

Mind and Life Institute

Financial Statements

December 31, 2024 and 2023



4401 Dominion Boulevard
Glen Allen, Virginia 23060
Tel: 804.747.0000
www.keitercpa.com

MIND AND LIFE INSTITUTE

Table of Contents

	<u>Page</u>
Independent Auditor's Report	1
Financial Statements:	
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	5
Statements of Cash Flows	7
Notes to Financial Statements	9

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, 2024 and 2023 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, 2024 and 2023, 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 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 audit.
- 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 audit 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 audit.



October 2, 2025
Glen Allen, Virginia

MIND AND LIFE INSTITUTE

Statements of Financial Position December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
<u>Assets</u>		
Current assets:		
Cash and cash equivalents	\$ 1,266,149	\$ 904,883
Contributions receivable - current	120,268	145,672
Other receivable	13,423	-
Prepaid expenses	37,031	26,786
Other current assets	<u>1,772</u>	<u>2,055</u>
Total current assets	1,438,643	1,079,396
Contributions receivable - noncurrent	-	50,000
Investments	7,775,335	7,977,224
Property and equipment, net	<u>9,048</u>	<u>8,524</u>
Total assets	<u>\$ 9,223,026</u>	<u>\$ 9,115,144</u>
<u>Liabilities and Net Assets</u>		
Current liabilities:		
Grants payable	\$ 392,900	\$ 792,235
Accounts payable and accrued expenses	116,203	159,034
Conditional contributions	<u>388,241</u>	<u>436,691</u>
Total current liabilities	<u>897,344</u>	<u>1,387,960</u>
Net assets:		
Without donor restrictions	4,073,049	4,889,919
With donor restrictions	<u>4,252,633</u>	<u>2,837,265</u>
Total net assets	<u>8,325,682</u>	<u>7,727,184</u>
Total liabilities and net assets	<u>\$ 9,223,026</u>	<u>\$ 9,115,144</u>

See accompanying notes to financial statements.

MIND AND LIFE INSTITUTE

Statements of Activities Years Ended December 31, 2024 and 2023

	2024			2023		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
Support and other revenue:						
Contributions	\$ 846,135	\$ 1,901,047	\$ 2,747,182	\$ 980,100	\$ 2,349,846	\$ 3,329,946
Service fees	45,808	-	45,808	52,712	-	52,712
Publication royalties	36,383	-	36,383	122,761	-	122,761
Investment income	537,704	479,941	1,017,645	674,697	255,967	930,664
Other income	1,824	-	1,824	134,278	-	134,278
	<u>1,467,854</u>	<u>2,380,988</u>	<u>3,848,842</u>	<u>1,964,548</u>	<u>2,605,813</u>	<u>4,570,361</u>
Net assets released from restrictions:						
Satisfaction of time or purpose restrictions	<u>965,620</u>	<u>(965,620)</u>	<u>-</u>	<u>1,479,978</u>	<u>(1,479,978)</u>	<u>-</u>
Total support and other revenue	<u>2,433,474</u>	<u>1,415,368</u>	<u>3,848,842</u>	<u>3,444,526</u>	<u>1,125,835</u>	<u>4,570,361</u>
Expenses:						
Program services	2,325,530	-	2,325,530	2,538,657	-	2,538,657
General and administrative	612,810	-	612,810	782,735	-	782,735
Fundraising	<u>312,004</u>	<u>-</u>	<u>312,004</u>	<u>352,265</u>	<u>-</u>	<u>352,265</u>
Total expenses	<u>3,250,344</u>	<u>-</u>	<u>3,250,344</u>	<u>3,673,658</u>	<u>-</u>	<u>3,673,658</u>
Change in net assets	(816,870)	1,415,368	598,498	(229,132)	1,125,835	896,703
Net assets, beginning of year	<u>4,889,919</u>	<u>2,837,265</u>	<u>7,727,184</u>	<u>5,119,051</u>	<u>1,711,430</u>	<u>6,830,481</u>
Net assets, end of year	<u>\$ 4,073,049</u>	<u>\$ 4,252,633</u>	<u>\$ 8,325,682</u>	<u>\$ 4,889,919</u>	<u>\$ 2,837,265</u>	<u>\$ 7,727,184</u>

See accompanying notes to financial statements.

MIND AND LIFE INSTITUTE

Statement of Functional Expenses Year Ended December 31, 2024

	Program Services	General and Administrative	Fundraising	Total
Personnel	\$ 1,201,497	\$ 302,534	\$ 265,676	\$ 1,769,707
Subcontractor	240,698	184,341	10,655	435,694
Grants	431,164	-	-	431,164
Programs and events	285,951	15,112	21,529	322,592
Travel and meals	121,226	39,278	1,784	162,288
Administration	7,544	58,686	4,625	70,855
Occupancy and operations	25,623	9,807	5,604	41,034
Depreciation	5,723	1,532	806	8,061
Insurance	6,104	1,520	1,325	8,949
	<u>\$ 2,325,530</u>	<u>\$ 612,810</u>	<u>\$ 312,004</u>	<u>\$ 3,250,344</u>

See accompanying notes to financial statements.

MIND AND LIFE INSTITUTE

Statement of Functional Expenses Year Ended December 31, 2023

	Program Services	General and Administrative	Fundraising	Total
Personnel	\$ 1,174,788	\$ 330,093	\$ 286,611	\$ 1,791,492
Subcontractor	151,334	352,034	17,595	520,963
Grants	784,868	-	-	784,868
Programs and events	288,399	4,105	371	292,875
Travel and meals	60,232	22,416	1,500	84,148
Administration	25,161	60,150	10,276	95,588
Occupancy and operations	20,982	8,596	5,443	35,022
Communications	19,426	2,215	27,207	48,848
Depreciation	6,228	938	1,365	8,531
Insurance	7,239	2,187	1,897	11,322
	<u>\$ 2,538,657</u>	<u>\$ 782,735</u>	<u>\$ 352,265</u>	<u>\$ 3,673,658</u>

See accompanying notes to financial statements.

MIND AND LIFE INSTITUTE

Statements of Cash Flows Years Ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities:		
Change in net assets	\$ 598,498	\$ 896,703
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	8,061	8,531
Net realized and unrealized gain on investments	(785,731)	(706,255)
Reinvestment of interest and dividends	(231,914)	(224,409)
Gain on disposal of property and equipment	(391)	(221)
Contributions restricted for long-term endowment purposes	(1,000,000)	(1,000,000)
Change in operating assets and liabilities:		
Contributions receivable	75,404	87,203
Other receivable	(13,423)	-
Prepaid expenses	(10,245)	53,334
Employee retention credit receivable	-	409,877
Other current assets	283	45
Grants payable	(399,335)	167,405
Accounts payable and accrued expenses	(42,831)	(39,588)
Conditional contributions	(48,450)	(444,050)
Deferred revenue	-	(60,805)
Net cash used in operating activities	<u>(1,850,074)</u>	<u>(852,230)</u>
Cash flows from investing activities:		
Purchase of investments	(10,997,883)	(12,110,516)
Proceeds from sale or maturity of investments	12,217,417	11,752,666
Purchases of property and equipment	(8,585)	(3,825)
Proceeds from sale of property and equipment	391	221
Net cash provided by (used in) investing activities	<u>1,211,340</u>	<u>(361,454)</u>

See accompanying notes to financial statements.

MIND AND LIFE INSTITUTE

Statements of Cash Flows, Continued Years Ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Cash flows from financing activities:		
Contributions restricted for long-term endowment purposes	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>
Net cash provided by financing activities	<u>1,000,000</u>	<u>1,000,000</u>
Change in cash and cash equivalents	361,266	(213,684)
Cash and cash equivalents, beginning of year	<u>904,883</u>	<u>1,118,567</u>

See accompanying notes to financial statements.

MIND AND LIFE INSTITUTE

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 \$158,539 and \$113,953 as of December 31, 2024 and 2023, respectively.

MIND AND LIFE INSTITUTE

Notes to Financial Statements, Continued

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, 2024 and 2023.

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 were originally pledged, in accordance with FASB ASC 958.

Investments: The Organization invests in a professionally managed portfolio that contains mutual funds, certificates of deposits, bonds, stocks 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 (loss).

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 2024 and 2023, 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.

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, 2024 and 2023, conditional contributions deferred on the statements of financial position were \$388,241 and \$436,691, respectively.

MIND AND LIFE INSTITUTE

Notes to Financial Statements, Continued

1. Summary of Significant Accounting Policies, Continued:

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, 2024 and 2023. Contract liabilities represent the Organization's obligation to transfer services to a customer when the customer prepays consideration for services. There were no contract liabilities at December 31, 2024 and December 31, 2023, and \$60,805 at December 31, 2022, presented as deferred revenue on the accompanying statements of financial position.

Grants to Others: The Organization awards grants to promote research and the development of programs to further their mission. The outstanding grants of \$392,900 and \$792,235 at December 31, 2024 and 2023, 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 \$21,943 for 2024 and \$45,684 for 2023.

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. The organization's cash accounts were maintained in several financial institutions. During 2024 and 2023, 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.

MIND AND LIFE INSTITUTE

Notes to Financial Statements, Continued

1. Summary of Significant Accounting Policies, Continued:

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 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.

Subsequent Events: Management has evaluated subsequent events through October 2, 2025, the date the financial statements were available to be issued, and has determined that there are no subsequent events to be reported in the accompanying financial statements.

2. Contributions Receivable:

Contributions receivable represent unconditional promises to give which have been made by donors but have not yet been received by the Organization and consisted of the following at December 31, 2024 and 2023:

	2024	2023
Due in less than one year	\$ 120,268	\$ 145,672
Due in one to five years	-	50,000
Net contributions receivable	<u>\$ 120,268</u>	<u>\$ 195,672</u>

At December 31, 2024 and 2023, respectively, there were \$450,00 and \$950,000 of conditional pledges related to the Gaden Phodrang Foundation not included in contributions receivable. See Supplemental Information.

MIND AND LIFE INSTITUTE

Notes to Financial Statements, Continued

3. Property and Equipment:

At December 31, 2024 and 2023, property and equipment consisted of the following:

	2024	2023
Office equipment and furniture	\$ 48,529	\$ 40,140
Books and video equipment	14,932	15,127
	63,461	55,267
Less accumulated depreciation	(54,413)	(46,743)
	<u>\$ 9,048</u>	<u>\$ 8,524</u>

Depreciation expense was \$8,061 for 2024 and \$8,531 for 2023.

4. Investments:

Investments at December 31, 2024 and 2023 consisted of the following:

	2024	2023
Equities	\$ 3,911,438	\$ 4,069,173
Fixed income	3,554,769	3,639,707
Alternative investments	309,128	268,344
	<u>\$ 7,775,335</u>	<u>\$ 7,977,224</u>

Investment income for the years ended December 31, 2024 and 2023 consisted of the following:

	2024	2023
Net realized and unrealized gain	\$ 785,731	\$ 706,255
Interest and dividends	231,914	224,409
	<u>\$ 1,017,645</u>	<u>\$ 930,664</u>

MIND AND LIFE INSTITUTE

Notes to Financial Statements, Continued

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, 2024 and 2023.

Equities: Equities investments consist of corporate stock and exchange-traded funds (ETFs) and are valued at the closing price as reported on the active market on which the investments are traded.

Fixed income: Fixed income investments consist primarily of corporate, government and municipal debt securities and 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.

Alternative investments: Valued at daily net asset value published on the active market on which they are traded.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

MIND AND LIFE INSTITUTE

Notes to Financial Statements, Continued

5. Fair Value Measurements, Continued:

At December 31, 2024, assets measured at fair value on a recurring basis are as follows:

	Level 1	Level 2	Level 3	Total
Equities	\$ 3,911,438	\$ -	\$ -	\$ 3,911,438
Fixed income	-	3,554,769	-	3,554,769
	<u>\$ 3,911,438</u>	<u>\$ 3,554,769</u>	<u>\$ -</u>	7,466,207
Investments measured at net asset value*				309,128
				<u>\$ 7,775,335</u>

At December 31, 2023, assets measured at fair value on a recurring basis are as follows:

	Level 1	Level 2	Level 3	Total
Equities	\$ 4,069,173	\$ -	\$ -	\$ 4,069,173
Fixed income	-	3,639,707	-	3,639,707
	<u>\$ 4,069,173</u>	<u>\$ 3,639,707</u>	<u>\$ -</u>	7,708,880
Investments measured at net asset value*				268,344
				<u>\$ 7,977,224</u>

*Certain investments that were measured at net asset value have not been classified in the fair value hierarchy. The fair value amounts presented in the tables above are intended to permit reconciliation of the fair value hierarchy to the line items presented in the statements of financial position.

The following table summarizes investments measured at fair value based on net asset value per share as of December 31, 2024 and 2023:

Instrument	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
December 31, 2024:				
Alternative investments	\$ 154,120	N/A	N/A	Daily
Absolute return	\$ 155,008	N/A	N/A	Daily
December 31, 2023:				
Alternative Investments	\$ 135,315	N/A	N/A	Daily
Absolute return	\$ 133,029	N/A	N/A	Daily

MIND AND LIFE INSTITUTE

Notes to Financial Statements, Continued

6. Net Assets with Donor Restrictions:

Net assets with donor restrictions were available for the following purposes at December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Assets available for restricted use:		
Tides Grants	\$ 54,235	\$ -
Mind & Life grants and scholarships	75,000	96,982
Kerr award	1,200	1,200
Total available for restricted use	<u>130,435</u>	<u>98,182</u>
Assets available in future periods:		
Contributions receivable	<u>120,268</u>	<u>195,672</u>
Endowment held in perpetuity (see Note 7)	<u>4,001,930</u>	<u>2,543,411</u>
Net assets with donor restrictions	<u><u>\$ 4,252,633</u></u>	<u><u>\$ 2,837,265</u></u>

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

	<u>2024</u>	<u>2023</u>
Purpose restrictions:		
Varela grants	\$ 270,732	\$ 257,596
PEACE grants	126,500	501,665
Research and Think Tank grants	25,000	-
Research Institutes	132,195	150,361
Publications and digital media project	124,618	197,142
Program scholarships	31,196	59,568
Contemplative Action grants	126,500	150,469
Insights Project	4,000	17,260
Community Conversation	7,500	-
HHDL Endowment	21,422	-
Miscellaneous	<u>53</u>	<u>12,433</u>
Total purpose restrictions	869,716	1,346,494
Passage of time restrictions	<u>95,904</u>	<u>133,484</u>
Net assets released from restrictions	<u><u>\$ 965,620</u></u>	<u><u>\$ 1,479,978</u></u>

MIND AND LIFE INSTITUTE

Notes to Financial Statements, Continued

7. Endowment Funds:

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.

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, 2024 and 2023, are as follows:

Balance, January 1, 2023	\$	1,332,092
Contributions		1,000,000
Appropriations for expenditure		<u>(44,648)</u>
Investment return:		
Investment income		13,075
Net realized and unrealized gain		<u>242,892</u>
		<u>255,967</u>
Balance, December 31, 2023		2,543,411
Contributions		1,000,000
Appropriations for expenditure		<u>(21,422)</u>
Investment return:		
Investment income		102,662
Net realized and unrealized gain		<u>377,279</u>
		<u>479,941</u>
Balance, December 31, 2024	\$	<u>4,001,930</u>

MIND AND LIFE INSTITUTE

Notes to Financial Statements, Continued

7. Endowment Funds, Continued:

Funds with Deficits – From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration. There were no deficiencies of this nature as of December 31, 2024 and December 31, 2023.

8. Commitments:

The Organization follows ASU 2016-02, Leases (Topic 842), which supersedes ASC 840 and creates a new topic, ASC 842. ASC 842 requires lessees to recognize a right-of-use asset and a lease liability on the statements of financial position for substantially all leases with a term of 12 months or greater. Leases are classified as either finance or operating, with classification affecting expense recognition in the Organization's operations. The Organization elected to not record a lease liability and corresponding right-of-use asset for leases with terms of 12 months or less, including month-to-month terms.

The Organization leases office space in Virginia through a lease agreement which expired April 30, 2023 and has been extended on a month-to-month basis with a 3% annual escalation. Annual base rent began at \$22,200 which was paid over equal monthly installments for the first year.

Rent expense was \$27,842 for 2024 and \$24,757 for 2023.

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, 2024 and 2023, 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, 2024 and 2023, the Organization contributed \$54,854 and \$69,704, respectively, to the profit-sharing plan. Annual employer contributions are subject to approval by the Board of Trustees.

MIND AND LIFE INSTITUTE

Notes to Financial Statements, Continued

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:

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 1,266,149	\$ 904,883
Contributions receivable, net	120,268	195,672
Investments	<u>7,775,335</u>	<u>7,977,224</u>
 Total financial assets available within one year	 <u>9,161,752</u>	 <u>9,077,779</u>
 Receivables to be collected in more than one year	 -	 (50,000)
Conditional contributions	(388,241)	(436,691)
Donor-imposed restrictions	<u>(4,132,365)</u>	<u>(2,641,593)</u>
 Financial assets available to meet cash needs for general expenditures within one year	 <u>\$ 4,641,146</u>	 <u>\$ 5,949,495</u>

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.