

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

Financial Statements

June 30, 2024 and 2023

## **Independent Auditors' Report**

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

#### ***Opinion***

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, 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 Foundation as of June 30, 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 of America.

#### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation 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 of America; 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 Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

***Auditors' Responsibilities for the Audit 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 auditors' 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, if 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 Foundation'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 Foundation'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.

*PKF O'Connor Davies, LLP*

February 21, 2025

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

Statements of Financial Position

	June 30	
	2024	2023
<b>ASSETS</b>		
Current Assets		
Cash	\$ 1,853,830	\$ 3,279,030
Contributions receivable	3,680,359	3,048,514
Prepaid expenses and other current assets	143,822	134,114
Total Current Assets	5,678,011	6,461,658
Non-current Assets		
Contributions receivable, net	2,437,883	2,258,237
Security deposits	195,311	204,569
Property and Equipment		
Furniture and fixtures	356,738	344,163
Equipment	288,707	279,738
	645,445	623,901
Less accumulated depreciation	560,349	523,010
	85,096	100,891
Right of use asset	357,530	1,244,612
Total Non-current Assets	3,075,820	3,808,309
Total Assets	\$ 8,753,831	\$ 10,269,967
<b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities		
Accounts payable	\$ 413,501	\$ 456,339
Line of credit	-	400,000
Accrued vacation	99,531	99,794
Short term lease liability	299,276	893,496
Total Current Liabilities	812,308	1,849,629
Non-current Liabilities		
Long term lease liability	70,332	369,608
Total Liabilities	882,640	2,219,237
Net Assets		
Without donor restrictions	2,483,331	856,898
With Donor Restrictions		
Time restricted	5,075,000	4,980,000
Purpose restricted	312,860	2,213,832
Total With Donor Restrictions	5,387,860	7,193,832
Total Net Assets	7,871,191	8,050,730
Total Liabilities and Net Assets	\$ 8,753,831	\$ 10,269,967

See notes to financial statements

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

Statements of Activities

	Year Ended					
	June 30, 2024			June 30, 2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>OPERATING SUPPORT AND REVENUE</b>						
Contribution and grant revenue	\$ 5,279,097	\$ 3,156,000	\$ 8,435,097	\$ 4,956,648	\$ 3,107,900	\$ 8,064,548
Paycheck Protection Program loan forgiveness	-	-	-	716,913	-	716,913
Special events (net of \$378,077 direct benefit to donors for 2023)	-	-	-	236,417	-	236,417
Program revenue	386,034	-	386,034	323,188	-	323,188
Sublease income	268,564	-	268,564	260,742	-	260,742
In-kind contributions	76,903	-	76,903	75,000	-	75,000
Interest income	121,808	-	121,808	54,764	-	54,764
License and royalty fees	1,217	-	1,217	2,556	-	2,556
Net assets released from restrictions	<u>4,961,972</u>	<u>(4,961,972)</u>	<u>-</u>	<u>3,805,750</u>	<u>(3,805,750)</u>	<u>-</u>
Total Operating Support and Revenue	<u>11,095,595</u>	<u>(1,805,972)</u>	<u>9,289,623</u>	<u>10,431,978</u>	<u>(697,850)</u>	<u>9,734,128</u>
<b>OPERATING EXPENSES</b>						
Program	7,458,494	-	7,458,494	7,447,897	-	7,447,897
Management and general	1,108,262	-	1,108,262	1,058,767	-	1,058,767
Fundraising	<u>902,406</u>	<u>-</u>	<u>902,406</u>	<u>1,209,032</u>	<u>-</u>	<u>1,209,032</u>
Total Operating Expenses	<u>9,469,162</u>	<u>-</u>	<u>9,469,162</u>	<u>9,715,696</u>	<u>-</u>	<u>9,715,696</u>
Change in Net Assets	1,626,433	(1,805,972)	(179,539)	716,282	(697,850)	18,432
<b>NET ASSETS</b>						
Beginning of year	<u>856,898</u>	<u>7,193,832</u>	<u>8,050,730</u>	<u>140,616</u>	<u>7,891,682</u>	<u>8,032,298</u>
End of year	<u>\$ 2,483,331</u>	<u>\$ 5,387,860</u>	<u>\$ 7,871,191</u>	<u>\$ 856,898</u>	<u>\$ 7,193,832</u>	<u>\$ 8,050,730</u>

See notes to financial statements

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

**Statement of Functional Expenses  
Year Ended June 30, 2024**

	Program										2024 Total	2023 Total	
	HFHC	Veterans	Women	The Mediation Center	Government (Resilient Responders)	Heal the Healers	International	Other Programs	Total Program	Management and General			Fundraising
Personnel	\$ 387,466	\$ 567,576	\$ 62,176	\$ 372,617	\$ 658,214	\$ 572,769	\$ -	\$ 951,505	\$ 3,572,323	\$ 339,472	\$ 490,569	\$ 4,402,364	\$ 4,544,658
Grants	92,173	105,327	16,978	20,353	76,975	161,612	136,994	178,984	789,396	7,066	-	796,462	821,742
Program expenses	548	42,812	504	1,549	2,651	6,012	20	8,272	62,368	1,235	-	63,603	114,422
Program research	65,000	982,814	-	-	2,156	45,670	2,097	6,119	1,103,856	-	-	1,103,856	727,469
Retreat expenses	-	-	-	-	-	4,254	-	24,179	28,433	-	-	28,433	1,143
Production and media	1,377	6,898	154	837	19,023	16,724	2,360	76,689	124,062	9,352	1,033	134,447	120,369
Printing and advertising	-	-	-	-	-	-	-	-	-	200	38,264	38,464	1,261
Special events and annual gala	-	-	-	-	6,658	-	-	750	7,408	-	3,368	10,776	379,461
Cultivation expense	703	1,570	65	949	3,336	1,442	-	3,090	11,155	3,120	1,731	16,006	93,453
Consultants/website design	19,947	31,559	11,600	19,242	227,933	101,088	2,359	99,879	513,607	52,682	161,283	727,572	1,173,844
Occupancy	47,796	154,287	8,112	42,855	117,698	81,260	13,684	108,778	574,470	490,442	71,484	1,136,396	1,153,235
Telephone and internet	1,335	5,923	187	1,175	6,421	1,915	336	6,568	23,860	6,084	1,643	31,587	33,226
Postage and shipping	256	1,202	9	158	512	547	-	1,265	3,949	1,269	424	5,642	5,481
Office supplies and equipment rental	1,839	5,506	282	1,639	3,675	2,930	541	16,015	32,427	9,759	3,168	45,354	65,731
IT (software, hardware and web)	13,450	20,660	592	7,614	16,441	22,351	784	35,194	117,086	20,454	58,479	196,019	190,214
Audit	1,066	4,783	221	1,187	2,583	1,794	-	3,736	15,370	9,380	-	24,750	21,999
Membership and subscriptions	22	62	3	52	208	1,468	-	2,330	4,145	173	543	4,861	7,658
Professional development	1,317	129	-	200	200	260	-	829	2,935	-	-	2,935	5,486
Travel and meetings	6,165	33,564	2,228	7,586	52,547	39,309	7,144	65,396	213,939	33,042	45,584	292,565	256,082
Insurance	5,948	17,126	861	14,822	14,037	11,091	2,976	19,257	86,118	33,276	8,588	127,982	89,299
Legal	7,486	12,128	633	3,447	8,127	6,389	33	11,741	49,984	27,504	179	77,667	82,928
Bank and credit card fees	1,054	4,680	187	3,029	2,386	2,523	1,880	6,186	21,925	6,598	13,438	41,961	65,930
Third party fees	-	-	-	-	-	-	-	-	-	154	64	218	27,986
Donated services - occupancy	-	-	-	75,000	-	-	-	-	75,000	1,903	-	76,903	75,000
Bad debt	-	-	-	-	-	-	-	-	-	45,000	-	45,000	-
Depreciation	2,595	6,763	316	2,287	3,985	3,230	563	4,939	24,678	10,097	2,564	37,339	35,696
	<u>657,543</u>	<u>2,005,369</u>	<u>105,108</u>	<u>576,598</u>	<u>1,225,766</u>	<u>1,084,638</u>	<u>171,771</u>	<u>1,631,701</u>	<u>7,458,494</u>	<u>1,108,262</u>	<u>902,406</u>	<u>9,469,162</u>	<u>10,093,773</u>
Special events - direct benefit to donors	-	-	-	-	-	-	-	-	-	-	-	-	(378,077)
	<u>\$ 657,543</u>	<u>\$ 2,005,369</u>	<u>\$ 105,108</u>	<u>\$ 576,598</u>	<u>\$ 1,225,766</u>	<u>\$ 1,084,638</u>	<u>\$ 171,771</u>	<u>\$ 1,631,701</u>	<u>\$ 7,458,494</u>	<u>\$ 1,108,262</u>	<u>\$ 902,406</u>	<u>\$ 9,469,162</u>	<u>\$ 9,715,696</u>

See notes to financial statements

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

**Statement of Functional Expenses  
Year Ended June 30, 2023**

	Program										Total	
	HFHC	Veterans	Women	The Mediation Center	Government (Resilient Responders)	Heal the Healers	International	Other Programs	Total Program	Management and General		Fundraising
Personnel	\$ 270,554	\$ 515,811	\$ 64,236	\$ 306,824	\$ 569,329	\$ 670,548	\$ -	\$ 1,072,547	\$ 3,469,849	\$ 352,877	\$ 721,932	\$ 4,544,658
Grants	148,928	44,002	22,750	29,785	99,148	197,874	59,486	212,902	814,875	6,867	-	821,742
Program expenses	19,688	53,921	587	4,330	5,695	4,851	3,138	21,774	113,984	438	-	114,422
Program research	1,500	664,074	-	-	2,344	47,487	6,065	5,999	727,469	-	-	727,469
Retreat expenses	-	-	-	-	-	938	-	205	1,143	-	-	1,143
Production and media	768	6,317	187	2,176	9,817	4,866	2,422	62,984	89,537	7,778	23,054	120,369
Printing and advertising	-	-	-	-	-	-	-	-	-	1,261	-	1,261
Special events and annual gala	-	-	-	-	-	-	10,800	33,158	43,958	-	335,503	379,461
Cultivation expense	2,109	7,223	65	1,188	1,607	905	17	77,030	90,144	2,194	1,115	93,453
Consultants/website design	13,662	27,557	2,481	74,085	304,394	130,775	3,623	337,318	893,895	59,586	220,363	1,173,844
Occupancy	54,773	96,344	6,995	36,883	110,596	93,822	8,325	146,049	553,787	480,558	118,890	1,153,235
Telephone and internet	927	5,752	145	1,225	5,850	2,429	194	9,535	26,057	4,816	2,353	33,226
Postage and shipping	102	781	19	259	359	603	458	1,674	4,255	863	363	5,481
Office supplies and equipment rental	2,344	7,294	465	2,815	5,648	5,593	527	19,037	43,723	15,987	6,021	65,731
IT (software, hardware and web)	10,857	17,001	521	9,103	10,106	19,776	1,166	29,544	98,074	20,096	72,044	190,214
Audit	869	1,259	150	531	2,446	1,711	194	3,613	10,773	6,186	5,040	21,999
Membership and subscriptions	46	194	9	63	193	1,178	8	3,967	5,658	394	1,606	7,658
Professional development	99	275	17	61	1,097	198	23	2,414	4,184	742	560	5,486
Travel and meetings	9,031	21,883	3,324	12,292	33,805	33,567	5,157	68,714	187,773	27,680	40,629	256,082
Insurance	3,873	8,605	830	3,193	7,347	10,774	1,526	15,760	51,908	28,874	8,517	89,299
Legal	6,371	8,501	574	6,898	6,976	6,844	671	17,629	54,464	19,983	8,481	82,928
Bank and credit card fees	1,946	6,743	390	4,295	4,319	4,663	1,303	12,090	35,749	12,218	17,963	65,930
Third party fees	5	7	-	4	15	10	7,056	20,482	27,579	221	186	27,986
Donated services - occupancy	-	-	-	75,000	-	-	-	-	75,000	-	-	75,000
Depreciation	1,407	5,472	293	2,139	3,688	3,226	335	7,499	24,059	9,148	2,489	35,696
	<u>549,859</u>	<u>1,499,016</u>	<u>104,038</u>	<u>573,149</u>	<u>1,184,779</u>	<u>1,242,638</u>	<u>112,494</u>	<u>2,181,924</u>	<u>7,447,897</u>	<u>1,058,767</u>	<u>1,587,109</u>	<u>10,093,773</u>
Special events - direct benefit to donors	-	-	-	-	-	-	-	-	-	-	(378,077)	(378,077)
	<u>\$ 549,859</u>	<u>\$ 1,499,016</u>	<u>\$ 104,038</u>	<u>\$ 573,149</u>	<u>\$ 1,184,779</u>	<u>\$ 1,242,638</u>	<u>\$ 112,494</u>	<u>\$ 2,181,924</u>	<u>\$ 7,447,897</u>	<u>\$ 1,058,767</u>	<u>\$ 1,209,032</u>	<u>\$ 9,715,696</u>

See notes to financial statements

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

Statements of Cash Flows

	Year Ended June 30	
	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (179,539)	\$ 18,432
Adjustments to reconcile change in net assets to net cash from operating activities:		
Paycheck Protection Program loan forgiveness	-	(716,913)
Discount to present value	(19,646)	80,126
Bad debt expense	45,000	-
Depreciation	37,339	35,696
Loss on disposal of equipment	-	11,752
Amortization of right of use asset	909,004	952,404
Change in operating assets and liabilities		
Contributions receivable	(836,845)	526,752
Prepaid expenses and other current assets	(9,708)	17,197
Security deposits	9,258	(100)
Accounts payable	(42,838)	89,730
Accrued vacation	(263)	(17,652)
Payments on lease liability	(915,418)	(933,912)
Net Cash from Operating Activities	(1,003,656)	63,512
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(21,544)	(43,828)
 <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of Paycheck Protection Program loan	-	(47,092)
Proceeds from line of credit	-	505,239
Repayment of line of credit	(400,000)	(105,239)
Net Cash from Financing Activities	(400,000)	352,908
Net Change in Cash	(1,425,200)	372,592
 <b>CASH</b>		
Beginning of year	3,279,030	2,906,438
End of year	\$ 1,853,830	\$ 3,279,030

See notes to financial statements

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

Notes to Financial Statements  
June 30, 2024 and 2023

**1. Organization and Tax Status**

The David Lynch Foundation For Consciousness-Based Education and World Peace (the “Foundation” or “DLF”), a nonprofit organization founded in 2005, addresses the epidemic of trauma and toxic stress among at-risk populations through the implementation of the evidence-based Transcendental Meditation (“TM”) technique. The Foundation has supported more than 1,000,000 children and adults worldwide, with a focus on urban youth in underserved schools, veterans suffering from post-traumatic stress and their families, women and children who are survivors of domestic violence and sexual assault, and people in recovery from alcohol and substance abuse. The program is used to improve their health, cognitive capabilities and performance in life. The Foundation has also worked with the homeless, prison populations, people living with HIV/AIDS, and others.

The Foundation organizes and hosts scientific and professional conferences as well as town hall meetings to educate leaders and the general public about the benefits of TM and the work of the Foundation. In addition, it partners on the highest-level research to assess the effects of TM. Below are descriptions for certain programs of the Foundation.

***The Meditation Center – NY***

The Meditation Center - NY, formerly called the Center for Health and Wellness (CHW) or Center for Leadership and Performance (CLP), provides TM training courses for New York City and Los Angeles area business professionals. This professional development program provides a technique to overcome stress, enhance creativity, and increase stamina and efficiency. This results in greater performance in the workplace. The program provides organizations and their executives the opportunity to fulfill an important aspect of workplace training and wellness initiatives. The newest program expansion is an onsite Meditation Center on the Amenities Floor at the new 425 Park Avenue building, where tenants in the building such as Citadel, and Hellman & Friedman will easily be able to learn TM. CHW also furthers awareness of the impact of DLF’s work and the effectiveness of TM.

***Healthy Families Healthy Communities (HFHC) NY***

The Foundation’s outreach program focused on serving communities and populations that experience trauma and toxic stress in the New York City area. The populations served within Healthy Families Healthy Communities (HFHC) include students and parents in low-income schools, school teachers, community groups, Latino and Black community members, and college students. Instructions take place at schools, community centers, local businesses and at DLF offices in midtown Manhattan. Through this citywide initiative, DLF is working towards addressing health inequities in New York City, as well as increasing the wellness and wellbeing of NYC government workers and community members. In partnering with NYC government agencies, DLF continues the focused effort of demonstrating the effectiveness of TM and the importance of getting instructions covered by health insurance.

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

Notes to Financial Statements  
June 30, 2024 and 2023

**1. Organization and Tax Status (continued)**

***Heal The Healers Now (Healthcare)***

In the early days of the COVID-19 pandemic, the Foundation recognized that healthcare workers were dealing with crushing levels of stress and anxiety; making rapid, life-or-death decisions, all while putting their own health at risk. The Foundation quickly mobilized to respond to the needs of healthcare workers. Now almost five years on, the program is needed more than ever with post-pandemic PTSD symptoms, burnout and staff leaving the profession due to anxiety and stress. The response from healthcare workers, hospitals, research centers, and donors continues to rise. TM instruction has taken place in 100 hospitals and medical centers around the country, including research focused on TM and healthcare provider wellness at major research and teaching centers. Through this nationwide initiative, more healthcare workers will gain access to this powerful, non-pharmaceutical tool. In addition, hospitals, policy makers, and those concerned with the wellbeing of our nation's health care industry and its medical providers will have additional evidence of TM's effectiveness; which helps to secure and allocate funding for further TM instruction.

***International Programs***

The Foundation provides funding to TM programs for under-resourced and vulnerable populations beyond the United States. DLF supports TM training to groups in Africa, Europe and Israel.

***Veterans (Resilient Warrior Program)***

This program provides TM training to veterans, active-duty personnel and military families. TM has been shown to relieve symptoms of post-traumatic stress disorder (PTSD) and major depression among veterans. The Resilient Warrior Program partners with major veteran service organizations including the Department of Defense, the Traumatic Brain Injury Clinic at Fort Gordon, EOD Warrior Foundation; Courage to Call and the City University of New York Office of Veterans Services. The Foundation also teaches individual veterans through their offices in Los Angeles, Washington D.C. and New York City.

***Government (Resilient Responders - Law Enforcement & Firefighters)***

This program provides TM training to law enforcement officers, firefighters and emergency medical technicians who have experienced PTSD and substance abuse disorder. Program partners include the New York City Fire Department, First Responder Wellness, Front Range Fire Department (CO), the San Francisco Fire Department, Ventura County First Responders, First Responder Recovery – Malibu, the New York City Police Department, US Capitol Police, and the Herndon (VA) Police Department.

**David Lynch Foundation For  
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Notes to Financial Statements  
June 30, 2024 and 2023

**1. Organization and Tax Status (continued)**

***Women's Health Initiative (Women)***

The Women's Health Initiative provides TM training for survivors of any gender or agender who have experienced domestic or gender-based violence or sexual assault. TM is an evidence-based, alternative therapy shown to contribute to healing and empowerment. In New York City the Foundation offers services to survivors at the Manhattan Family Justice Center (an initiative of the New York City Mayor's office to end domestic and gender-based violence) that provides a holistic array of services to survivors at one location. In Los Angeles, the Foundation teaches survivors TM at the David Lynch Foundation offices.

***Other Programs***

***Awareness***

The Awareness program produces events to increase awareness of DLF and educate the public about the impact and benefits of TM. The world's premiere artists, designers, and musicians participate in DLF's galas, special events, and auctions. Auctions offer one-of-a-kind new works and extraordinary experiences. Funds benefit DLF's programs to reduce toxic stress and trauma, and improve the quality of life for under-resourced populations.

***HIV Wellness***

For decades, Transcendental Meditation has been used as an adjunct to HIV/AIDS treatment by individuals who must confront serious mental/emotional challenges due to a compromised immune system. DLF partners with organizations in the San Francisco Bay area to promote the power of TM to profoundly heal and restore the lives of individuals who live with HIV/AIDS.

***Los Angeles Programs***

The Foundation began serving the Los Angeles community in 2010. In 2019 the Healthy Families/Healthy Communities program was created to expand the mission to support vulnerable families in Southern California. The Foundation also provides programs for community centers serving youth that have been incarcerated, veterans who suffer from symptoms of PTSD, women survivors of domestic violence, individuals in recovery from substance abuse disorders, and frontline mental health providers. In 2023, the Foundation began a new initiative to teach first responders (e.g. Firefighters, Policemen and women, and Emergency Medical Technicians) the TM technique.

***Meditate New York***

Meditate New York will create a public-private partnership with nonprofit organizations.

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

Notes to Financial Statements  
June 30, 2024 and 2023

**1. Organization and Tax Status (continued)**

***Other Programs (continued)***

*Washington, D.C.*

The Meditation Center (TMC) at THEARC (Town Hall Education Arts Recreation Campus) is a division of the Center for Resilience of the Foundation. Since 2018, DLF has continued to work in partnership with 13 nationally acclaimed organizations based at THEARC, and with several longstanding community-based organizations to provide TM courses and ongoing support to residents of one of DC's most under-resourced communities. Collaborations have been fostered and expanded with organizations such as: Children's National Health System, Community of Hope, DC Central Kitchen, EmpowerED and others. The service that TMC is providing to the community is helping to eradicate the epidemic of toxic stress and trauma and improve the quality of people's lives.

***Tax Status***

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.

***Adoption of New Accounting Policy***

***Credit Losses***

In June 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-13, *Financial Instruments – Credit Losses: Measurement of Credit Losses on Financial Instruments*. The new standard removes the previous requirement that a credit loss be probable of occurring for it to be recognized and requires entities to use historical experience, current conditions and reasonable and supportive forecasts to estimate their future expected credit losses. DLF adopted ASU 2016-13 effective July 1, 2023. The adoption did not have a material impact on DLF's financial statements.

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**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:

Net assets without donor restrictions represent resources that are not subject to donor-imposed restrictions.

Net assets with donor restrictions represent net assets subject to donor-imposed restrictions that expire by the passage of time, or by actions of the Foundation. When a donor's time-restriction expires or a purpose-restriction is accomplished, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the accompanying statements of activities as "net assets released from restrictions".

***Contributions Receivable***

Management determines an allowance for doubtful accounts on a case by case basis based on management's historical experience, review of individual account balances, actual cash collections and its expectations of future collections, with amounts considered uncollectable written-off as bad debt. Management has recorded a reserve of \$45,000 against contributions receivable as of June 30, 2024 and 2023.

Contributions receivable that are expected to be collected in future years are discounted to 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.

***Property and Equipment***

All acquisitions of property and equipment in excess of \$2,000, and all expenditures for repairs, maintenance, renewals, and betterments in excess of \$2,000 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.

***Contributions, Special Events and Grant Revenue***

Contributions, special events and grant revenue, including unconditional promises to give, are recognized as revenue in the period received.

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**2. Summary of Significant Accounting Policies (continued)**

***Contributions, Special Events and Grant Revenue (continued)***

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.

Contributions of land, buildings, and equipment without donor restrictions concerning the use of such long-lived assets are reported as revenue without donor restrictions. Contributions of cash or other assets to be used to acquire land, buildings, and equipment are reported as revenue with donor restrictions class; the restrictions are considered to be released when such long-lived assets are placed in service.

***In-kind Contributions***

Contributions of donated non-cash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

During the years ended June 30, 2024 and 2023, the Foundation received donated office space in New York City valued at \$76,903 and \$75,000, reflected within in-kind donations in the statements of activities. The fair value for this space is based on the estimated fair value of recent comparable rent rates in the surrounding New York City area. This space was utilized in the Foundation's program activities and had no donor restrictions imposed on this contribution.

***Program Revenue***

Program revenue for transcendental meditation courses and instructional workshops is recognized as revenue when such services are provided, fulfilling the performance obligation at a point in time.

***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.

***Printing and Advertising***

Printing and advertising costs are expensed as incurred. Printing and advertising expenses totaled approximately \$38,500 and \$1,300 for the years ended June 30, 2024 and 2023.

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Notes to Financial Statements  
June 30, 2024 and 2023

**2. Summary of Significant Accounting Policies (continued)**

***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, 2021.

***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. Expenses that can be identified with a specific program or support service are allocated directly according to their natural expenditure classification. Costs, including personnel, consultants/website design, occupancy and IT, which are common to several functions are allocated among the program and supporting services based on time and effort records, departmental expense activity, and estimates made by the Foundation's management.

***Subsequent Events Evaluation by Management***

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through February 21, 2025, 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.

***Leases***

The Foundation has leases for office space and determines if these arrangements are leases at inception. Operating leases are included in operating lease right-of-use assets ("ROU assets") and lease liabilities on the accompanying statements of financial position.

ROU assets represent the right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. When leases do not provide an implicit borrowing rate, DLF uses a risk-free rate based on the information available at the commencement date in determining the present value of lease payments. The operating lease ROU asset includes any lease payments made and excludes lease incentives. The lease terms may include options to extend the lease and when it is reasonably certain that DLF will exercise that option, such amounts are included in ROU assets and lease liabilities. Lease expense for the lease payments is recognized on a straight-line basis of the lease term. DLF's lease agreement does not contain any material residual value guarantees or material restrictive covenants.

**David Lynch Foundation For  
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Notes to Financial Statements  
June 30, 2024 and 2023

**2. Summary of Significant Accounting Policies (continued)**

***Leases (continued)***

DLF elected not to record leases with an initial term of 12 months or less on the statements of financial position. Lease expenses on such leases is recognized on a straight-line basis over the lease term.

**3. Concentration of Credit Risk**

The credit risk for contributions receivable at June 30, 2024 and 2023 was concentrated, with 68% and 78% owed from six and eight donors. Additionally, the Foundation received approximately 59% of its contribution and grant revenue from five donors each during the years ended June 30, 2024 and 2023.

The Foundation believes the risk is minimal due to the payment history of the donors. These contributions receivable are deemed collectible by management. The Foundation expects to continue receiving funding from these sources in the future due to the donors' giving history and strong relationships 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.

Financial instruments that potentially subject the Foundation to concentrations of credit and market risk consist principally of receivables which are expected to be collected in the normal course of business, and cash on deposit with financial institutions. Deposits held at financial institutions are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000. At times cash balances may exceed the FDIC limit.

**4. Contributions Receivable**

The Foundation received unconditional contributions which have been recorded net of a present value discount of 5.34% and 5.06% at June 30, 2024 and 2023 as follows:

	2024	2023
Due in two or more years	\$ 2,660,000	\$ 2,500,000
Less:		
Allowance for doubtful accounts	(45,000)	(45,000)
Discount to present value	(177,117)	(196,763)
	2,437,883	2,258,237
Due in one year or less	3,680,359	3,048,514
Total Contributions Receivable	\$ 6,118,242	\$ 5,306,751

**David Lynch Foundation For  
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Notes to Financial Statements  
June 30, 2024 and 2023

**5. Line of Credit**

During fiscal 2023, Foundation had a line of credit (“LOC”) arrangement with a financial institution to borrow up to \$750,000 at a borrowing rate of 8.674% with any outstanding balance to be repaid on or before the expiration date of February 24, 2024.

In March 2024, the Foundation obtained a new LOC arrangement with a financial institution to borrow up to \$1,000,000 at a borrowing rate of 9.170% with the outstanding balance to be repaid on or before the expiration date of March 1, 2025.

As of June 30, 2024 and 2023, the outstanding balance on the LOC was \$-0- and \$400,000.

**6. Paycheck Protection Program Loans**

The Foundation had a Paycheck Protection Program (the “PPP Loan”) from the Small Business Administration (“SBA”) in the amount of \$764,005. The loan was scheduled to mature in April 2026; however if certain defined conditions were met, the PPP Loan would be forgiven.

In fiscal 2023, the defined conditions were partially met, and as a result, the SBA notified the Foundation that \$716,913 of this PPP Loan would be forgiven. The Foundation recognized this amount as PPP loan forgiveness in the 2023 statement of activities with the remaining loan balance of \$47,092 repaid to the SBA in March 2023.

**7. Net Assets with Donor Restrictions**

Net assets with donor restrictions are available for the following purposes at June 30:

	2024	2023
Veterans Program	\$ 194,460	\$ 1,990,232
Time restrictions	5,075,000	4,980,000
THEARC/Washington, D.C. Programs	50,000	75,400
Heal the Healers Now	24,400	-
Los Angeles School Program	-	124,700
Other programs	21,000	-
Fetzer Memorial Trust	23,000	23,500
	\$ 5,387,860	\$ 7,193,832

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Notes to Financial Statements  
June 30, 2024 and 2023

**7. Net Assets with Donor Restrictions (continued)**

Net assets released from restriction during the years ended June 30, 2024 and 2023 were as follows:

	2024	2023
Heal the Healers Now	\$ 25,600	\$ 89,050
Time restrictions	2,692,500	2,090,556
Veterans Program	1,831,773	1,382,085
Los Angeles School Program	249,699	27,556
THEARC/Washington, D.C. Programs	160,400	14,925
Other programs	1,500	1,078
Meditate NY	-	200,000
Fetzer Memorial Trust	500	500
	\$ 4,961,972	\$ 3,805,750

**8. 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 payments to the Foundation of \$440,000 for the publication of the manuscript plus royalties on all copies sold by the publisher.

The Agreement provides for royalty fees to be paid to the Foundation based on future sales of the manuscript. The Foundation received approximately \$1,200 and \$2,500 for the years ended June 30, 2024 and 2023.

**9. Operating Lease Commitments**

***Occupancy***

The Foundation has non-cancelable operating leases as a lessee for office space in New York, Los Angeles and Washington, D.C. that expire at various dates through October 2027. These lease agreements contain lease and non-lease components, which are generally accounted for separately. Variable lease components in these leases are common area maintenance, utilities, and real estate taxes and are recognized in operating expenses in the period in which the obligation is incurred.

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Notes to Financial Statements  
June 30, 2024 and 2023

**9. Operating Lease Commitments (continued)**

**Occupancy (continued)**

Below are the components of occupancy expense on the accompanying statements of functional expenses for the years ended June 30:

	2024	2023
Lease expense		
Operating lease cost	\$ 909,004	\$ 952,404
Short-term lease cost	108,858	87,044
Variable lease cost	118,534	113,787
	\$ 1,136,396	\$ 1,153,235

Listed below are the right-of-use assets and corresponding liabilities associated with future lease payments on the above noted leases as of June 30:

	2024	2023
Right-of-use asset	\$ 357,530	\$ 1,244,612
Lease liability	369,608	1,263,104
Weighted Average:		
Discount rate	2.84%	2.84%
Remaining lease term in years	1.13	1.53

ROU asset is net of \$1,792,097 and \$905,015 accumulated amortization at June 30, 2024 and 2023.

Future minimum rental payments under the lease arrangements are as follows:

Year Ended June 30:	Amount
2025	\$ 302,630
2026	30,739
2027	31,356
2028	10,556
Total Future Minimum Lease Payments	375,281
Less Imputed Interest	(5,673)
Total Operating Lease Liability	\$ 369,608

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Notes to Financial Statements  
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**9. Operating Lease Commitments (continued)**

**Occupancy (continued)**

Supplemental cash flow information related to operating leases was as follows for the years ended June 30:

	2024	2023
Cash paid for amounts included in the measurement of operating lease liabilities	\$ 915,418	\$ 886,523
ROU assets recognized during the year	-	2,149,627

**Rental Income**

During the year ended June 30, 2020, the Foundation entered into two non-cancelable operating leases as lessor to sublet a portion of its office space in New York. The subleases expired in October 2024.

Future minimum rental payments for the year ending June 30, 2025, is approximately \$92,000.

Rental income was approximately \$269,000 and \$261,000 for the years ended June 30, 2024 and 2023.

**10. Liquidity and Availability of Financial Assets**

The Foundation's financial assets and resources available to meet cash needs for general expenditures within one year of the date of the statement of financial position were as follows as of June 30:

	2024	2023
Financial assets at year end:		
Cash	\$ 1,853,830	\$ 3,279,030
Contributions receivable, net	6,118,242	5,306,751
Total Financial Assets	7,972,072	8,585,781
Less: net assets with donor restrictions	(5,387,860)	(7,193,832)
Add next year's release of donor restrictions	3,680,359	3,048,514
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	\$ 6,264,571	\$ 4,440,463

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**10. Liquidity and Availability of Financial Assets *(continued)***

The Foundation monitors its cash needs regularly and receives grants and contributions throughout the year in addition to special events and program revenue earned from services provided. The Foundation also has \$1,000,000 from a line of credit arrangement which it can draw upon in the event of a liquidity need. There is no balance outstanding on the line of credit as of June 30, 2024, and a \$400,000 outstanding balance as of June 30, 2023.

**11. Contingencies**

The Foundation is a co-defendant in a suit in Federal Court in Illinois with the Chicago Public School system by a former student who is seeking class certification. The matter is being covered as to defense costs and indemnity by the Foundation's liability carrier. Management believes it has a strong defense for such claim and is defending the action vigorously. The matter is scheduled to go to trial in March 2025.

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