

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

Financial Statements

June 30, 2025 and 2024

## **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, 2025 and 2024, 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, 2025 and 2024, 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*

December 17, 2025

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

Statements of Financial Position

	June 30	
	2025	2024
<b>ASSETS</b>		
Current Assets		
Cash	\$ 2,962,684	\$ 1,853,830
Restricted cash	259,247	-
Contributions receivable	3,738,434	3,680,359
Prepaid expenses and other current assets	97,825	143,822
Total Current Assets	7,058,190	5,678,011
Non-current Assets		
Contributions receivable, net	4,022,252	2,437,883
Security deposits	16,389	195,311
Property and equipment		
Furniture and fixtures	87,566	356,738
Equipment	214,277	288,707
	301,843	645,445
Less accumulated depreciation	264,004	560,349
	37,839	85,096
Right of use asset	2,129,373	357,530
Total Non-current Assets	6,205,853	3,075,820
Total Assets	\$ 13,264,043	\$ 8,753,831
<b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities		
Accounts payable	\$ 277,432	\$ 413,501
Accrued vacation	57,984	99,531
Short term lease liability	419,538	299,276
Total Current Liabilities	754,954	812,308
Non-current Liabilities		
Loan payable	3,056,250	-
Long term lease liability	2,004,714	70,332
Total Liabilities	5,815,918	882,640
Net Assets (Deficit)		
Without donor restrictions (deficit)	(62,475)	2,483,331
With donor restrictions		
Time restricted	7,185,000	5,075,000
Purpose restricted	325,600	312,860
Total with Donor Restrictions	7,510,600	5,387,860
Total Net Assets	7,448,125	7,871,191
Total Liabilities and Net Assets	\$ 13,264,043	\$ 8,753,831

See notes to financial statements

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

Statements of Activities

	Year Ended					
	June 30, 2025			June 30, 2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>OPERATING SUPPORT AND REVENUE</b>						
Contribution and grant revenue	\$ 1,598,261	\$ 5,004,500	\$ 6,602,761	\$ 5,279,097	\$ 3,156,000	\$ 8,435,097
Special events, net of direct benefit to donors of \$427,763 in 2025	212,238	-	212,238	-	-	-
Program revenue	378,428	-	378,428	386,034	-	386,034
Sublease income	92,872	-	92,872	268,564	-	268,564
In-kind contributions	75,000	-	75,000	76,903	-	76,903
Interest income	53,813	-	53,813	121,808	-	121,808
License and royalty fees	43,710	-	43,710	1,217	-	1,217
Net assets released from restrictions	2,881,760	(2,881,760)	-	4,961,972	(4,961,972)	-
Total Operating Support and Revenue	5,336,082	2,122,740	7,458,822	11,095,595	(1,805,972)	9,289,623
<b>OPERATING EXPENSES</b>						
Program	5,828,698	-	5,828,698	7,458,494	-	7,458,494
Management and general	1,142,105	-	1,142,105	1,108,262	-	1,108,262
Fundraising	911,085	-	911,085	902,406	-	902,406
Total Operating Expenses	7,881,888	-	7,881,888	9,469,162	-	9,469,162
Change in Net Assets	(2,545,806)	2,122,740	(423,066)	1,626,433	(1,805,972)	(179,539)
<b>NET ASSETS</b>						
Beginning of year	2,483,331	5,387,860	7,871,191	856,898	7,193,832	8,050,730
End of year (deficit)	\$ (62,475)	\$ 7,510,600	\$ 7,448,125	\$ 2,483,331	\$ 5,387,860	\$ 7,871,191

See notes to financial statements

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

**Statement of Functional Expenses  
Year Ended June 30, 2025**

	Program										2025 Total	2024 Total	
	Education	Veterans	Women	Center for Health and Wellness	Government (Resilient Responders)	Heal the Healers	International	Other Programs	Total Program	Management and General			
Personnel	\$ 191,047	\$ 362,371	\$ 214,797	\$ 36,950	\$ 702,159	\$ 614,333	\$ 2,059	\$ 1,060,917	\$ 3,184,633	\$ 483,719	\$ 527,308	\$ 4,195,660	\$ 4,402,364
Grants	11,659	56,592	57,990	392	19,540	109,529	87,460	394,180	737,342	5,684	158	743,184	796,462
Program expenses	127	3,499	2,019	-	3,979	1,561	30	13,128	24,343	1,564	-	25,907	63,603
Program research	-	325,319	2,775	-	1,456	37,752	4,038	2,474	373,814	258	387	374,459	1,103,856
Retreat expenses	-	-	-	-	-	270	-	1,106	1,376	-	-	1,376	28,433
Production and media	996	15,691	14,443	986	16,254	5,586	82	111,050	165,088	18,074	29,399	212,561	134,447
Printing and advertising	3	33	32	22	44	38	-	108	280	278	25,904	26,462	38,464
Special events and annual gala	-	-	-	-	-	-	-	2,308	2,308	-	376,950	379,258	10,776
Cultivation expense	51	417	172	18	578	482	-	16,549	18,267	1,355	10,714	30,336	16,006
Consultants/website design	3,678	18,143	33,073	1,848	61,658	82,051	852	110,902	312,205	63,570	137,972	513,747	727,572
Occupancy	13,834	50,976	21,250	11,556	113,220	49,306	6,214	100,068	366,424	348,957	104,468	819,849	1,136,396
Telephone and internet	377	2,278	1,192	681	5,978	2,059	277	9,424	22,266	7,375	4,949	34,590	31,587
Postage and shipping	14	107	53	32	652	92	110	462	1,522	613	436	2,571	5,642
Office supplies and equipment rental	1,517	6,661	3,116	156	8,226	7,475	79	16,130	43,360	27,907	1,275	72,542	45,354
IT (software, hardware and web)	8,882	16,430	4,340	610	7,957	24,159	424	38,903	101,705	20,493	72,039	194,237	196,019
Audit	986	2,585	317	36	2,090	2,693	-	5,189	13,896	10,104	-	24,000	24,750
Membership and subscriptions	-	-	-	-	99	1,020	-	2,377	3,496	98	1,001	4,595	4,861
Professional development	57	204	13	-	109	1,099	251	6,234	7,967	522	-	8,489	2,935
Travel and meetings	5,215	9,887	12,637	1,182	37,015	27,742	-	78,374	172,052	33,501	27,960	233,513	292,565
Insurance	4,450	11,270	1,135	-	9,475	12,484	-	26,992	65,806	36,032	-	101,838	127,982
Legal	2,628	6,121	2,374	840	6,523	6,766	24	13,843	39,119	27,952	176	67,247	77,667
Bank and credit card fees	1,111	4,484	2,170	1,707	4,689	4,900	436	76,466	95,963	11,808	17,683	125,454	41,961
Third party fees	-	12	12	8	16	14	4	400	466	52	69	587	218
Donated services - occupancy	-	-	-	75,000	-	-	-	-	75,000	-	-	75,000	76,903
Bad debt	-	-	-	-	-	-	-	-	-	25,000	-	25,000	45,000
Depreciation	-	-	-	-	-	-	-	-	-	17,189	-	17,189	37,339
	<u>246,632</u>	<u>893,080</u>	<u>373,910</u>	<u>132,024</u>	<u>1,001,717</u>	<u>991,411</u>	<u>102,340</u>	<u>2,087,584</u>	<u>5,828,698</u>	<u>1,142,105</u>	<u>1,338,848</u>	<u>8,309,651</u>	<u>9,469,162</u>
Special events - direct benefit to donors	-	-	-	-	-	-	-	-	-	-	(427,763)	(427,763)	-
	<u>\$ 246,632</u>	<u>\$ 893,080</u>	<u>\$ 373,910</u>	<u>\$ 132,024</u>	<u>\$ 1,001,717</u>	<u>\$ 991,411</u>	<u>\$ 102,340</u>	<u>\$ 2,087,584</u>	<u>\$ 5,828,698</u>	<u>\$ 1,142,105</u>	<u>\$ 911,085</u>	<u>\$ 7,881,888</u>	<u>\$ 9,469,162</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											
	HFHC	Veterans	Women	The Mediation Center	Government (Resilient Responders)	Heal the Healers	International	Other Programs	Total Program	Management and General	Fundraising	Total
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
Grants	92,173	105,327	16,978	20,353	76,975	161,612	136,994	178,984	789,396	7,066	-	796,462
Program expenses	548	42,812	504	1,549	2,651	6,012	20	8,272	62,368	1,235	-	63,603
Program research	65,000	982,814	-	-	2,156	45,670	2,097	6,119	1,103,856	-	-	1,103,856
Retreat expenses	-	-	-	-	-	4,254	-	24,179	28,433	-	-	28,433
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
Printing and advertising	-	-	-	-	-	-	-	-	-	200	38,264	38,464
Special events and annual gala	-	-	-	-	6,658	-	-	750	7,408	-	3,368	10,776
Cultivation expense	703	1,570	65	949	3,336	1,442	-	3,090	11,155	3,120	1,731	16,006
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
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
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
Postage and shipping	256	1,202	9	158	512	547	-	1,265	3,949	1,269	424	5,642
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
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
Audit	1,066	4,783	221	1,187	2,583	1,794	-	3,736	15,370	9,380	-	24,750
Membership and subscriptions	22	62	3	52	208	1,468	-	2,330	4,145	173	543	4,861
Professional development	1,317	129	-	200	200	260	-	829	2,935	-	-	2,935
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
Insurance	5,948	17,126	861	14,822	14,037	11,091	2,976	19,257	86,118	33,276	8,588	127,982
Legal	7,486	12,128	633	3,447	8,127	6,389	33	11,741	49,984	27,504	179	77,667
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
Third party fees	-	-	-	-	-	-	-	-	-	154	64	218
Donated services - occupancy	-	-	-	75,000	-	-	-	-	75,000	1,903	-	76,903
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
	<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>

See notes to financial statements

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

Statements of Cash Flows

	Year Ended June 30	
	2025	2024
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (423,066)	\$ (179,539)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Discount to present value	92,298	(19,646)
Accrued interest	56,250	-
Bad debt expense	25,000	45,000
Depreciation	17,189	37,339
Loss on disposal of equipment	51,945	-
Amortization of right of use asset	517,498	909,004
Change in operating assets and liabilities		
Contributions receivable	(1,759,742)	(836,845)
Prepaid expenses and other current assets	45,997	(9,708)
Security deposits	178,922	9,258
Accounts payable	(136,069)	(42,838)
Accrued vacation	(41,547)	(263)
Lease liability	<u>(234,697)</u>	<u>(915,418)</u>
Net Cash from Operating Activities	<u>(1,610,022)</u>	<u>(1,003,656)</u>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	<u>(21,877)</u>	<u>(21,544)</u>
 <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Borrowings under loan payable	3,000,000	-
Repayment of line of credit	<u>-</u>	<u>(400,000)</u>
Net Cash from Financing Activities	<u>3,000,000</u>	<u>(400,000)</u>
 Net Change in Cash and Restricted Cash	1,368,101	(1,425,200)
 <b>CASH AND RESTRICTED CASH</b>		
Beginning of year	<u>1,853,830</u>	<u>3,279,030</u>
End of year	<u>\$ 3,221,931</u>	<u>\$ 1,853,830</u>

See notes to financial statements

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

Notes to Financial Statements  
June 30, 2025 and 2024

**1. Organization and Tax Status**

The David Lynch Foundation For Consciousness-Based Education and World Peace (the “Foundation” or “DLF”) is a nonprofit 501(c)(3) organization founded in 2005. The Foundation helps to prevent and eradicate the epidemic of trauma and toxic stress among at-risk populations through widespread implementation of the evidence-based Transcendental Meditation® (TM) program. The Foundation works to establish mainstream understanding of the effects of TM among government, health, media, and business leaders, as well as the general public; raise funds to implement TM programs in institutions that serve at-risk populations; and support and facilitate independent research on the important health benefits of the TM program.

***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. DLF quickly mobilized to respond to the needs of healthcare workers. Now almost 6 years later, 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.

***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 use disorder. Program partners include the New York City Fire Department, First Responder Wellness in Newport Beach (CA), Front Range Fire Department (CO), Brighton Fire Department (CO), San Francisco Fire Department, Ventura County First Responders, First Responder Recovery - Malibu, the New York City Police Department, US Capitol Police (DC), Los Angeles County Fire Department, LA County Fire Chiefs Association, Metropolitan Police Department (DC), Herndon (VA) Police Department and the Washington DC Fire Department & Academies (DC).

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

Notes to Financial Statements  
June 30, 2025 and 2024

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

***Women's Health Initiative***

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. In New York City, DLF 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. DLF has consistently taught within the Women's Health Initiative and is expanding its efforts by partnering directly with organizations that support survivors of intimate partner and domestic violence. DLF also teaches TM to survivors at its regional offices in Los Angeles and Washington, DC.

***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 Ft. Gordon, EOD Warrior Foundation, Samaritan Daytop Village, Courage to Call and the City University of New York Office of Veterans Services. DLF also teaches individual veterans through its offices in Los Angeles, Washington, DC, and New York City, as well as throughout the U.S. in partnership with the national TM organization.

***Healthy Families Healthy Communities***

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 community groups, Latino and Black community members. Instructions take place at community centers, offices of nonprofits, local businesses, and the DLF office 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.

***Los Angeles***

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. UCLA Luskin Institute was interested in conducting research on the benefits of the practice of the TM technique for parents, and found that 92% of parents in the study felt less stressed and 82% experienced greater patience as a result of TM. Additionally, surveys found statistically significant increases in their hopefulness (their perceived ability to set and achieve goals). Because of these positive results, the researchers concluded that "TM is a promising intervention for caregiver well-being, promoting resilience and improving family dynamics. Its scalability and low-cost implementation make it a practical tool for community health and family support programs."

**David Lynch Foundation For  
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Notes to Financial Statements  
June 30, 2025 and 2024

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

***Los Angeles (continued)***

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, DLF began a new initiative to teach first responders (Firefighters, Police, EMT's, etc) the TM technique, partnering with First Responder Wellness, Malibu First Responder Recovery, Los Angeles County Fire Department, LA County Fire Chiefs Association and Ventura County First Responder Wellness to teach hundreds of first responders with very positive outcomes. DLF also has a partnership with University of Southern California School of Social Work to train their faculty and students in TM as well as with the school's Trauma Recovery Center, which provides free mental health services to the Los Angeles community. And hundreds of people in LA who were traumatized by losing their homes in the 2025 LA fires have been taught TM in partnership with Revolve Impact at the Dena Heals community center location in Altadena.

The Foundation has a partnership with the Santa Barbara Foundation to train their staff in TM and connect DLF to teach mental health staff at the Santa Barbara Unified School District. The Foundation also teaches TM to first responders in Santa Barbara in partnership with the Santa Barbara Police Foundation.

For decades, TM 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 works 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. DLF also teaches TM to people with HIV through the Desert AIDS project in Palm Springs, CA.

***Washington, DC***

The Meditation Center (TMC) at THEARC (Town Hall Education Arts Recreation Campus) is a division of the Foundation's Center for Resilience. 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 who are violence survivors in 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 and others. DLF also teaches TM to first responders and veterans in Washington, DC.

**David Lynch Foundation For  
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Notes to Financial Statements  
June 30, 2025 and 2024

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

***Meditate New York***

Meditate New York is a public-private partnership with nonprofit organizations skilled in teaching different scientifically-proven meditation techniques to New Yorkers in need. DLF has received grants from the NYPD, FDNY and NYC Majors Office Department of Veterans Affairs.

***Awareness***

The Foundation's 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 the DLF's programs to reduce toxic stress and trauma, and improve the quality of life for under-resourced populations.

***The Meditation Center***

The Meditation Center (formerly called the Center for Health and Wellness or Center for Leadership and Performance), provides TM 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. DLF's newest program expansion is an onsite Meditation Center on the Amenities Floor at the 425 Park Avenue building, where tenants in the building such as Citadel and Hellman & Friedman can easily learn TM.

***International Programs***

The Foundation provides funding to TM programs for under-resourced and vulnerable populations beyond the United States by supporting TM training to groups in Asia, Africa, Europe and Latin America.

***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.

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

Notes to Financial Statements  
June 30, 2025 and 2024

**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.

***Cash and Restricted Cash***

Cash includes all cash balances held in bank accounts that can be used for operating purposes. Included in restricted cash at June 30, 2025 is a cash deposit held with a landlord in relation to an operating lease agreement.

The following table provides a reconciliation of cash and restricted cash reported within the statements of financial position to the amounts presented in the statements of cash flows at June 30:

	<u>2025</u>	<u>2024</u>
Cash	\$ 2,962,684	\$ 1,853,830
Restricted cash	<u>259,247</u>	<u>-</u>
	<u>\$ 3,221,931</u>	<u>\$ 1,853,830</u>

***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”.

**David Lynch Foundation For  
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Notes to Financial Statements  
June 30, 2025 and 2024

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

***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, 2025 and 2024.

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.

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.

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

Notes to Financial Statements  
June 30, 2025 and 2024

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

***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, 2025 and 2024, the Foundation received donated office space in New York City valued at \$75,000 and \$76,903, 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.

***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.

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

Notes to Financial Statements  
June 30, 2025 and 2024

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

***Printing and Advertising***

Printing and advertising costs are expensed as incurred. Printing and advertising expenses totaled approximately \$26,463 and \$38,500 for the years ended June 30, 2025 and 2024.

***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.

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.

***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, 2022.

***Subsequent Events Evaluation by Management***

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through December 17, 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.

**David Lynch Foundation For  
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Notes to Financial Statements  
June 30, 2025 and 2024

**3. Concentration of Credit Risk**

The credit risk for contributions receivable at June 30, 2025 and 2024 was concentrated, with 78% and 68% owed from eleven and six donors. Additionally, the Foundation received approximately 52% and 59% of its contribution and grant revenue from five donors each during the years ended June 30, 2025 and 2024.

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. Balances held in excess of the FDIC limit at June 30, 2025 and 2024 totaled \$2,712,684 and \$1,603,830.

**4. Contributions Receivable**

The Foundation received unconditional contributions which have been recorded net of a present value discount of 4.72% and 5.34% at June 30, 2025 and 2024 as follows:

	2025	2024
Due in two or more years	\$ 4,336,667	\$ 2,660,000
Less:		
Allowance for doubtful accounts	(45,000)	(45,000)
Discount to present value	(269,415)	(177,117)
	4,022,252	2,437,883
Due in one year or less	3,738,434	3,680,359
Total Contributions Receivable	\$ 7,760,686	\$ 6,118,242

**5. Loan Payable**

The Foundation entered into a loan agreement with a lender during February 2025. The principal balance of the loan is \$3,000,000 and the loan accrues interest at a rate of 5% annually until the loan maturity in February 2028, at which point all outstanding principal and interest is due for repayment. No payments of principal or interest are required to be made until the maturity date.

**David Lynch Foundation For  
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Notes to Financial Statements  
June 30, 2025 and 2024

**6. Line of Credit**

In March 2024, the Foundation obtained a LOC arrangement with a financial institution to borrow up to \$1,000,000 at a borrowing rate of 9.17% with the outstanding balance due to be repaid on or before the expiration date of March 1, 2025. The LOC was renewed during March 2025 and the borrowing rate on the new agreement is defined as the Secured Overnight Financing Rate (“SOFR”) plus a margin of 5.499%. The new agreement expires during March 2026.

As of June 30, 2025 and 2024, there was no outstanding balance on the LOC.

**7. Net Assets with Donor Restrictions**

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

	2025	2024
Veterans Program	\$ 5,000	\$ 194,460
Time restrictions	7,185,000	5,075,000
THEARC/Washington, D.C. Programs	32,000	50,000
Heal the Healers Now	33,000	24,400
Los Angeles School Program	223,700	-
Other programs	9,900	21,000
Fetzer Memorial Trust	22,000	23,000
	\$ 7,510,600	\$ 5,387,860

Net assets released from restriction during the years ended June 30 were as follows:

	2025	2024
Heal the Healers Now	\$ 43,400	\$ 25,600
Time restrictions	2,440,000	2,692,500
Veterans Program	209,460	1,831,773
Los Angeles School Program	300	249,699
THEARC/Washington, D.C. Programs	158,000	160,400
Other programs	10,000	1,500
International program	19,600	-
Fetzer Memorial Trust	1,000	500
	\$ 2,881,760	\$ 4,961,972

**David Lynch Foundation For  
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Notes to Financial Statements  
June 30, 2025 and 2024

**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 \$43,710 and \$1,200 in license and royalty fees for the years ended June 30, 2025 and 2024.

**9. Operating Lease Commitments**

***Occupancy***

The Foundation has non-cancelable operating leases as a lessee for office space in New York and Los Angeles 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.

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

	<u>2025</u>	<u>2024</u>
Lease expense		
Operating lease cost	\$ 585,431	\$ 952,404
Short-term lease cost	168,371	87,044
Variable lease cost	66,047	113,787
	<u>\$ 819,849</u>	<u>\$ 1,153,235</u>

**David Lynch Foundation For  
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Notes to Financial Statements  
June 30, 2025 and 2024

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

**Occupancy (continued)**

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:

	2025	2024
Right-of-use asset	\$ 2,129,373	\$ 357,530
Lease liability	2,424,252	369,608
Weighted Average:		
Discount rate	4.15%	2.84%
Remaining lease term in years	5.25	1.53

ROU asset is net of \$309,486 and \$1,792,097 accumulated amortization at June 30, 2025 and 2024.

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

Year Ended June 30:	Amount
2026	\$ 419,538
2027	549,756
2028	528,956
2029	518,400
2030	518,400
Thereafter	172,800
Total Future Minimum Lease Payments	2,707,850
Less Imputed Interest	(283,598)
Total Operating Lease Liability	\$ 2,424,252

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

	2025	2024
Cash paid for amounts included in the measurement of operating lease liabilities	\$ 302,630	\$ 915,418
ROU assets recognized during the year	2,289,341	-

**David Lynch Foundation For  
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Notes to Financial Statements  
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**9. Operating Lease Commitments (continued)**

***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.

Rental income was approximately \$93,000 and \$269,000 for the years ended June 30, 2025 and 2024.

**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:

	2025	2024
Financial assets at year end:		
Cash	\$ 2,962,684	\$ 1,853,830
Restricted cash	259,247	-
Contributions receivable, net	7,760,686	6,118,242
Total Financial Assets	10,982,617	7,972,072
Less: Net assets with donor restrictions	(7,510,600)	(5,387,860)
Restricted cash	(259,247)	-
Add: Next year's release of donor restrictions	3,738,434	3,680,359
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	\$ 6,951,204	\$ 6,264,571

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, 2025 and June 30, 2024.

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