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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, 2022 and 2021, 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 AICPA. 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.

I am required to be independent of Center for Spiritual Living, Santa Rosa and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements related to my reviews.

**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.



March 9, 2023

**CENTER FOR SPIRITUAL LIVING, SANTA ROSA**  
**STATEMENTS OF FINANCIAL POSITION**  
**December 31, 2022 and 2021**

	<b>ASSETS</b>	
	2022	2021
Current assets:		
Cash and cash equivalents	\$ 662,049	\$ 842,798
CARES Act employee retention credits receivable	-	20,000
Inventory	13,385	17,596
Prepaid expenses	15,978	12,304
Total current assets	691,412	892,698
Fixed assets:		
Land and improvements	233,375	233,375
Buildings and improvements	2,870,385	2,870,385
Fixtures	205,241	205,241
Equipment	455,013	391,013
Subtotal	3,764,014	3,700,014
Less accumulated depreciation	(2,217,821)	(2,134,668)
Net fixed assets	1,546,193	1,565,346
Investments:		
Investment securities	701,605	827,362
Certificates of deposit	302,827	212,025
Certificate of deposit designated for minister's deferred compensation	52,203	51,429
Total investments	1,056,635	1,090,816
Total assets	\$ 3,294,240	\$ 3,548,860

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, 2022 and 2021**

	2022	2021
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities:		
Accounts payable	\$ 20,217	\$ 40,532
Accrued vacation	27,733	28,273
Deferred revenue	20,781	26,957
Current portion of long-term liabilities	75,782	72,155
Current portion of capital lease	11,000	-
Other current liabilities	4,401	2,619
Total current liabilities	159,914	170,536
Long-term liabilities:		
Mortgage payable, net of current portion	366,897	438,895
Economic injury disaster loan, net of current portion	140,141	144,282
Capital lease of copier, net of current portion	49,359	-
Minister's deferred compensation contractual commitment	68,572	51,429
Total liabilities	784,883	805,142
Net assets:		
Without donor restrictions	2,454,238	2,622,810
With donor restrictions	55,119	120,908
Total net assets	2,509,357	2,743,718
Total liabilities and net assets	\$ 3,294,240	\$ 3,548,860

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, 2022 and 2021**

	<b>2022</b>			<b>2021</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Revenue and Support</b>						
Contributions	\$910,851	\$36,888	\$947,739	\$951,015	\$25,415	\$976,430
Education	22,077	-	22,077	28,989	-	28,989
Fundraising	17,379	-	17,379	13,808	-	13,808
Program services	24,134	-	24,134	12,520	-	12,520
Bookstore sales	32,676	-	32,676	11,543	-	11,543
Interest and dividends	4,929	-	4,929	6,388	-	6,388
Net assets released from restrictions	102,677	(102,677)	-	50,286	(50,286)	-
<b>Total Revenue and Support</b>	<b>1,114,723</b>	<b>(65,789)</b>	<b>1,048,934</b>	<b>1,074,549</b>	<b>(24,871)</b>	<b>1,049,678</b>
<b>Expenses</b>						
Program services						
Celebration Services	443,860	-	443,860	419,542	-	419,542
Member services	256,443	-	256,443	205,885	-	205,885
Education	101,133	-	101,133	134,667	-	134,667
Tithing to CSL and non-profit partners	102,894	-	102,894	96,114	-	96,114
Bookstore	24,773	-	24,773	26,712	-	26,712
Youth and family	256	-	256	6,966	-	6,966
Supporting services						
Administrative	224,568	-	224,568	225,864	-	225,864
Fundraising	-	-	-	311	-	311
<b>Total Expenses</b>	<b>1,153,927</b>	<b>-</b>	<b>1,153,927</b>	<b>1,116,061</b>	<b>-</b>	<b>1,116,061</b>
Bookstore costs of sales	22,208	-	22,208	5,643	-	5,643
<b>Change in Net Assets from Operations</b>	<b>(61,412)</b>	<b>(65,789)</b>	<b>(127,201)</b>	<b>(47,155)</b>	<b>(24,871)</b>	<b>(72,026)</b>
<b>Non-Operational Income and Expense</b>						
Bequest	-	-	-	209,301	-	209,301
CARES Act employee retention credits	19,628	-	19,628	79,838	-	79,838
Unrealized gains (losses) on investments	(144,561)	-	(144,561)	73,445	-	73,445
Dividends and interest	16,193	-	16,193	34,829	-	34,829
Rental income	1,580	-	1,580	7,470	-	7,470
Tithe on bequest	-	-	-	(20,883)	-	(20,883)
<b>Change in net assets</b>	<b>(168,572)</b>	<b>(65,789)</b>	<b>(234,361)</b>	<b>336,845</b>	<b>(24,871)</b>	<b>311,974</b>
Net assets, beginning of year	2,622,810	120,908	2,743,718	2,285,965	145,779	2,431,744
Net assets, end of year	<u>\$ 2,454,238</u>	<u>\$ 55,119</u>	<u>\$ 2,509,357</u>	<u>\$ 2,622,810</u>	<u>\$ 120,908</u>	<u>\$ 2,743,718</u>

Center for Spiritual Living, Santa Rosa  
Statement of Functional Expenses  
For the Year Ended December 31, 2022

Expenses by category	Programs and Activities						Administrative	Fundraising	Total expenses
	Celebration services	Education	Youth and family	Member services	Bookstore	Total			
Wages and compensation	\$189,525	\$44,706	\$125	\$120,292	\$10,600	\$365,248	\$88,267	\$ -	\$453,515
Payroll taxes	7,262	1,713	5	4,609	406	13,995	3,382	-	17,377
Benefits	39,160	9,237	26	24,855	2,190	75,468	18,238	-	93,706
Workers compensation insurance	635	150	-	403	36	1,224	296	-	1,520
Total compensation cost	<u>236,582</u>	<u>55,806</u>	<u>156</u>	<u>150,159</u>	<u>13,232</u>	<u>455,935</u>	<u>110,183</u>	<u>-</u>	<u>566,118</u>
Administration	4,723	1,114	3	2,998	264	9,102	21,711	-	30,813
Outside services	-	-	-	-	-	-	15,890	-	15,890
Bookstore	-	-	-	-	4,266	4,266	-	-	4,266
Celebration services	77,195	-	-	-	-	77,195	-	-	77,195
Copier maintenance and supplies	-	-	-	-	-	-	18,400	-	18,400
Depreciation	34,750	8,197	23	22,056	1,944	66,970	16,184	-	83,154
Education ministry	-	14,642	-	-	-	14,642	-	-	14,642
Facilities	58,812	13,873	39	37,328	3,289	113,341	27,391	-	140,732
Insurance	4,886	1,153	3	3,101	273	9,416	2,276	-	11,692
Interest	10,486	2,473	7	6,655	586	20,207	4,883	-	25,090
Ministry	-	-	-	11,187	-	11,187	-	-	11,187
Programs and events	-	-	-	12,533	-	12,533	-	-	12,533
Utilities	16,426	3,875	11	10,426	919	31,657	7,650	-	39,307
Youth ministry	-	-	14	-	-	14	-	-	14
Total expenses	<u>\$443,860</u>	<u>\$101,133</u>	<u>\$256</u>	<u>\$256,443</u>	<u>\$24,773</u>	<u>\$826,465</u>	<u>\$224,568</u>	<u>\$ -</u>	<u>\$1,051,033</u>

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  
Statement of Functional Expenses  
For the Year Ended December 31, 2021

Expenses by category	Programs and Activities						Administrative	Fundraising	Total expenses
	Celebration services	Education	Youth and family	Member services	Bookstore	Total			
Wages and compensation	\$192,957	\$60,369	\$3,628	\$93,505	\$12,241	\$362,700	\$85,315	\$ -	\$448,015
Payroll taxes	8,953	2,801	168	4,339	568	16,829	3,959	-	20,788
Benefits	44,403	13,892	835	21,517	2,817	83,464	19,633	-	103,097
Workers compensation insurance	1,824	572	34	886	117	3,433	806	-	4,239
Total compensation cost	<u>248,137</u>	<u>77,634</u>	<u>4,665</u>	<u>120,247</u>	<u>15,743</u>	<u>466,426</u>	<u>109,713</u>	<u>-</u>	<u>576,139</u>
Administration	5,041	1,577	95	2,443	320	9,476	23,837	-	33,313
Outside services	-	-	-	-	-	-	19,966	-	19,966
Bookstore	-	-	-	-	3,733	3,733	-	-	3,733
Celebration services	57,369	-	-	-	-	57,369	-	-	57,369
Copier maintenance and supplies	-	-	-	-	-	-	24,156	-	24,156
Depreciation	36,326	11,365	683	17,603	2,305	68,282	16,061	-	84,343
Education ministry	-	21,355	-	-	-	21,355	-	-	21,355
Facilities	41,755	13,064	785	20,234	2,649	78,487	18,462	-	96,949
Insurance	3,356	1,050	63	1,626	213	6,308	1,484	-	7,792
Interest	12,086	3,781	227	5,857	767	22,718	5,344	-	28,062
Ministry	-	-	-	13,690	-	13,690	-	-	13,690
Programs and events	-	-	-	16,687	-	16,687	-	311	16,998
Utilities	15,472	4,841	291	7,498	982	29,084	6,841	-	35,925
Youth ministry	-	-	157	-	-	157	-	-	157
Total expenses	<u>\$419,542</u>	<u>\$134,667</u>	<u>\$6,966</u>	<u>\$205,885</u>	<u>\$26,712</u>	<u>\$793,772</u>	<u>\$225,864</u>	<u>\$311</u>	<u>\$1,019,947</u>

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, 2022 and 2021**

	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ (234,361)	\$ 311,974
Adjustments to reconcile change in net assets to cash provided by operating activities		
Depreciation	83,154	84,343
Net unrealized losses (gains) on investments	144,561	(73,445)
 (Increase) decrease in:		
CARES Act employee retention credits receivable	20,000	15,927
Inventory	4,211	(362)
Prepaid expenses	(3,674)	(3,408)
Increase (decrease) in:		
Deferred revenue	(6,176)	(9,348)
Accounts payable, accrued expenses and other liabilities	(1,931)	41,490
Total cash provided by operating activities	5,784	367,171
 <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of investments, including certificates of deposit	(110,380)	(71,677)
Proceeds from investments, including certificates of deposit	-	102,868
Total cash provided (used) by investing activities	(110,380)	31,191
 <b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Principal payments on mortgage payable	(68,474)	(65,031)
Principal payments on economic injury disaster loan	(4,038)	(2,039)
Principal payments on capital lease of copier	(3,641)	-
Total cash provided (used) by financing activities	(76,153)	(67,070)
 <b>NET CHANGE IN CASH</b>	(180,749)	331,292
 <b>CASH AND CASH EQUIVALENTS, beginning of year</b>	842,798	511,506
 <b>CASH AND CASH EQUIVALENTS, end of year</b>	\$ 662,049	\$ 842,798
 <b>Supplemental information:</b>		
Cash paid for interest	\$ 25,090	\$ 28,062
Equipment acquired under capital lease	\$ 64,000	\$ -

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



CENTER FOR SPIRITUAL LIVING, SANTA ROSA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021

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 two in-person Sunday morning services, one of which is live streamed, a Sunday evening service on Zoom, and in October 2022, we expanded our Celebration Services to include a Wednesday Evening Service.

**Education** programs include Science of Mind classes, spiritual enrichment courses, meditation meetings, and workshops on Zoom. In January 2023, we held our first in-person class since the pandemic and in February 2023, Dr. Edward will teach our first hybrid class, giving our congregants the option to attend class in-person or on Zoom.

**Youth and family** ministries were on hold during the pandemic; however, we hired Jennifer Caldwell as part-time Youth & Family Coordinator in December 2022 and our Youth Program returned in January 2023. The program has been well received by our community and grows in attendance each week.

**Member services** include prayer support, outreach ministries, our Member Assistance Program, and tithing to our Home Office and our nonprofit partners in the local, national, and international community.

**Bookstore** activities include providing spiritual, inspiration, and Science of Mind books and materials to support the spiritual growth of our members. The store hours expanded in 2022 to include Sundays, Tuesdays, and Wednesday evenings.

CENTER FOR SPIRITUAL LIVING, SANTA ROSA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021

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), typically within one year. Revenue in 2022 and 2021 include \$26,957 and \$36,304 that was deferred revenue at the beginning of those respective years.

**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, 2022 AND 2021

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 prior year major bequest from the Estate of Cynthia Waggoner, of (b) employee retention credits benefits from Coronavirus Aid, Relief, and Economic Security Act (CARES Act), (c) facility rental income, and (d) in 2021 a major bequest and a tithe from that bequest.

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, 2022 and 2021.

CARES Act employee retention credits receivable - Receivables are reported at net realizable value, management’s estimate of the amount that will ultimately be collected. The \$20,000 receivable at December 31, 2021 was an estimate as it was net of a \$15,000 reserve representing an estimated repayment to the federal government in connection with the Center’s amendment to its fourth quarter 2020 claim. The repayment to the federal government did not materialize and the Center collected its estimated \$20,000 receivable plus an additional \$19,628 which it recognized as CARES Act employee retention credits income in the year ended December 31, 2022.

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.

CENTER FOR SPIRITUAL LIVING, SANTA ROSA  
 NOTES TO FINANCIAL STATEMENTS  
 DECEMBER 31, 2022 AND 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

Reclassifications - Certain 2021 amounts have been reclassified to conform to the 2022 presentation.

Date of Management’s Review - Subsequent events were evaluated through March 9, 2023, 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:

	2022	2021
Books	\$7,617	\$12,172
Other	5,768	5,424
	\$13,385	\$17,596

CENTER FOR SPIRITUAL LIVING, SANTA ROSA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021

NOTE 4 – ACCRUED VACATION

Accumulated unpaid employee vacation benefits are recognized as liabilities of the Center. The value of accrued vacation at December 31, 2022 and 2021 was \$27,733 and \$28,273 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, 2022 and 2021 was \$438,897 and \$507,371 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 term is from May 19, 2020 through May 19, 2050. The Center’s assets serve as collateral for the loan.

Future scheduled maturities of long-term debt are as follows at December 31, 2022:

	<u>Mortgage</u>	<u>EIDL</u>
2023	\$72,192	3,782
2024	75,961	3,887
2025	79,927	3,995
2026	84,100	4,106
2027	88,491	4,221
Thereafter	38,226	123,932
	<u>438,897</u>	<u>143,923</u>
Less current portion	<u>(72,000)</u>	<u>(3,782)</u>
Long term portion	<u>\$366,897</u>	<u>\$140,141</u>

CENTER FOR SPIRITUAL LIVING, SANTA ROSA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021

NOTE 6 – 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 markets for similar assets or quoted prices in inactive markets for the same 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>2022</u>	<u>2021</u>
Mutual Funds or Exchange Traded Funds emphasizing -		
United States equities	\$327,650	\$409,903
International equities	133,281	155,991
Bonds	136,250	155,664
Emerging markets equities	64,109	65,262
Real estate	27,249	35,383
Cash	13,066	5,159
Total Legacy Funds	<u>\$701,605</u>	<u>\$827,362</u>

CENTER FOR SPIRITUAL LIVING, SANTA ROSA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021

NOTE 7 – 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

The plan developed in 2019 stated that cash reserves in excess of \$300,000 would be invested in Certificates of Deposit in \$50,000 increments with staggered maturity dates. When the Certificates of Deposit purchased in 2019 and 2020 matured in 2021, interest rates available in the Certificate of Deposit markets had shrunk significantly. The Stewards investigated options and decided that money market accounts offered equal or slightly higher rates of return with more liquidity. The Stewards will continue to monitor options that give the Center the best rate of return balanced with liquidity of funds.

	As of December 31, 2022	2021	Interest Rate	Maturity Date
North Bay Credit Union	\$54,338	\$52,948	2.60%	February 10, 2023
Redwood Credit Union	53,153	52,930	0.40%	August 7, 2023
Redwood Credit Union	50,227	-	3.50%	November 14, 2023
North Bay Credit Union	50,196	-	3.25%	May 17, 2023
Summit State Bank	50,070	-	4.64%	December 20, 2023
First Republic Bank	44,843	-	3.68%	July 15, 2023
Redwood Credit Union	-	53,497	2.85%	August 7, 2022
North Bay Credit Union	-	52,650	2.30%	February 10, 2022
	<u>\$302,827</u>	<u>\$212,025</u>		

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NOTE 8 – BOARD DESIGNATIONS

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

	December 31,	
	2022	2021
Waggoner Education Scholarship	\$9,500	\$11,500
Spanish Outreach	6,507	3,303
Member Assistance	3,920	5,000
	\$19,927	\$19,803

NOTE 9 – NET ASSETS WITH DONOR RESTRICTIONS

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

	December 31,	
	2022	2021
Renovation projects	\$14,548	\$65,529
Youth Ministry	15,888	15,888
Other programs	8,538	8,821
Manspirit	4,617	4,617
Spiritual Support	3,521	3,929
Audiovisual upgrade	3,000	3,000
Sound Upgrade	3,000	3,000
Music Ministry	1,425	1,125
Hefferlin Grant	582	582
Centers for Spiritual Living Camp Campaign	-	11,937
Member Assistance – Fire Relief	-	2,480
	\$55,119	\$120,908



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NOTE 10 – 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,	
	2022	2021
Renovation projects	\$51,626	\$34,081
Tree removal	25,000	-
Centers for Spiritual Living Camp Campaign	11,937	-
Other programs	11,211	11,041
Member Assistance - Fire Relief	2,480	-
Spiritual support program	423	1,070
Music ministry	-	4,094
	\$102,677	\$50,286

NOTE 11 – 2021 NONOPERATIONAL INCOME - BEQUEST FROM ESTATE OF LUANNE WOLFF

Nonoperational income for 2021 includes a major bequest of \$209,301 from the estate of Luanne Wolff. The Center’s Board of Trustees approved to tithe 10% of the bequest, \$20,883, to the Centers for Spiritual Living’s Camp Campaign.

NOTE 12 – NONOPERATIONAL INCOME - CARES ACT EMPLOYEE RETENTION CREDITS

The Coronavirus Aid, Relief and Economic Security Act (“CARES Act”) provides for a refundable credit against quarterly employment taxes equal to 50% of qualified wages paid after March 13, 2020 and before December 31, 2020, or 70% of qualified wages paid after December 31, 2020 and before June 30, 2021. Maximum qualified wages per employee is \$10,000. The Center met the conditions to claim employee retention credits. Generally accepted accounting principles (GAAP) do not specifically address accounting for such government assistance but instruct entities to look for guidance for a similar transaction addressed by GAAP and apply that guidance by analogy. The Center has accounted for its credits by applying guidance in GAAP for government grants and recognized other income of \$19,628 and \$79,838 in its statements of activities for its years ended December 31, 2022 and 2021, respectively. The income recognized in 2022 resulted from a change in estimate on the Center’s fourth quarter 2020 amended employee retention credit claim receivable as of December 31, 2021.

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NOTE 13 – CAPITAL LEASE OF COPIER

In August 2022, the Center leased an office copier under a capital lease agreement. Monthly payments are \$1,199 over the 63 month term. Interest is imputed at 4.0%. As of December 31, 2022, the copier’s cost was \$64,000 and accumulated amortization was \$-0-.

Future minimum lease payments under the capital lease are as follows:

Year ending December 31,	
2023	\$13,428
2024	13,428
2025	13,428
2026	13,428
2027	13,428
Total minimum lease payments	67,140
Less amounts representing imputed interest	(6,781)
Present value of net minimum lease payments as of December 31, 2022	\$60,359

NOTE 14 – 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 2022 and 2021 to AT&T totaled \$4,550 and \$4,200, respectively.

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.

2023	\$4,200
2024	700
Total	\$4,900

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NOTE 15 – 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, 2022	
Cash and cash equivalents	\$662,049
Investment brokerage account	701,605
Certificates of deposit	302,827
Certificate of deposit designated for minister's deferred compensation	52,203
	<u>1,718,684</u>
Less those unavailable for general expenditures within one year due to:	
Restrictions:	
Donor	(55,119)
Contractual	(4,200)
Trustee designations:	
Long term investments	(701,605)
Personnel costs - minister's deferred compensation	(68,572)
Net assets designations	(19,927)
	<u>\$869,261</u>

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

NOTE 16 – 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.

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NOTE 16 – CONTRACTUAL COMMITMENTS (continued)

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. The Center's accrued deferred compensation liability was \$68,572 and \$51,429 as of December 31, 2022 and 2021, respectively. A certificate of deposit has been established to fund this liability. The certificate of deposit's balance was \$52,203 as of December 31, 2022. It earns .095% annually and matures January 21, 2023.

In December 2021, the Center entered into a construction contract for roof repairs to the Center's building of approximately \$50,000. The repairs were completed and the contract was paid in 2022.