Mind and Life Institute

Financial Statements

December 31, 2021 and 2020

Keiter
Your Opportunity Advisors

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MIND AND LIFE INSTITUTE

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Keiter
Your Opportunity Advisors

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Mind and Life Institute
Charlottesville, Virginia

Opinion

We have audited the accompanying financial statements of Mind & Life Institute (the "Organization"), which comprise the statements of financial position as of December 31, 2021 and 2020 and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audits of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audits of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audits in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audits.

Keiter

June 27, 2022
Glen Allen, Virginia

MIND AND LIFE INSTITUTE

Statements of Financial Position
December 31, 2021 and 2020

	2021	2020
Current assets:		
Cash and cash equivalents	$ 2,109,573	$ 1,261,583
Contributions receivable - current, net	246,200	320,940
Prepaid expenses - current	52,692	33,106
Other current assets	14,358	18,390
Total current assets	2,422,823	1,634,019
Contributions receivable - noncurrent, net	99,768	-
Investments	7,491,664	7,048,745
Prepaid expenses - noncurrent	-	35,070
Property and equipment, net	23,094	44,897
Total assets	$ 10,037,349	$ 8,762,731

Liabilities and Net Assets

	2021	2020
Current liabilities:		
Grants payable	$ 944,749	$ 988,779
Accounts payable and accrued expenses	150,510	108,631
Conditional contributions	1,370,741	1,952,051
Deferred rent	3,906	13,281
Deferred revenue	26,667	-
Total current liabilities	2,496,573	3,062,742
Net assets:		
Without donor restrictions	5,389,749	4,940,743
With donor restrictions	2,151,027	759,246
Total net assets	7,540,776	5,699,989
Total liabilities and net assets	$ 10,037,349	$ 8,762,731

See accompanying notes to financial statements.

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Statements of Activities
Years Ended December 31, 2021 and 2020

	2021			2020		
	Without donor restrictions	With donor restrictions	Total	Without donor restricitons	With donor restrictions	Total
Support and other revenue:						
Contributions	$ 1,803,761	$ 2,563,579	$ 4,367,340	$ 1,471,752	1,004,822	$ 2,476,574
Sponsorships	30,000	-	30,000	13,000	-	13,000
Service fees	293,218	-	293,218	119,572	-	119,572
Publication royalties	34,197	-	34,197	5,911	-	5,911
Investment income (loss)	(22,290)	64,109	41,819	80,845	76,005	156,850
Other income	297,177	-	297,177	227,105	-	227,105
	2,436,063	2,627,688	5,063,751	1,918,185	1,080,827	2,999,012
Net assets released from restrictions:						
Satisfaction of time or purpose restrictions	1,235,907	(1,235,907)	-	1,006,647	(1,006,647)	-
Total support and other revenue	3,671,970	1,391,781	5,063,751	2,924,832	74,180	2,999,012
Expenses:						
Program services	2,315,857	-	2,315,857	2,272,068	-	2,272,068
General and administrative	451,179	-	451,179	349,135	-	349,135
Fundraising	455,928	-	455,928	493,826	-	493,826
Total expenses	3,222,964	-	3,222,964	3,115,029	-	3,115,029
Change in net assets	449,006	1,391,781	1,840,787	(190,197)	74,180	(116,017)
Net assets, beginning of year	4,940,743	759,246	5,699,989	5,130,940	685,066	5,816,006
Net assets, end of year	$ 5,389,749	$ 2,151,027	$ 7,540,776	$ 4,940,743	$ 759,246	$ 5,699,989

See accompanying notes to financial statements.

MIND AND LIFE INSTITUTE

Statement of Functional Expenses
Year Ended December 31, 2021

	Program Services	General and Administrative	Fundraising	Total
Personnel	$ 1,251,172	$ 375,011	$ 369,487	$ 1,995,670
Subcontractor	98,904	34,698	37,600	171,202
Grants	737,409	-	-	737,409
Programs	87,557	-	-	87,557
Travel and meals	4,565	3,368	972	8,905
Administration	19,492	8,030	14,853	42,375
Occupancy and operations	71,077	21,153	20,763	112,993
Communications	19,456	2,484	6,426	28,366
Depreciation	20,076	4,589	4,015	28,680
Insurance	6,149	1,846	1,812	9,807
	$ 2,315,857	$ 451,179	$ 455,928	$ 3,222,964

See accompanying notes to financial statements.

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Statement of Functional Expenses
Year Ended December 31, 2020

	Program Services	General and Administrative	Fundraising	Total
Personnel	$ 1,184,488	$ 194,818	$ 267,140	$ 1,646,446
Subcontractor	184,107	119,030	106,455	409,592
Grants	686,499	-	-	686,499
Programs	11,241	-	-	11,241
Travel and meals	3,504	5,185	489	9,178
Administration	14,374	9,936	19,713	44,023
Occupancy and operations	85,218	13,531	18,972	117,721
Communications	73,766	2,113	74,696	150,575
Depreciation	23,591	3,555	5,171	32,317
Insurance	5,280	967	1,190	7,437
	$ 2,272,068	$ 349,135	$ 493,826	$ 3,115,029

See accompanying notes to financial statements.

MIND AND LIFE INSTITUTE

Statements of Cash Flows
Years Ended December 31, 2021 and 2020

	2021	2020
Cash flows from operating activities:		
Change in net assets	$ 1,840,787	$ (116,017)
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	28,680	32,317
Amortization of deferred rent	(9,375)	(9,375)
Net realized and unrealized loss (gain) on investments	23,298	(20,941)
Reinvestment of interest and dividends	(65,117)	(135,909)
(Gain) loss on disposal of property and equipment	(67)	673
Gain on forgiveness of Paycheck Protection Program loans (see Note 11)	(274,965)	(226,700)
Contributions restricted for long-term endowment purposes	(1,000,000)	-
Change in operating assets and liabilities:		
Contributions receivable	(25,028)	(16,712)
Prepaid expenses	15,484	7,033
Other current assets	4,032	(4,009)
Grants payable	(44,030)	367,881
Accounts payable and accrued expenses	41,879	(29,750)
Conditional contributions	(581,310)	(610,329)
Deferred revenue	26,667	-
Net cash used in operating activities	(19,065)	(761,838)
Cash flows from investing activities:		
Purchase of investments	(8,510,374)	(835,219)
Proceeds from sale of investments	8,109,274	1,636,141
Purchases of property and equipment	(7,410)	(12,651)
Proceeds from sale of property and equipment	600	552
Net cash (used in) provided by investing activities	(407,910)	788,823
Cash flows from financing activities:		
Proceeds from Paycheck Protection Program Loans (see Note 11)	274,965	226,700
Contributions restricted for long-term endowment purposes	1,000,000	-
Net cash provided by investing activities	1,274,965	226,700
Change in cash and cash equivalents	847,990	253,685
Cash and cash equivalents, beginning of year	1,261,583	1,007,898
Cash and cash equivalents, end of year	$ 2,109,573	$ 1,261,583

See accompanying notes to financial statements.

1. Summary of Significant Accounting Policies:

Nature of Organization: Mind and Life Institute (the "Organization"), a nonprofit corporation, was incorporated in the state of California on July 2, 1991 and is licensed to conduct business in Virginia. The Organization brings science and contemplative wisdom together to better understand the mind and create positive change in the world. Through grantmaking, in-person and digital events, and strategic partnerships, the Organization seeks to foster insight and inspire action toward flourishing.

Basis of Accounting: The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States ("GAAP") as determined by the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC").

Use of Estimates: The preparation of financial statements in accordance with generally accepted accounting principles requires the Organization to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and support and expenses and disclosure of contingent assets and liabilities for the reported period. Actual results could differ from those estimates and assumptions.

Classification of Net Assets: The financial statements are presented in accordance with FASB accounting guidance for financial statements of not-for-profit organizations, which establishes standards for financial statements issued by nonprofit organizations. It requires that net assets and related revenue and expenses be classified in two classes of net assets – net assets without donor restrictions and net assets with donor restrictions reflected based upon the existence or absence of donor-imposed restrictions. A definition and description of each net asset class follows:

Net Assets Without Donor Restrictions – Funds that are not subject to donor-imposed stipulations.

Net Assets with Donor Restrictions – Funds subject to donor or grant-imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Cash and Cash Equivalents: The Organization considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents. The Organization's cash equivalents consist of money market funds in the amount of $1,555,048 and $655,073 as of December 31, 2021 and 2020, respectively.

1. Summary of Significant Accounting Policies, Continued:

Contributions Receivable: Contributions are recorded when pledged or received. An allowance is provided for amounts estimated to be uncollectible. Management does not believe an allowance is necessary at December 31, 2021 and 2020.

Contributions that are due in the next year are recorded at their net realizable value. When required, contributions that are due in subsequent years are reported at the estimated present value using the Organization’s investment rate of return applicable to the years in which the promises are to be received, in accordance with FASB ASC 958.

Investments: The Organization invests in a professionally managed portfolio that contains mutual funds, certificates of deposits, municipal bonds and government obligations. Such investments are exposed to various risks such as interest rate, market and credit. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in the risks in the near term could materially affect amounts reported on the financial statements.

Investments are reflected at fair market value as described in Note 5. Realized and unrealized gains and losses are reported in the accompanying statements of activities as investment income.

Property and Equipment: Property and equipment are stated at cost less accumulated depreciation. Depreciation is provided by the straight-line method over asset lives ranging from three to six years.

The Organization reviews the carrying value of its property and equipment whenever significant events or changes in circumstances occur that might impair the recovery of these costs. Recovery is evaluated by measuring the carrying value of assets against the associated estimated undiscounted cash flows. During 2021 and 2020, the Organization did not have impairments in its property and equipment.

Contributions: Contributions and other support are recorded as without donor restrictions or with donor restrictions, depending on the existence and/or nature of any donor restrictions.

All donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

1. Summary of Significant Accounting Policies, Continued:

Contributions, Continued: Conditional contributions represent support received in advance where the Organization must meet certain conditional requirements subject to the donor approval before being allowed to spend the proceeds in accordance with any applicable donor restrictions. At December 31, 2021 and 2020, conditional contributions deferred on the statements of financial position were $1,370,741 and $1,952,051, respectively.

In June 2018, the FASB issued Accounting Standard Update (“ASU”) no. 2018-08, “Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made”, which presents a new methodology for determining whether a grant or contribution received or made by a not-for-profit entity should be accounted for as an exchange transaction or as a contribution. This new standard is effective in two parts. The first part is for fiscal years beginning after December 15, 2018, for entities receiving contributions, and the second part is for fiscal years beginning after December 15, 2019, for entities making contributions. The Organization adopted the first part effective January 1, 2019 and the second part effective January 1, 2020, each using the modified prospective approach. The adoption of this ASU did not have a significant impact on the Organization’s financial statements.

Revenue Recognition: Revenue is recognized when obligations under the terms of a contract with a customer are satisfied; generally, this occurs with the transfer of control of the Organization’s products or services. Revenue is measured as the amount of total consideration expected to be received in exchange for transferring goods or providing services. A performance obligation is a promise in a contract to transfer a distinct good or service to the customer in exchange for payment and is the unit of account. A contract's transaction price is allocated to each distinct performance obligation and recognized as revenue when or as the performance obligation is satisfied. Revenue from sponsorships, service fees, and publication royalties is recognized at a point in time when the performance obligations are satisfied.

Contract assets represent the Organization’s right to consideration in exchange for services transferred to a customer. There were no contract assets at December 31, 2021 and 2020. Contract liabilities represent the Organization’s obligation to transfer services to a customer when the customer prepays consideration for services. There were contract liabilities of $26,667 at December 31, 2021 and none at December 31, 2020, presented as deferred revenue on the accompanying statements of financial position.

1. Summary of Significant Accounting Policies, Continued:

Grants to Others: The Organization awards grants to promote research and the development of programs to further their mission. The outstanding grants of $944,749 and $988,779 at December 31, 2021 and 2020, respectively, will be paid in the following year. Grants unspent and refunded by the grantee are netted against grants expense in the year the grants are refunded. Refunded grants were $85,259 for 2021 and $25,826 for 2020.

Functional Allocation of Expenses: The costs of providing various programs and other activities have been summarized on a functional basis in the accompanying statements of activities. Expenses are allocated based on time and effort of the following: personnel, subcontractors, grants, programs, travel and meals, administration, occupancy and operations, communications, depreciation and insurance. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Concentrations of Credit Risk: Financial instruments which potentially subject the Organization to concentration of credit risk consist principally of cash and cash equivalents and contributions receivable. The Organization places its cash and cash equivalents with high credit rating financial institutions. All of the Organization's checking accounts were maintained in one financial institution. During 2021 and 2020, balances periodically exceeded the $250,000 federally insured limit.

Contribution receivables are generally from individuals, corporations and foundations. The Organization believes its credit risk related to these contributions is limited due to the nature of its donors. The ability to collect receivables is affected by the general economic conditions.

Income Taxes: The Organization is exempted from income taxes under Section 501(c)(3) of the Internal Revenue Code and has been classified as an organization, which is not a private foundation, under Section 509(a) of the Internal Revenue Code.

Income Tax Uncertainties: The Organization follows FASB guidance for how uncertain tax positions should be recognized, measured, disclosed and presented in the financial statements. This requires the evaluation of tax positions taken or expected to be taken in the course of preparing the Organization's tax returns to determine whether the tax positions are "more-likely-than-not" of being sustained "when challenged" or "when examined" by the applicable tax authority. Tax positions not deemed to the meet the more-likely-than-not threshold would be recorded as a tax expense and liability in the current year. Management evaluated the Organization's tax position and concluded that the Organization had taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance. The Organization is not currently under audit by any tax jurisdiction.

1. Summary of Significant Accounting Policies, Continued:

Paycheck Protection Program Loan: The Organization's policy is to account for the Paycheck Protection Program ("PPP loan") as debt until the loan is partially or entirely forgiven and the debtor has been legally released. The Organization recorded the PPP loans as liabilities until such time as all requirements for forgiveness were met (see Note 11).

Pending Accounting Pronouncement:

Leases: In February 2016, the FASB issued ASU 2016-02 Leases (Topic 842), which requires companies with leases to recognize on their statements of financial position the assets and liabilities generated by contracts longer than a year. The total value is calculated based on the present value of the future lease payments and the expense is recognized over the life of the lease on a straight-line basis. The standard is effective for private companies and not-for-profits for fiscal years beginning after December 15, 2021. The Organization is currently evaluating the implications of this new standard.

In-Kind Contributions: In September 2020, the FAS issued ASU 2020-07, which provides new guidance related to contributions of non-financial assets received, amending previous guidance concerning presentation and disclosure. Specifically, the amendments require (1) presentation as a separate line item of contributed non-financial assets and (2) disclosure of information about each category of non-financial assets. The standard is effective for fiscal years beginning after June 15, 2021. The Organization is currently evaluating the implications of this new standard.

Subsequent Events: Management has evaluated subsequent events through June 15, 2022, the date the financial statements were available to be issued, and has determined that other than the new lease agreement described in Note 8, there are no additional subsequent events to be reported in the accompanying financial statements.

2. Investments:

Investments at December 31, 2021 and 2020 consisted of the following:

	2021	2020
Mutual funds	$ 1,697,392	$ 1,435,626
Certificates of deposit	4,097,146	3,556,945
Municipal bonds	-	302,732
Government obligations	1,697,126	1,753,442
Total investments	$ 7,491,664	$ 7,048,745

2. Investments, Continued:

Investment income for the years ended December 31, 2021 and 2020 consisted of the following:

	2021	2020
Net realized and unrealized (loss) gain	$ (23,298)	$ 20,941
Interest and dividends	65,117	135,909
Total investment income	$ 41,819	$ 156,850

3. Contributions Receivable:

Contributions receivable represent unconditional promises to give which have been made by donors but have not yet been received by the Organization. Contributions receivable consisted of the following at December 31, 2021 and 2020:

	2021	2020
Due in less than one year	$ 246,200	$ 320,940
Due in one to five years	99,768	-
Net contributions receivable	$ 345,968	$ 320,940

4. Property and Equipment:

At December 31, 2021 and 2020, property and equipment consisted of the following:

	2021	2020
Leasehold improvements	$ 71,226	$ 71,226
Office equipment and furniture	78,834	86,406
Books and video equipment	15,127	15,127
	165,187	172,759
Less accumulated depreciation	(142,093)	(127,862)
	$ 23,094	$ 44,897

Depreciation expense was $28,680 for 2021 and $32,317 for 2020.

5. Fair Value Measurements:

The Organization follows FASB guidance on fair value measurements. The provisions of the guidance provide a framework for measuring fair value under GAAP and defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

This guidance also establishes a fair value hierarchy which prioritizes the valuation inputs into three broad levels. Based on the underlying inputs, each fair value measurement in its entirety is reported in one of three levels:

- Level 1 – Quoted prices in active markets
- Level 2 – Directly or indirectly observable valuations in the marketplace at the measurement date other than Level 1 inputs
- Level 3 – Valuations unobservable in the marketplace at the measurement date

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2021 and 2020.

Mutual funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Organization are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily NAV and to transact at that price. The mutual funds held by the Organization are deemed to be actively traded.

Certificates of deposit: Valued at the total principal as reported by the bank or carrying institution plus accrued interest.

Municipal bonds: Bonds are valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing values on yields currently available on comparable securities of issuers with similar credit rating.

Government obligations: Valued using pricing models maximizing the use of observable inputs for similar securities.

5. Fair Value Measurements, Continued:

At December 31, 2021, assets measured at fair value on a recurring basis are as follows:

	Level 1	Level 2	Level 3	Total
Mutual funds	$1,697,392	$ -	$ -	$ 1,697,392
Certificates of deposit	-	4,097,146	-	4,097,146
Government obligations	-	1,697,126	-	1,697,126
	$1,697,392	$ 5,794,272	$ -	$ 7,491,664

At December 31, 2020, assets measured at fair value on a recurring basis are as follows:

	Level 1	Level 2	Level 3	Total
Mutual funds	$1,435,626	$ -	$ -	$ 1,435,626
Certificates of deposit	-	3,556,945	-	3,556,945
Municipal bonds	-	302,732	-	302,732
Government obligations	-	1,753,442	-	1,753,442
	$1,435,626	$ 5,613,119	$ -	$ 7,048,745

There were no transfers between levels during 2021 and 2020.

6. Net Assets with Donor Restrictions:

Net assets with donor restrictions were available for the following purposes at December 31, 2021 and 2020:

	2021	2020
Assets available for restricted use:		
Young Adult Engagement Strategy	$ 150,000	$ -
Varela grants	100,000	-
Mind & Life grants and scholarships	75,000	-
Kerr award	1,200	1,200
Total available for restricted use	326,200	1,200
Assets available in future periods:		
Contributions receivable	345,968	320,940
Endowment held in perpetuity (see Note 7)	1,478,859	437,106
Net assets with donor restrictions	$ 2,151,027	$ 759,246

6. Net Assets with Donor Restrictions, Continued:

Net assets with donor restrictions were released to expenses after satisfying the following restricted purposes:

	2021	2020
Purpose restrictions:		
Varela grants	$ 321,509	$ -
PEACE grants	497,356	468,536
Research and Think Tank grants	75,000	24,259
Research Institutes	77,510	54,032
Dialogues with the Dalai Lama	30,000	-
Publications and digital media project	36,000	182,370
Program scholarships	40,550	23,700
Wisdom Summit	5,750	-
Contemplative Research Conference	-	11,750
Equity and inclusion program	50,000	65,000
Total purpose restrictions	1,133,675	829,647
Passage of time restrictions	102,232	177,000
Net assets released from restrictions	$ 1,235,907	$ 1,006,647

7. Endowment Funds:

Effective July 1, 2019, the Organization's endowment consists of two named funds which are donor-restricted. The Samuel B. Hanser Memorial Trust Endowment was established to further the goal of making contemplative practices and wisdom traditions more accessible and accepted throughout society as a means for creating health and well-being. The Mind & Life Dalai Lama Endowment was established to ensure that the significant contributions that the Organization's research and programs have made to the development of humanity continue to be offered well into the future. As required by GAAP, net assets associated with these endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The management of donor-restricted endowment funds is governed by state law under the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as adopted by the Virginia state legislature in 2008. The law gives guidance for investment and spending practices, giving consideration for donor-intent and the organization's overall resources and charitable purpose. Based on their interpretation of law and in compliance with donor intent, the Organization classifies as donor-restricted the original value of the gifts donated to the permanent endowment and the income earned thereon.

7. Endowment Funds, Continued:

A five percent (5%) spending rule shall apply based on a 20 quarter market value average (or historic quarterly average if less than 20 quarters). Investment return in excess of five percent (5%) (net of investment management fees and other applicable direct expenses) shall be added back to principal.

Changes in endowment net assets with donor restrictions as of December 31, 2021 and 2020, are as follows:

Balance, January 1, 2020	$	379,638
Appropriations for expenditure		(18,537)
Investment return:		
Investment income		27,117
Net realized and unrealized gain		48,888
		76,005
Balance, December 31, 2020		437,106
Contributions		1,000,000
Appropriations for expenditure		(22,356)
Investment return:		
Investment income		22,403
Net realized and unrealized gain		41,706
		64,109
Balance, December 31, 2021	$	1,478,859

8. Commitments:

The Organization leases office space in Virginia through a lease agreement expiring May 31, 2022. Annual base rent began at $86,145 which was paid over equal installments for the first year. Rent escalates over the remaining years depending upon square footage leased and 3% increase. Included in the lease is an incentive where the lessor agreed to pay for $56,250 of leasehold improvements purchased by the Organization. This incentive is being amortized against rent expense on a straight-line basis over the life of the lease, resulting in the recognition of deferred rent of $3,906 at December 31, 2021 and $13,281 at December 31, 2020. Rent expense, net of straight-line amortization of lease incentive, was $89,280 for 2021 and $86,406 for 2020. At December 31, 2021, future minimum rent payments relating to all leases are $58,151 for 2022. Subsequent to year end, the Organization entered a lease for a new office space through April 2024, beginning at $1,850 per month and escalating by 3% after the first year.

9. Employee Retirement Plan:

The Organization has established a 403(b) plan (the Plan) whereby employees meeting certain requirements may participate in the Plan. The Organization, at its discretion, may make certain matching contributions into the Plan subject to certain Internal Revenue Service (IRS) limitations. For the years ended December 31, 2021 and 2020, no matching contributions were made to the Plan.

The Organization has established a profit-sharing plan whereby the Organization may elect to make contributions on behalf of employees meeting certain eligibility requirements, subject to certain IRS limitations. Subsequent to the years ended December 31, 2021 and 2020, the Organization contributed $69,739 and $32,285, respectively, to the profit-sharing plan. Annual employer contributions are subject to approval by the Board of Trustees.

10. Liquidity and Availability of Financial Assets:

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position dates, comprise the following:

	2021	2020
Cash and cash equivalents	$ 2,109,573	$ 1,261,583
Contributions receivable, net	345,968	320,940
Investments	7,491,664	7,048,745
Total financial assets available within one year	9,947,205	8,631,268
Receivables to be collected in more than one year	(99,768)	-
Conditional contributions	(1,370,741)	(1,952,051)
Donor-imposed restrictions	(1,805,059)	(438,306)
Financial assets available to meet cash needs for general expenditures within one year	$ 6,671,637	$ 6,240,911

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures become due. In addition the Organization invests excess cash in short-term investments and money market funds.

11. Paycheck Protection Program Loan:

In response to the economic instability caused by COVID-19, the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") was passed by Congress and signed into law by the President on March 27, 2020. The Paycheck Protection Program ("PPP") was a component of the CARES Act and provided for a PPP Loan to provide a direct incentive for employers to keep their employees on the payroll. A PPP Loan is eligible for full or partial forgiveness if the funds are used for qualifying costs including payroll, rent, mortgage interest, or utilities, as further defined in the CARES Act.

The Organization applied for and was approved for a PPP Loan in the amount of $226,700. The loan was funded on April 16, 2020. The loan accrued interest at 1.0%. The Organization was eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. The PPP Loan was uncollateralized and was fully guaranteed by the Federal government.

As of December 31, 2020, the Organization had used all of the loan proceeds for qualifying costs and had substantially met the forgiveness requirements of the loan. The Organization applied for and was approved for loan forgiveness as of November 4, 2020. The forgiveness of the loan is recognized as other income on the accompanying 2020 statement of activities.

The Organization applied for and was approved for a second PPP Loan in the amount of $274,965. The loan was funded on February 8, 2021. The loan accrued interest at 1.0%. The Organization was eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. The PPP Loan was uncollateralized and was fully guaranteed by the Federal government.

As of December 31, 2021, the Organization had used all of the loan proceeds for qualifying costs and had substantially met the forgiveness requirements of the loan. The Organization applied for and was approved for loan forgiveness as of September 17, 2021. The forgiveness of the loan is recognized as other income on the accompanying 2021 statement of activities.