

**David Lynch Foundation
For Consciousness-Based
Education and World Peace**

Financial Statements

June 30, 2017 and 2016

Independent Auditors' Report

Board of Trustees David Lynch Foundation For Consciousness-Based Education and World Peace

We have audited the accompanying financial statements of David Lynch Foundation For Consciousness-Based Education and World Peace (the "Foundation") which comprise the statements of financial position as of June 30, 2017 and 2016, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of David Lynch Foundation For Consciousness-Based Education and World Peace as of June 30, 2017 and 2016, 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 of America.

PKF O'Connor Davies, LLP

October 31, 2017

**David Lynch Foundation For
Consciousness-Based Education and World Peace**

Statements of Financial Position

	June 30	
	2017	2016
ASSETS		
Current Assets		
Cash	\$ 1,415,801	\$ 1,276,008
Certificates of deposit	-	1,136,675
Contributions receivable	5,498,533	3,835,981
Other receivables	21,074	-
Prepaid expenses	237,670	245,037
Inventory	3,340	3,225
Total Current Assets	7,176,418	6,496,926
Non-current Assets		
Contributions receivable, net of discount	1,533,893	-
Security deposits	279,621	242,181
Property and Equipment		
Furniture and fixtures	298,199	236,614
Equipment	220,292	164,354
	518,491	400,968
Less accumulated depreciation	228,355	193,768
	290,136	207,200
Total Non-current Assets	2,103,650	449,381
	\$ 9,280,068	\$ 6,946,307
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 371,707	\$ 357,712
Accrued vacation	76,238	46,656
Total Current Liabilities	447,945	404,368
Net Assets		
Unrestricted	6,355,374	6,092,495
Temporarily restricted	2,476,749	449,444
Total Net Assets	8,832,123	6,541,939
	\$ 9,280,068	\$ 6,946,307

See notes to financial statements

**David Lynch Foundation For
Consciousness-Based Education and World Peace**

Statements of Activities

	Year Ended					
	June 30, 2017			June 30, 2016		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE						
Contributions	\$ 7,713,212	\$ 2,262,649	\$ 9,975,861	\$ 7,367,931	\$ 190,000	\$ 7,557,931
Special events (net of \$731,048 and \$1,040,916 direct benefit to donors for 2017 and 2016)	1,107,356	240,000	1,347,356	1,425,656	-	1,425,656
Grant revenue	2,379,669	303,600	2,683,269	1,286,445	320,405	1,606,850
Program revenue	252,890	-	252,890	114,384	-	114,384
License and royalty fees	206,755	-	206,755	7,380	-	7,380
Annual mailing campaign	100,845	-	100,845	75,744	-	75,744
Other revenue	88,987	-	88,987	65,490	-	65,490
Net assets released from restrictions	778,944	(778,944)	-	1,210,722	(1,210,722)	-
Total Support and Revenue	<u>12,628,658</u>	<u>2,027,305</u>	<u>14,655,963</u>	<u>11,553,752</u>	<u>(700,317)</u>	<u>10,853,435</u>
EXPENSES						
Program	10,357,479	-	10,357,479	7,724,724	-	7,724,724
Management and general	512,004	-	512,004	524,160	-	524,160
Fundraising	1,496,296	-	1,496,296	1,307,390	-	1,307,390
Total Expenses	<u>12,365,779</u>	<u>-</u>	<u>12,365,779</u>	<u>9,556,274</u>	<u>-</u>	<u>9,556,274</u>
Change in Net Assets	262,879	2,027,305	2,290,184	1,997,478	(700,317)	1,297,161
NET ASSETS						
Beginning of year	<u>6,092,495</u>	<u>449,444</u>	<u>6,541,939</u>	<u>4,095,017</u>	<u>1,149,761</u>	<u>5,244,778</u>
End of year	<u>\$ 6,355,374</u>	<u>\$ 2,476,749</u>	<u>\$ 8,832,123</u>	<u>\$ 6,092,495</u>	<u>\$ 449,444</u>	<u>\$ 6,541,939</u>

See notes to financial statements

**David Lynch Foundation For
Consciousness - Based Education and World Peace**

**Statement of Functional Expenses
Year Ended June 30, 2017**

	Education	OWW	Women	CLP	DLFtv	DLF Live	Government	International	Other Programs	Total Program	Management and General	Fundraising	Total
Personnel	\$ 1,000,248	\$ 239,638	\$ 251,403	\$ 258,884	\$ 305,680	\$ 418,633	\$ 151,092	\$ 79,044	\$ 368,688	\$ 3,073,310	\$ 374,033	\$ 726,462	\$ 4,173,805
Grants	3,023,643	248,177	71,424	99,390	-	16,128	-	93,868	689,404	4,242,034	-	-	4,242,034
Program expenses	86,354	989	997	1,248	46	26	611	1,142	17,541	108,954	-	13	108,967
Program research	12,410	3,040	3,040	-	-	-	-	-	12,160	30,650	-	-	30,650
Retreat expenses	45,757	-	-	30	-	-	-	-	22,988	68,775	-	-	68,775
Production and media	2,392	256	214	2,127	39,869	251,240	5,073	85	2,907	304,163	214	411,737	716,114
Printing and advertising	1,350	317	-	915	-	12,880	1,235	-	119	16,816	-	29,315	46,131
Special events and annual gala	118	1,465	-	24,402	1,369	490,157	16,972	1,400	359	536,242	456	538,920	1,075,618
Cultivation expense	446	153	56	781	-	3,742	798	-	2,078	8,054	-	24,201	32,255
Consultants/website design	42,051	22,180	5,299	9,151	12,024	289,427	24,919	2,906	21,938	429,895	15,564	136,967	582,426
Occupancy	112,472	37,333	30,801	148,618	37,054	62,108	54,968	8,710	105,945	598,009	30,319	80,598	708,926
Telephone and internet	8,050	2,737	2,254	6,852	2,579	5,259	4,443	794	3,220	36,188	1,932	5,891	44,011
Postage and shipping	268	27	40	21	2,315	13,075	369	82	563	16,760	841	4,476	22,077
Office supplies and equipment rental	11,070	3,570	3,004	8,267	3,061	5,817	5,210	934	4,319	45,252	2,369	12,684	60,305
IT (software, hardware and web)	5,795	1,438	73	469	10,474	1,124	1,055	936	18,182	39,546	27,414	27,394	94,354
Audit	-	-	-	-	-	-	-	-	-	-	18,500	-	18,500
Membership and subscriptions	389	9	4	9	2,163	2,687	-	4	479	5,744	3,880	16,326	25,950
Professional development	19,049	924	574	-	-	-	1,534	384	4,964	27,429	1,219	13,347	41,995
Travel and meetings	86,466	9,229	3,019	7,491	36,044	144,479	38,527	11,432	70,455	407,142	19,545	88,180	514,867
Insurance	14,400	2,000	1,600	2,000	5,788	22,434	1,228	400	4,400	54,250	1,600	4,800	60,650
Legal	16,554	2,759	1,839	2,069	1,839	32,062	7,759	920	5,288	71,089	1,839	6,846	79,774
Bank and credit card fees	56	-	-	1,433	98	143,868	4,674	202	5,388	155,719	1,712	84,446	241,877
Donated services	3,595	3,595	3,595	2,397	2,397	2,397	3,595	2,397	11,984	35,952	7,190	4,793	47,935
Depreciation	9,660	4,471	3,795	7,718	3,895	7,060	1,806	1,071	6,030	45,506	3,377	9,948	58,831
	<u>4,502,593</u>	<u>584,307</u>	<u>383,031</u>	<u>584,272</u>	<u>466,695</u>	<u>1,924,603</u>	<u>325,868</u>	<u>206,711</u>	<u>1,379,399</u>	<u>10,357,479</u>	<u>512,004</u>	<u>2,227,344</u>	<u>13,096,827</u>
Special events - direct benefit to donors	-	-	-	-	-	-	-	-	-	-	-	(731,048)	(731,048)
	<u>\$ 4,502,593</u>	<u>\$ 584,307</u>	<u>\$ 383,031</u>	<u>\$ 584,272</u>	<u>\$ 466,695</u>	<u>\$ 1,924,603</u>	<u>\$ 325,868</u>	<u>\$ 206,711</u>	<u>\$ 1,379,399</u>	<u>\$ 10,357,479</u>	<u>\$ 512,004</u>	<u>\$ 1,496,296</u>	<u>\$ 12,365,779</u>

See notes to financial statements

**David Lynch Foundation For
Consciousness - Based Education and World Peace**

**Statement of Functional Expenses
Year Ended June 30, 2016**

	Education	OWW	Women	CLP	DLFtv	DLF Live	International	Other Programs	Total Program	Management and General	Fundraising	Total
Personnel	\$ 761,194	\$ 191,998	\$ 183,598	\$ 330,930	\$ 355,492	\$ 393,294	\$ 75,604	\$ 278,048	\$ 2,570,158	\$ 300,474	\$ 568,962	\$ 3,439,594
Grants	2,324,301	308,296	39,617	35,645	-	-	147,942	506,272	3,362,073	-	-	3,362,073
Program expenses	62,823	55,854	1,031	2,340	62	-	1,154	52,680	175,944	-	-	175,944
Program research	8,207	10,300	4,104	-	-	-	933	8,207	31,751	-	-	31,751
Retreat expenses	7,780	-	-	-	-	-	-	2,276	10,056	-	-	10,056
Production and media	1,971	1,688	321	12,873	11,046	102,167	80	756	130,902	441	251,260	382,603
Printing and advertising	535	1,494	39	2,857	103	271	-	1,433	6,732	-	71,990	78,722
Special events and annual gala	17,405	-	13	31,644	1,896	96,186	-	29,834	176,978	118	988,058	1,165,154
Cultivation expense	2,284	-	123	1,096	-	3,770	72	-	7,345	106	23,862	31,313
Consultants/website design	24,122	15,027	12	4,596	1,077	137,711	3,403	75,918	261,866	24	56,035	317,925
Occupancy	61,197	30,348	33,842	138,973	33,946	45,440	9,159	85,105	438,010	81,023	169,761	688,794
Telephone and internet	9,385	2,279	2,219	7,484	4,978	4,542	1,089	7,149	39,125	1,631	7,778	48,534
Postage and shipping	66	372	-	283	1,778	1,449	-	145	4,093	1,141	5,333	10,567
Office supplies and equipment rental	4,463	1,839	2,102	3,550	4,354	2,016	526	2,426	21,276	3,582	6,310	31,168
IT (software, hardware and web)	1,565	863	743	1,336	14,938	3,221	590	5,453	28,709	15,252	23,709	67,670
Audit	-	-	-	-	-	-	-	-	-	18,500	-	18,500
Membership and subscriptions	50	560	204	-	904	1,042	-	1,222	3,982	1,716	18,101	23,799
Professional development	5,488	466	555	686	491	506	-	811	9,003	1,396	3,758	14,157
Travel and meetings	34,683	5,088	1,364	6,931	28,193	52,915	8,465	42,818	180,457	20,960	78,527	279,944
Insurance	-	-	-	-	4,188	-	-	-	4,188	40,000	-	44,188
Legal	-	-	-	-	-	10,547	-	-	10,547	29,010	4,525	44,082
Bank and credit card fees	12,614	571	835	17,105	-	182,285	758	5,016	219,184	3,785	22,298	245,267
Donated services	-	-	-	-	-	-	-	-	-	-	39,841	39,841
Depreciation	7,750	3,188	3,644	3,644	6,376	3,188	911	3,644	32,345	5,001	8,198	45,544
	<u>3,347,883</u>	<u>630,231</u>	<u>274,366</u>	<u>601,973</u>	<u>469,822</u>	<u>1,040,550</u>	<u>250,686</u>	<u>1,109,213</u>	<u>7,724,724</u>	<u>524,160</u>	<u>2,348,306</u>	<u>10,597,190</u>
Special events - direct benefit to donors	-	-	-	-	-	-	-	-	-	-	(1,040,916)	(1,040,916)
	<u>\$ 3,347,883</u>	<u>\$ 630,231</u>	<u>\$ 274,366</u>	<u>\$ 601,973</u>	<u>\$ 469,822</u>	<u>\$ 1,040,550</u>	<u>\$ 250,686</u>	<u>\$ 1,109,213</u>	<u>\$ 7,724,724</u>	<u>\$ 524,160</u>	<u>\$ 1,307,390</u>	<u>\$ 9,556,274</u>

See notes to financial statements

**David Lynch Foundation For
Consciousness-Based Education and World Peace**

Statements of Cash Flows

	Year Ended June 30	
	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 2,290,184	\$ 1,297,161
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	58,831	45,544
Loss on disposal of property and equipment	61,578	-
Change in operating assets and liabilities		
Contributions and other receivables, net of discount	(3,217,519)	88,149
Prepaid expenses	7,367	(24,073)
Inventory	(115)	425
Security deposits	(37,440)	(131,045)
Accounts payable	13,995	(10,660)
Accrued vacation and payroll liabilities	29,582	(54,729)
Net Cash from Operating Activities	(793,537)	1,210,772
 CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from maturity of certificates of deposit	1,136,675	-
Purchase of certificates of deposit	-	(1,136,675)
Purchase of property and equipment	(203,345)	(60,685)
Net Cash from Investing Activities	933,330	(1,197,360)
Net Change in Cash	139,793	13,412
 CASH		
Beginning of year	1,276,008	1,262,596
End of year	\$ 1,415,801	\$ 1,276,008

See notes to financial statements

**David Lynch Foundation For
Consciousness-Based Education and World Peace**

Notes to Financial Statements
June 30, 2017 and 2016

1. Organization and Tax Status

Established in 2005, the David Lynch Foundation For Consciousness-Based Education and World Peace (the “Foundation”) helps to prevent and eradicate the all-pervasive epidemic of trauma and toxic stress among at-risk populations through promoting widespread implementation of the evidence-based Transcendental Meditation (TM) program in order to improve their health, cognitive capabilities and performance in life.

Since opening its doors the Foundation has helped to bring TM to more than 500,000 children and adults around the world, focusing its efforts on underserved inner-city students; veterans with PTSD and their families; and women and children who are survivors of violence and abuse.

The Foundation organizes and hosts scientific and professional conferences on business, education, veterans, corrections, and rehabilitation as well as town hall meetings to educate leaders and the general public in the benefits of meditation and the good works of the Foundation. In addition, it funds university and medical school research to assess the effects of the program on academic performance, ADHD and other learning disorders, anxiety, depression, substance abuse, cardiovascular disease, post-traumatic stress disorder and diabetes.

The effectiveness of our programs have been researched at leading medical schools, including Harvard Medical School, Stanford Medical School and Yale Medical School, and have received the endorsement of and support from private foundations and government agencies, including the National Institutes of Health, General Motors Foundation, the Chrysler Foundation, the Kellogg Foundation, the American Indian Education Association, Indian Health Services, many school districts and state departments of corrections.

The Foundation is a nonprofit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes. The Foundation is not classified as a private foundation.

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**David Lynch Foundation For
Consciousness-Based Education and World Peace**

Notes to Financial Statements
June 30, 2017 and 2016

2. Summary of Significant Accounting Policies (continued)

Net Asset Presentation

Net assets and revenues, expenses, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

- *Unrestricted* - net assets not subject to donor-imposed restrictions,
- *Temporarily restricted* - net assets subject to donor-imposed restrictions to specific purposes or the passage of time. The release from restrictions results from the satisfaction of the restricted purposes specified by the donor.
- *Permanently restricted* - net assets subject to donor-imposed restrictions that they be maintained permanently by the Foundation. Generally, the donors of these assets permit the Foundation to use all or part of the income earned on related investments for general or specific purposes. There were no permanently restricted net assets at June 30, 2017 and 2016

Certificates of Deposit

Certificates of deposit were reported at cost plus accrued interest, which approximated fair value.

Contributions Receivable

Contributions receivable are all deemed by management to be collectable. Accordingly, there is no allowance for doubtful accounts. Contributions receivable that are expected to be collected in future years are discounted at their net realizable value using a risk-adjusted discount rate. The discount is amortized and reflected within contribution income in the statements of activities over the period in which the pledge is expected to be collected.

Inventory

Inventory is valued at the lower of cost or market using the first-in, first-out method.

Property and Equipment

All acquisitions of property and equipment in excess of \$1,000 and all expenditures for repairs, maintenance, renewals, and betterments in excess of \$1,000 that materially prolong the useful lives of assets are capitalized. Property and equipment are recorded at cost less an allowance for depreciation. Depreciation is computed on a straight-line basis over the estimated useful lives of the respective assets, which is three to five years for equipment and eight years for furniture and fixtures.

**David Lynch Foundation For
Consciousness-Based Education and World Peace**

Notes to Financial Statements
June 30, 2017 and 2016

2. Summary of Significant Accounting Policies (continued)

Contributions

Contributions, including unconditional promises to give, are recognized as revenue in the period received. Conditional promises to give are not recognized until they become unconditional; that is, when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value.

Donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Contributions of land, buildings, and equipment without donor restrictions concerning the use of such long-lived assets are reported as revenues of the unrestricted net asset class. Contributions of cash or other assets to be used to acquire land, buildings, and equipment are reported as revenues of the temporarily restricted net asset class; the restrictions are considered to be released at the time of acquisition of such long-lived assets.

Grants

Grants to other organizations are recognized as an expense in the period where the promise to give is made. If grants have not been paid to recipient organizations prior to year-end, the Foundation reports these amounts as grants payable.

Accounting for Uncertainty in Income Taxes

The Foundation recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Management has determined that the Foundation had no uncertain tax positions that would require financial statement recognition or disclosure. The Foundation is no longer subject to examinations by the applicable taxing jurisdictions for periods prior to June 30, 2014.

Functional Allocation of Expenses

The costs of providing various programs, grants, and other activities have been summarized on a functional basis in the accompanying statements of activities and functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**David Lynch Foundation For
Consciousness-Based Education and World Peace**

Notes to Financial Statements
June 30, 2017 and 2016

2. Summary of Significant Accounting Policies (continued)

Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through October 31, 2017, the date which the financial statements were available to be issued. No events have occurred subsequent to the statement of financial position date through the evaluation date that would require adjustment to or disclosure in the financial statements.

3. Concentration of Credit Risk

The credit risk for contributions receivable at June 30, 2017 and 2016 was concentrated, with forty-three percent and seventy-nine percent owed from one donor. Additionally, the Foundation received approximately twenty-five percent and thirty-one percent of its total support and revenue from one donor during the years ended June 30, 2017 and 2016. The Foundation believes the risk is minimal due to the payment history of the donor. This contribution receivable is deemed collectible by management. The Foundation places its cash with highly rated financial institutions. At times, cash balances may be in excess of federally insured limits.

The Foundation expects to continue receiving funding from this source in the future due to the donor's giving history and strong relationship with the Foundation. The Foundation has also taken significant steps to diversify and broaden its funding sources by building a stronger, more robust development team and cultivating new and deeper relationships with other foundations and individuals.

4. Contributions Receivable

The Foundation received unconditional temporarily restricted contributions which have been recorded net of a present value discount of 2.95% at June 30, 2017 and 2016 as follows:

	2017	2016
Due in one year or less	\$ 5,498,533	\$ 3,835,981
Due in two or more years	1,700,000	-
	7,198,533	3,835,981
Less discount	(166,107)	-
	<u>\$ 7,032,426</u>	<u>\$ 3,835,981</u>

**David Lynch Foundation For
Consciousness-Based Education and World Peace**

Notes to Financial Statements
June 30, 2017 and 2016

5. Temporarily Restricted Net Assets

Temporarily restricted net assets are/were available for the following purposes at June 30:

	2017	2016
Alcoa Foundation - OWW	\$ -	\$ 33,508
California Endowment - Henry T. Gage MS - CA	88,500	-
Fort Gordon - OWW	15,000	-
George Logothetis/Libra Capital US Inc.	450,000	-
International Programs (Konhaus)	22,271	-
John and Amy Griffin TM Teacher Fellowship	50,000	100,000
Kuehner Brothers Foundation	50,000	100,000
Latin American Project - DLF TV	-	13,426
Norwich University - Education Program	7,020	-
Other Program - Team Rubicon	9,000	9,000
OWW - Program Restriction	11,560	11,840
Rona & Jeffrey Abramson Foundation	150,000	-
Rona & Jeffrey Abramson Foundation - DC Townhouse	300,000	-
Rona & Jeffrey Abramson Foundation - Gala and Special Events	180,000	-
Rona & Jeffrey Abramson Foundation - OWW Program	-	30,000
Rona & Jeffrey Abramson Foundation - The ARC/DC Programs	120,000	40,000
Rona & Jeffrey Abramson Foundation - Women's Program	-	30,000
Rosenthal Family Foundation	-	50,000
Santa Monica Police	10,700	10,700
Scholarship Fund - Donor-Advised Fund	-	1,000
Susan Said Maslin	900,000	-
The Peter J. Dodge Foundation Study	111,698	-
TTC - Outreach Program	-	18,970
William Buhler - WI - OWW	1,000	1,000
	\$ 2,476,749	\$ 449,444

**David Lynch Foundation For
Consciousness-Based Education and World Peace**

Notes to Financial Statements
June 30, 2017 and 2016

5. Temporarily Restricted Net Assets (continued)

Net assets released from restriction during the years ended June 30, 2017 and 2016 were as follows:

	2017	2016
Alcoa Foundation - OWW	\$ 33,508	\$ 6,492
California Endowment - Henry T. Gage MS - CA	1,500	-
CWAE	-	8,300
Development - Dalio Family Foundation	-	350,706
Family Justice Center (Women's)	-	1,080
Fort Gordon - OWW	5,000	-
George Logothetis/Libra Capital US Inc.	50,000	-
International Programs (Konhaus)	60,378	26,571
John and Amy Griffin TM Teacher Fellowship	50,000	50,000
Kuehner Brothers Foundation	50,000	50,000
Latin America Project - DLF TV	13,426	6,574
Los Angeles Programs	-	324,724
Norwich University - Education Program	56,580	-
OWW - Program Restriction	280	-
Pottawattomi County Veterans Office	-	6,245
Rona & Jeffrey Abramson Foundation	50,000	-
Rona & Jeffrey Abramson Foundation - Gala and Special Events	60,000	-
Rona & Jeffrey Abramson Foundation - OWW Program	30,000	-
Rona & Jeffrey Abramson Foundation - The ARC/DC Programs	80,000	-
Rona & Jeffrey Abramson Foundation - Women's Program	30,000	-
Rosenthal Family Foundation	50,000	-
Scholarship Fund - Donor-Advised Fund	1,000	-
Susan Said Maslin	100,000	-
The Peter J. Dodge Foundation Study	38,302	225,000
TTC - Outreach	18,970	1,030
Walter Reed - OWW	-	25,000
William Buhler - WI - OWW	-	4,000
Wounded Warrior Project, Save a Warrior	-	125,000
	\$ 778,944	\$ 1,210,722

6. License and Royalty Fees

In December 2016, the Foundation entered into a Publishing Agreement (the "Agreement") with a publisher to grant the exclusive right to publish a manuscript produced by the Foundation's executive director who has also signed a separate agreement to gift any and all license and royalty proceeds of the manuscript to the Foundation. The Agreement includes installment payments to the Foundation of up to \$440,000 to be paid at various stages of publication of the manuscript subject to approval by the publisher.

**David Lynch Foundation For
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Notes to Financial Statements
June 30, 2017 and 2016

6. License and Royalty Fees (continued)

The Agreement also provided for an initial advance of \$150,000 upon signing which is included in license and royalty fees in the June 30, 2017 statement of activities. In addition, the Agreement provides for additional royalty fees to be paid to the Foundation based on future sales of the manuscript.

7. Operating Lease Commitments

The Foundation has non-cancelable operating leases as a lessee for office space in New York, Los Angeles, Washington D.C. and Chicago that expire at various dates through October 31, 2024. These leases contain renewal options and some require the Foundation to pay all executor costs such as taxes, maintenance, and insurance. Future annual minimum lease commitments under these operating leases that have remaining terms in excess of one year are as follows for years ending June 30:

2018	\$ 1,161,076
2019	818,201
2020	678,553
2021	698,909
2022	748,103
Thereafter	<u>1,836,699</u>
	<u>\$ 5,941,541</u>

The Foundation has a non-cancelable operating sublease arrangement as the lessor for office space in New York that expires June 30, 2018. Future annual minimum lease payments under this operating sublease is \$241,020 for the year ending June 30, 2018.

Rent expense totaling \$611,005 and \$595,253 for the years ended June 30, 2017 and 2016 is included in occupancy expenses on the accompanying statements of functional expenses.

8. Donated Services

The Foundation received services provided by various individuals and organizations during the year. The value of services provided is to be reported as support and expenses in the financial statements if the services meet the following criteria:

- A. The donated services would create or enhance non-financial assets; or
- B. The donated services would require specialized skills, would be performed by people with those skills, and would otherwise be purchased by the Foundation.

Using this criteria, the value of services provided to the Foundation has been reported in these financial statements, and the services have been valued using the costs applicable for each service.

Donated services for the year ended June 30, 2017 was \$47,935 for pro-bono legal services. Donated services for the year ended June 30, 2016 was \$39,841 for office space.

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