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**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, 2023 and 2022, 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.

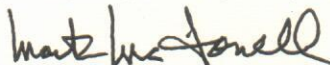
**Accountant's Responsibility**

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.



February 22, 2024

**CENTER FOR SPIRITUAL LIVING, SANTA ROSA**  
**STATEMENTS OF FINANCIAL POSITION**  
**December 31, 2023 and 2022**

	<b>ASSETS</b>	
	<u>2023</u>	<u>2022</u>
Current assets:		
Cash and cash equivalents	\$ 346,207	\$ 662,049
Inventory	10,009	13,385
Prepaid expenses	15,074	15,978
Total current assets	<u>371,290</u>	<u>691,412</u>
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	455,013
Subtotal	<u>3,764,014</u>	<u>3,764,014</u>
Less accumulated depreciation	<u>(2,309,773)</u>	<u>(2,217,821)</u>
Net fixed assets	<u>1,454,241</u>	<u>1,546,193</u>
Investments:		
Investment securities	795,617	701,605
Certificates of deposit	577,432	302,827
Certificate of deposit designated for minister's deferred compensation	71,771	52,203
Total investments	<u>1,444,820</u>	<u>1,056,635</u>
Other assets:		
Parking lot operating lease right of use asset	<u>635</u>	<u>-</u>
Total assets	<u><u>\$ 3,270,986</u></u>	<u><u>\$ 3,294,240</u></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 FINANCIAL POSITION**  
**December 31, 2023 and 2022**

**LIABILITIES AND NET ASSETS**

	<u>2023</u>	<u>2022</u>
Current liabilities:		
Accounts payable	\$ 19,124	\$ 20,217
Accrued vacation	11,171	27,733
Deferred revenue	12,530	20,781
Current portion of loans payable	79,650	75,782
Current portion of finance lease	11,700	11,000
Other current liabilities	6,938	4,401
Parking lot operating lease liability	697	-
Total current liabilities	<u>141,810</u>	<u>159,914</u>
Long-term liabilities:		
Mortgage loan, net of current portion	291,031	366,897
Economic injury disaster loan, net of current portion	136,252	140,141
Finance lease of copier, net of current portion	37,440	49,359
Minister's deferred compensation contractual commitment	85,715	68,572
Total liabilities	<u>692,248</u>	<u>784,883</u>
Net assets:		
Without donor restrictions	2,545,130	2,454,238
With donor restrictions	33,608	55,119
Total net assets	<u>2,578,738</u>	<u>2,509,357</u>
 Total liabilities and net assets	 <u><u>\$ 3,270,986</u></u>	 <u><u>\$ 3,294,240</u></u>

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, 2023 and 2022**

	<b>2023</b>			<b>2022</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	\$858,408	\$12,671	\$871,079	\$910,851	\$36,888	\$947,739
Education	45,054	-	45,054	22,077	-	22,077
Bookstore sales	41,800	-	41,800	32,676	-	32,676
Fundraising	32,408	-	32,408	17,379	-	17,379
Program services	32,001	-	32,001	24,134	-	24,134
Interest and dividends	24,965	-	24,965	4,929	-	4,929
Net assets released from restrictions	34,182	(34,182)	-	102,677	(102,677)	-
<b>Total Revenue and Support</b>	<b>1,068,818</b>	<b>(21,511)</b>	<b>1,047,307</b>	<b>1,114,723</b>	<b>(65,789)</b>	<b>1,048,934</b>
<b>Expenses</b>						
Program services						
Celebration Services	412,552	-	412,552	443,860	-	443,860
Member services	222,070	-	222,070	256,443	-	256,443
Education	114,595	-	114,595	101,133	-	101,133
Tithing to CSL and non-profit partners	86,058	-	86,058	102,894	-	102,894
Bookstore	22,494	-	22,494	24,773	-	24,773
Youth and family	15,240	-	15,240	256	-	256
Supporting services						
Administrative	192,767	-	192,767	224,568	-	224,568
Fundraising	1,870	-	1,870	-	-	-
<b>Total Expenses</b>	<b>1,067,646</b>	<b>-</b>	<b>1,067,646</b>	<b>1,153,927</b>	<b>-</b>	<b>1,153,927</b>
Bookstore costs of sales	24,459	-	24,459	22,208	-	22,208
<b>Change in Net Assets from Operations</b>	<b>(23,287)</b>	<b>(21,511)</b>	<b>(44,798)</b>	<b>(61,412)</b>	<b>(65,789)</b>	<b>(127,201)</b>
<b>Non-Operational Income and Expense</b>						
Unrealized gains (losses) on investments	79,085	-	79,085	(144,561)	-	(144,561)
Dividends and interest	19,206	-	19,206	16,193	-	16,193
Rental income	18,248	-	18,248	1,580	-	1,580
Vandalism repair, net of insurance of \$13,170	(2,360)	-	(2,360)	-	-	-
CARES Act employee retention credits	-	-	-	19,628	-	19,628
<b>Change in net assets</b>	<b>90,892</b>	<b>(21,511)</b>	<b>69,381</b>	<b>(168,572)</b>	<b>(65,789)</b>	<b>(234,361)</b>
Net assets, beginning of year	2,454,238	55,119	2,509,357	2,622,810	120,908	2,743,718
Net assets, end of year	<u>\$ 2,545,130</u>	<u>\$ 33,608</u>	<u>\$ 2,578,738</u>	<u>\$ 2,454,238</u>	<u>\$ 55,119</u>	<u>\$ 2,509,357</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, 2023

Expenses by category	Programs and Activities						Administrative Fundraising Total expenses		
	Celebration services	Education	Youth and family	Member services	Bookstore	Total			
Wages and compensation	\$171,521	\$47,615	\$7,102	\$103,250	\$10,043	\$339,531	\$82,287	\$ -	\$421,818
Payroll taxes	7,030	1,952	291	4,232	412	13,917	3,373	-	17,290
Benefits	37,981	10,543	1,573	22,863	2,223	75,183	18,222	-	93,405
Workers compensation insurance	1,180	328	49	711	69	2,337	566	-	2,903
Total compensation cost	217,712	60,438	9,015	131,056	12,747	430,968	104,448	-	535,416
Administration	3,065	851	127	1,845	179	6,066	35,684	-	41,750
Outside services	-	-	-	-	-	-	15,789	-	15,789
Bookstore	-	-	-	-	3,764	3,764	-	-	3,764
Celebration services	92,597	-	-	-	-	92,597	-	-	92,597
Copier maintenance and supplies	-	-	-	-	-	-	4,824	-	4,824
Depreciation	37,390	10,380	1,548	22,508	2,189	74,015	17,938	-	91,953
Education ministry	-	25,792	-	-	-	25,792	-	-	25,792
Facilities	32,451	8,991	1,341	19,497	1,896	64,176	10	-	64,186
Insurance	5,494	1,525	228	3,307	322	10,876	2,636	-	13,512
Interest	8,536	2,369	353	5,138	500	16,896	4,095	-	20,991
Ministry	-	-	-	9,883	-	9,883	-	-	9,883
Programs and events	-	-	-	19,622	-	19,622	-	1,870	21,492
Utilities	15,307	4,249	634	9,214	896	30,300	7,343	-	37,643
Youth ministry	-	-	1,994	-	-	1,994	-	-	1,994
Total expenses	\$412,552	\$114,595	\$15,240	\$222,070	\$22,494	\$786,950	\$192,767	\$1,870	\$981,587

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, 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	236,582	55,806	156	150,159	13,232	455,935	110,183	-	566,118
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	\$443,860	\$101,133	\$256	\$256,443	\$24,773	\$826,465	\$224,568	\$ -	\$1,051,033

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, 2023 and 2022**

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 69,381	\$ (234,361)
Adjustments to reconcile change in net assets to cash provided by operating activities		
Depreciation	91,953	83,154
Net unrealized losses (gains) on investments	(79,085)	144,561
(Increase) decrease in:		
Inventory	3,376	4,211
Prepaid expenses	904	(3,674)
CARES Act employee retention credits receivable	-	20,000
Increase (decrease) in:		
Deferred revenue	(8,251)	(6,176)
Accounts payable, accrued expenses and other liabilities	2,086	(1,931)
Total cash provided by operating activities	<u>80,364</u>	<u>5,784</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments, including certificates of deposit	(309,100)	(110,380)
Total cash provided (used) by investing activities	<u>(309,100)</u>	<u>(110,380)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal payments on mortgage payable	(71,998)	(68,474)
Principal payments on capital lease of copier	(11,219)	(3,641)
Principal payments on economic injury disaster loan	(3,889)	(4,038)
Total cash provided (used) by financing activities	<u>(87,106)</u>	<u>(76,153)</u>
NET CHANGE IN CASH	(315,842)	(180,749)
CASH AND CASH EQUIVALENTS, beginning of year	<u>662,049</u>	<u>842,798</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 346,207</u>	<u>\$ 662,049</u>
Supplemental information:		
Cash paid for interest	<u>\$ 20,991</u>	<u>\$ 25,090</u>
Equipment acquired under finance lease	<u>\$ -</u>	<u>\$ 64,000</u>

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, 2023 AND 2022

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, and a Wednesday Evening Service.

**Education** programs include Science of Mind classes, spiritual enrichment courses, meditation meetings, and workshops.

**Youth and Family** program continues to be 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.

**Stepping Stones Books and Gifts** provides spiritual, inspiration, and Science of Mind books as well as an array of products to support the spiritual growth of our members. The store hours include Sundays, Tuesdays, and Wednesday evenings.

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.

CENTER FOR SPIRITUAL LIVING, SANTA ROSA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 2023 and 2022 include \$20,781 and \$26,957 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.

**Contributed Services** – 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 accounting standards' 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.

CENTER FOR SPIRITUAL LIVING, SANTA ROSA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Recognition of Revenue and Support (continued) –

**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, (b) facility rental income, (c) vandalism repair to replace broken glass in the social hall doors and windows, and (d) employee retention credits benefits from Coronavirus Aid, Relief, and Economic Security Act (CARES Act).

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, 2023 and 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.

Leases - Effective January 1, 2023, the Center adopted a recently issued accounting standard for leases. It requires lessees to recognize a lease liability and a right of use (ROU) asset for most leases.

The Center determines if a contract is a lease at contract inception. A contract is or contains a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The right to control the use of an asset includes the right to obtain substantially all of the economic benefits of the identified asset and the right to direct the use of the identified asset. ROU assets and lease liabilities are recognized at commencement based on the present value of lease payments over the lease term. Lease terms may include options to extend or terminate the lease. Lease ROU assets and lease liabilities include these options when it is reasonably certain that they will be exercised. The Center does not recognize ROU assets or lease liabilities that arise from leases with terms of twelve months or less.

The Center uses its incremental borrowing rate for determining the present value of lease payments as most lease agreements do not provide an implicit rate. The incremental borrowing rate is the rate of interest the Center would have to pay to borrow, on a collateralized basis, an amount equal to the lease payments, in a similar economic environment and over a similar term.

CENTER FOR SPIRITUAL LIVING, SANTA ROSA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (continued) - Amortization of ROU lease assets is calculated on a straight-line basis over the lease term. Variable rental costs are excluded from ROU assets and lease liabilities, and instead are expensed as incurred.

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 2022 amounts have been reclassified to conform to the 2023 presentation.

Date of Management's Review - Subsequent events were evaluated through February 22, 2024, 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>2023</u>	<u>2022</u>
Books	\$6,277	\$7,617
Other	<u>3,732</u>	<u>5,768</u>
	<u>\$10,009</u>	<u>\$13,385</u>

CENTER FOR SPIRITUAL LIVING, SANTA ROSA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022

NOTE 4 – ACCRUED VACATION

Accumulated unpaid employee vacation benefits are recognized as liabilities of the Center. The value of accrued vacation at December 31, 2023 and 2022 was \$11,171 and \$27,733 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 loan 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, 2023 and 2022 was \$366,899 and \$438,897 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. The outstanding balance on the loan at December 31, 2023 and 2022 was \$140,034 and \$143,923 respectively.

Future scheduled maturities of long-term debt are as follows at December 31, 2023:

	<u>Mortgage</u>	<u>EIDL</u>
2024	\$75,868	\$3,782
2025	80,120	3,887
2026	84,303	3,995
2027	88,705	4,106
2028	37,903	4,221
Thereafter	-	120,043
	<u>366,899</u>	<u>140,034</u>
Less current portion	<u>(75,868)</u>	<u>(3,782)</u>
Long term portion	<u><u>\$291,031</u></u>	<u><u>\$136,252</u></u>

CENTER FOR SPIRITUAL LIVING, SANTA ROSA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022

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, 2023	2022
	<u>          </u>	<u>          </u>
Mutual Funds or Exchange Traded Funds emphasizing -		
United States equities	\$380,050	\$327,650
International equities	156,773	133,281
Bonds	154,344	136,250
Emerging markets equities	69,638	64,109
Real estate	30,348	27,249
Cash	4,464	13,066
	<u>          </u>	<u>          </u>
Total Legacy Funds	<u>\$795,617</u>	<u>\$701,605</u>

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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

Certificates of deposit consist of:

	As of December 31, 2023	2022	Interest Rate	Maturity Date
North Bay Credit Union	\$77,346	\$ -	4.25%	February 10, 2024
First Republic Bank	60,000	-	4.64%	January 17, 2024
Redwood Credit Union	55,411	-	4.65%	June 6, 2024
North Bay Credit Union	52,413	-	5.00%	May 17, 2024
Redwood Credit Union	52,154	-	4.65%	December 13, 2024
Summit State Bank	51,520	-	4.50%	July 5, 2024
North Bay Credit Union	47,007	-	5.00%	July 18, 2024
Redwood Credit Union	45,581	-	4.89%	September 7, 2024
Summit State Bank	45,516	-	4.50%	October 5, 2024
Redwood Credit Union	45,290	-	4.89%	November 14, 2024
Summit State Bank	45,194	-	4.50%	December 20, 2024
North Bay Credit Union	-	54,338	2.60%	February 10, 2023
Redwood Credit Union	-	53,153	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
	<u>\$577,432</u>	<u>\$302,827</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, 2023	2022
Waggoner Education Scholarship	\$7,954	\$9,500
Spanish Outreach	5,790	6,507
Member Assistance	3,920	3,920
	<u>\$17,664</u>	<u>\$19,927</u>

NOTE 9 – NET ASSETS WITH DONOR RESTRICTIONS

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

	December 31, 2023	2022
Renovation projects	\$12,298	\$14,548
Youth ministry	8,988	15,888
Manspirit	4,617	4,617
Other programs	2,894	8,538
Spiritual support	2,754	3,521
Music ministry	1,475	1,425
Hefferlin grant	582	582
Audiovisual upgrade	-	3,000
Sound upgrade	-	3,000
	<u>\$33,608</u>	<u>\$55,119</u>

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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,	
	2023	2022
Youth	\$12,299	\$ -
Other programs	12,097	11,211
Renovation projects	3,650	51,626
Sound upgrade	3,000	-
Music ministry	2,250	-
Spiritual support program	886	423
Tree removal	-	25,000
Centers for Spiritual Living Camp Campaign	-	11,937
Member Assistance - Fire Relief	-	2,480
	<u>\$34,182</u>	<u>\$102,677</u>

NOTE 11 – 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 in its statements of activities for its year ended December 31, 2022. 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 12 – FINANCE LEASE OF OFFICE COPIER

In August 2022, the Center leased an office copier under a finance lease agreement. Monthly payments are \$1,199 over the 63 month term. Interest is imputed at 4.0%. The copier and its accumulated amortization are included in equipment and accumulated depreciation, respectively, in the accompanying statements of financial position. As of December 31, 2023, the copier's cost was \$64,000 and accumulated amortization was \$12,800. For the year ended December 31, 2023, finance lease cost consisted of \$12,800 of right of use asset amortization and \$2,210 of imputed interest.

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

<u>Year ending December 31,</u>	
2024	\$13,428
2025	13,428
2026	13,428
2027	<u>13,428</u>
Total minimum lease payments	53,712
Less amounts representing imputed interest	<u>(4,572)</u>
Present value of net minimum lease payments as of December 31, 2023	<u><u>\$49,140</u></u>

NOTE 13 – PARKING LOT OPERATING LEASE WITH AT&T

In December 2020, the Center entered into a three-year agreement with AT&T that allows the Center to use AT&T's empty lot for parking. The agreement covers the term of March 1, 2021 thru February 29, 2024. Operating lease cost paid in the year ended December 31, 2023 totaled \$4,200 and \$700 is payable in 2024. The discount rate for the Center's operating lease was 4%.

The Center is in the process of arranging a new three-year agreement effective March 1, 2024 with an initial monthly rent of \$375 in the first year increasing 3% each year thereafter.

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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, 2023	
Cash and cash equivalents	\$346,207
Investment brokerage account	795,617
Certificates of deposit	577,432
Certificate of deposit designated for minister's deferred compensation	71,771
	<u>1,791,027</u>
Less those unavailable for general expenditures within one year due to:	
Restrictions:	
Donor	(33,608)
Contractual	(700)
Trustee designations:	
Long term investments	(795,617)
Personnel costs - minister's deferred compensation	(85,715)
Net assets designations	(17,664)
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$857,723</u></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 15 – 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 15 – 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 \$85,715 and \$68,572 as of December 31, 2023 and 2022, respectively. A certificate of deposit has been established to fund this liability. The certificate of deposit's balance was \$71,771 as of December 31, 2023. It earns 3.92% annually and matures February 27, 2024.

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.