economic Security Act (CARES Act) guidelines.

Cash and Cash Equivalents – For purposes of these statements, the Center considers all highly liquid investments with a maturity of three months or less to be cash equivalents. The Center maintains cash and cash equivalents accounts, including its certificate of deposits, at various financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation or National Credit Union Association up to \$250,000. All of the Center’s cash and cash equivalent balances were insured as of December 31, 2020 and 2019.

Investments – Investments are stated at fair value with unrealized and realized gains and losses reported in the Center’s statements of activities.

Inventory – The Center runs a bookstore which carries materials designed to empower individuals and support the ministry of the Center. The bookstore has a large inventory of spiritual, inspirational, and Science of Mind books and merchandise. Inventory is stated at the lower of cost or market, determined by the first-in, first-out method.

Property and Equipment – The Center generally capitalizes equipment if cost equals or exceeds \$1,000, and buildings and improvements if cost equals or exceeds \$10,000. Fixed assets are carried at cost or at estimated fair market value at date of donation. Depreciation is calculated using the straight-line method over the estimated useful life of the asset. Estimated useful lives of depreciable assets are as follows: 3 to 7 years for equipment, 7 to 15 years for fixtures, 10 to 40 years for buildings and improvements.

CENTER FOR SPIRITUAL LIVING, SANTA ROSA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Taxes – The Center is exempt from income taxation under Section 501(c)(3) of the Internal Revenue Code and the auspices of the Centers for Spiritual Living.

Estimates – The preparation of financial statements in conformity of generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

Functional Expense Allocation - The Center’s expenses are presented on a functional basis (i.e., program, administrative, or fundraising). Certain categories of expenses are attributable to more than one function and must be allocated on a reasonable and consistent basis. Compensation and benefits are allocated on the basis of estimates of time and effort; facilities costs, including utilities, interest, insurance and depreciation are allocated on the basis of estimated usage. The allocations are presented in the accompanying statements of functional expenses.

Date of Management’s Review - Subsequent events were evaluated through February 25, 2021, which is the date the financial statements were available to be issued.

NOTE 3 – INVENTORY

Inventory consists of stock on hand for bookstore operations as follows:

	<u>2020</u>	<u>2019</u>
Books	\$11,157	\$12,390
Other	<u>6,077</u>	<u>9,431</u>
	<u>\$17,234</u>	<u>\$21,821</u>

CENTER FOR SPIRITUAL LIVING, SANTA ROSA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 4 – ACCRUED VACATION

Accumulated unpaid employee vacation benefits are recognized as liabilities of the Center. The value of accrued vacation at December 31, 2020 and 2019 was \$31,039 and \$25,164 respectively.

Sick leave benefits are accumulated for each employee. The employees do not gain a vested right to accumulated sick leave. Accumulated sick leave benefits are not recognized as liabilities since payment of such benefits is not probable. Therefore, sick leave benefits are recorded as expenses in the period taken.

NOTE 5 – LONG TERM DEBT

In November 2012 the Center obtained a mortgage payable collateralized by its real property, amortized over fifteen years with a fixed rate of 5.1 percent, with monthly payments of \$10,935 consisting of principal and interest. In August 2017, the Center paid down \$300,000 of the principal. While the mortgage retains its original fifteen year term and fixed rate of 5.1 percent, monthly payments of principal and interest are now \$7,758. To address the financial impact of the COVID-19 pandemic, the Center’s lender provided a six-month deferral of mortgage payments in 2020. The outstanding balance on the loan at December 31, 2020 and 2019 was \$572,402 and \$598,526 respectively.

In May 2020, the Center obtained a \$150,000 Economic Injury Disaster Loan (EIDL) provided for by the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). It is a 30-year loan at 2.75% interest. The loan terms is from May 19, 2020 through May 19, 2050.

Future scheduled maturities of long-term debt are as follows at December 31, 2020:

	Mortgage	EIDL
2021	\$65,033	\$2,330
2022	68,476	3,575
2023	72,102	3,675
2024	75,867	3,777
2025	79,937	3,882
Thereafter	210,987	132,761
	572,402	150,000
Less current portion	(65,033)	(2,330)
Long term portion	\$507,369	\$147,670

CENTER FOR SPIRITUAL LIVING, SANTA ROSA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 6 – BEQUEST FROM ESTATE OF CYNTHIA WAGGONER

In March 2017 the Center received \$900,000 from the estate of Cynthia Waggoner. The Board of Trustees, with input from the Giving Intention Team and the Legacy Committee, authorized the use of these funds in 2017 as follows:

Create Board directed Legacy Investment Fund	\$500,000
Reduce principal of Center's mortgage	300,000
Tithe to teens attending 2017 Teen Summer Camp	45,000
Tithe to International Science of Mind works	45,000
Retain in Center's operating funds	<u>10,000</u>
	<u><u>\$900,000</u></u>

In August 2018, the Center received an additional \$157,430 from the estate. The Board of Trustees authorized the use of these funds as follows:

Personnel costs	\$76,833
General expenses	64,854
Tithe	<u>15,743</u>
	<u><u>\$157,430</u></u>

In January 2021, the Center received the final payment of \$11,845. The Board authorized a Tithe of \$1,185 but has not reached a decision yet on what to do with the remainder of \$10,661. This money is being held in an account for use at a future date.

CENTER FOR SPIRITUAL LIVING, SANTA ROSA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 7 – LEGACY INVESTMENT FUND

The Center’s Board of Trustees has established a Legacy Investment Fund to create long-term financial stability for the Center. The Board periodically reviews its policies governing Legacy Funds and their availability to the Center.

The Center’s Legacy Investment Fund includes an investment brokerage account. Investment brokerage account investments are reported in the financial statements at fair value. Generally accepted accounting principles provide guidance on how fair value should be determined when financial statement elements are required to be measured at fair value. Valuation techniques are ranked in three levels depending on the degree of objectivity of the inputs used with each level.

Level 1 inputs – quoted prices in active markets for identical assets

Level 2 inputs – quoted prices in active or inactive markets for the same or similar assets

Level 3 inputs – estimates using the best information available when there is little or no market

The Center’s investment brokerage account investment values use Level 1 inputs and were as follows:

	December 31,	
	<u>2020</u>	<u>2019</u>
Mutual Funds or Exchange Traded Funds		
emphasizing -		
United States equities	\$337,544	\$273,421
Bonds	140,751	127,602
International equities	137,621	118,826
Emerging markets equities	75,835	61,900
Real estate	25,747	47,585
Cash	<u>4,045</u>	<u>6,731</u>
Total Legacy Funds	<u>\$721,543</u>	<u>\$636,065</u>

CENTER FOR SPIRITUAL LIVING, SANTA ROSA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 8 – CERTIFICATES OF DEPOSIT

In July 2019, the Stewardship committee researched and recommended a plan for the management of the Center’s cash reserve funds.

The goals of the plan are:

- Maximize the return on the Center’s cash reserve funds
- Ensure sufficient liquidity to meet planned large expenses
- Protect the principal under Federal Deposit Insurance Corporation (FDIC) and/or National Credit Union Association (NCUA) coverage

Cash reserves in excess of \$300,000 will be invested in Certificates of Deposit in \$50,000 increments. Maturity dates will be staggered.

	As of December 31, 2020	2019	Interest Rate	Maturity Date
	<u> </u>	<u> </u>		
North Bay Credit Union	\$51,593	\$ -	2.60%	February 10, 2023
Redwood Credit Union	52,015	50,569	2.85%	August 7, 2022
North Bay Credit Union	51,457	-	2.30%	February 10, 2022
Redwood Credit Union	51,943	50,549	2.75%	August 7, 2021
Redwood Credit Union	51,469	50,520	0.80%	August 7, 2021
North Bay Credit Union	51,399	-	2.25%	February 10, 2021
Redwood Credit Union	-	50,301	1.50%	February 7, 2020
First Republic Bank	-	100,000	2.00%	January 19, 2020
	<u> </u>	<u> </u>		
	<u>\$309,876</u>	<u>\$301,939</u>		

CENTER FOR SPIRITUAL LIVING, SANTA ROSA
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NOTE 9 – BOARD DESIGNATIONS

The Center’s board of trustees has designated a portion of the Center’s net assets without donor restrictions as follows:

	As of December 31,	
	2020	2019
Waggoner Education Scholarship	\$11,500	\$11,500
Spanish Outreach	6,696	10,535
Member Assistance	5,671	4,836
	<u>\$23,867</u>	<u>\$26,871</u>

NOTE 10 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purpose or periods:

	December 31,	
	2020	2019
Renovation projects	\$98,934	\$108,748
Youth Ministry	15,888	15,888
Other programs	15,667	19,146
Spiritual Support	4,509	5,007
Music Ministry	4,119	5,789
Sound Upgrade	3,000	-
Member Assistance – Fire Relief	2,480	2,097
Member Assistance - COVID Relief	600	-
Hefferlin Grant	582	5,000
Paradise Fire Relief	-	10,258
Unsheltered Fund	-	8,486
	<u>\$145,779</u>	<u>\$180,419</u>

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NOTE 11 – NET ASSETS RELEASED FROM RESTRICTIONS

Net assets released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of the passage of time or other events specified by donors:

	Year Ended December 31,	
	<u>2020</u>	<u>2019</u>
Renovation projects	\$73,869	\$3,200
Other programs	13,593	8,532
Paradise fire relief	10,258	-
Unsheltered	8,635	-
Music ministry	6,707	5,327
Hefferlin grant	5,418	-
Spiritual support program	636	1,729
Member assistance - other	500	-
Member assistance – fire relief	-	5,655
Youth Ministry	-	2,716
	<u>\$119,616</u>	<u>\$27,159</u>

CENTER FOR SPIRITUAL LIVING, SANTA ROSA
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NOTE 12 – OPERATING LEASE

In March 2016, the Center entered into a five-year agreement with AT&T that allows the Center to use AT&T’s empty lot for parking. Rent paid in 2020 and 2019 to AT&T totaled \$4,200 and \$4,200, respectively. This agreement covered the term of March 1, 2016 through February 28, 2021.

In December 2020, the Center entered into a three-year renewal agreement with AT&T. The current agreement covers the term of March 1, 2021 thru February 29, 2024 and obligates the Center to pay AT&T according to the schedule shown below.

2021	\$4,200
2022	4,200
2023	4,200
2024	<u>700</u>
Total	<u><u>\$13,300</u></u>

NOTE 13 – CONTRACTUAL COMMITMENTS

In October 2011, the Center entered into a Solar Facility Installation and Power Purchase Agreement (PPA) with California Clean Energy. Under the terms of the PPA, California Clean Energy installed, owns, operates, and maintains, at its sole expense, a solar power generation system at the Center. The PPA obligates the Center to purchase the power generated by the system for a period of 18 years following the date that the solar facility first began supplying electricity to the Center (August 2013). The solar facility is expected to generate approximately 80% of the electrical power historically used by the Center. The Center will pay \$0.26 per kilowatt hour; this rate will be fixed for the eighteen year term of the agreement.

In January 2019, the Center entered into an agreement giving a gratitude gift of deferred compensation to Dr. Edward Viljoen in recognition of his years of service, the leadership culture he has created that will carry our Center forward, and in recognition of the financial hardships he has been willing to work through for the health of our community. The gratitude compensation is payable when Dr. Viljoen becomes 65 in January 2026. The amount is \$120,000. If Dr. Viljoen’s employment is terminated before he becomes 65, the gratitude compensation will be prorated and paid upon termination. As of December 31, 2020, the Center’s accrued deferred compensation liability was \$34,286 and \$17,143 was set aside in a certificate of deposit to fund this liability. The certificate of deposit earns 2.03% annually and matures January 6, 2022.

CENTER FOR SPIRITUAL LIVING, SANTA ROSA
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NOTE 14– LIQUIDITY MANAGEMENT

The Center has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. And occasionally, its Trustees may specifically designate a portion of an operating surplus to a liquidity reserve.

The following information reflects the Center’s financial assets reduced by amounts not available within one year due to either contractual or donor-imposed restrictions or trustee designations.

Financial assets at December 31, 2020	
Cash and cash equivalents	\$511,506
Investment brokerage account	721,543
Certificates of deposit	309,876
Certificate of deposit designated for minister's deferred compensation	17,143
	<u>1,560,068</u>
Less those unavailable for general expenditures within one year due to:	
Restrictions:	
Donor	(145,779)
Contractual	(4,200)
Trustee designations:	
Long term investments	(721,543)
Personnel costs - minister's deferred compensation	(34,286)
Net assets designations	(23,867)
	<u>(1,139,675)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$630,393</u>

Although the Trustees have designated Legacy Funds for long-term investment, the investments may be drawn upon in the event of financial need.

CENTER FOR SPIRITUAL LIVING, SANTA ROSA
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NOTE 15– ADDITIONAL INFORMATION – IMPACT OF THE COVID-19 PANDEMIC

The world-wide COVID-19 pandemic precipitated a shelter in place order by the Sonoma County Health Advisor. The Center physically closed on March 18, 2020 to comply with this order and it remained closed for the rest of the year.

The Center shifted to online offerings including celebration services, youth & family ministry, classes, and spiritual support. Events and workshops were canceled for 2020.

The bookstore temporarily closed in February for renovations and then remained closed throughout the year due to the pandemic. Limited online book sales began in November 2020.

Congress passed the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) to provide relief to businesses and nonprofits impacted by the pandemic. In May 2020, the Center successfully obtained a Paycheck Protection Program (PPP) loan in the amount of \$127,118 that allowed its staff to stay employed during the year. Since the PPP loan was used for eligible purposes, it was fully forgiven November 4, 2020. The Center also obtained an Economic Injury Disaster Loan (EIDL) in the amount of \$150,000 which was used to continue making payments to staff members.

In 2020, annual donor contributions were down approximately \$100,000 and total income was down approximately \$300,000. Cost cutting measures reduced expenses by almost \$200,000. The cost reduction efforts as well as proceeds from the forgiven PPP loan helped the Center to overcome financial challenges of the pandemic and actually generate an increase in net assets in 2020 of \$87,354.

To get through the pandemic in 2021, the Center plans to utilize some cash reserves, if necessary, to pay the wages and compensation of its essential personnel.