

**PACIFIC INSTITUTE FOR STUDIES IN DEVELOPMENT, ENVIRONMENT AND
SECURITY**

Financial Statements

Year ended December 31, 2010

with

Report of Independent Auditors

Report of Independent Auditors

Board of Directors
Pacific Institute for Studies in Development, Environment and Security

We have audited the accompanying statement of financial position of the Pacific Institute for Studies in Development, Environment and Security as of December 31, 2010, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the management of the Pacific Institute for Studies in Development, Environment and Security. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the December 31, 2009 financial statements of the Institute, and in our report dated June 7, 2010, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Pacific Institute for Studies in Development, Environment and Security as of December 31, 2010, and the results of its operations and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States.

Wilson Markle Stuckey Hardesty & Bott
August 18, 2011

Pacific Institute for Studies in Development, Environment and Security
Statement of Financial Position
December 31, 2010

	<u>2010</u>	<u>2009</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 1,077,250	\$ 1,000,719
Investments	121,169	207,316
Grants and contracts receivable	581,465	499,671
Other receivables	5,791	5,722
Prepaid expenses	<u>21,607</u>	<u>23,556</u>
Total current assets	1,807,282	1,736,984
Furniture and equipment, at cost	48,028	48,028
Accumulated depreciation	<u>(48,028)</u>	<u>(48,028)</u>
Furniture and equipment, net	-	-
Deposits	<u>9,208</u>	<u>9,208</u>
Total assets	<u><u>\$ 1,816,490</u></u>	<u><u>\$ 1,746,192</u></u>
Liabilities and Net Assets		
Current liabilities		
Accounts payable	\$ 26,238	\$ 79,557
Accrued employee compensation	<u>190,689</u>	<u>193,389</u>
Total current liabilities	216,927	272,946
Net assets		
Unrestricted	589,533	376,018
Temporarily restricted	<u>1,010,030</u>	<u>1,097,228</u>
Total net assets	<u>1,599,563</u>	<u>1,473,246</u>
Total liabilities and net assets	<u><u>\$ 1,816,490</u></u>	<u><u>\$ 1,746,192</u></u>

See accompanying notes.

Pacific Institute for Studies in Development, Environment and Security
Statement of Activities and Changes in Net Assets
Year ended December 31, 2010

	2010		2009	
	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Totals</u>	<u>Totals</u>
Revenue and support				
Contract and grant revenues	\$ 1,637,064	\$ 558,292	\$ 2,195,356	\$ 2,551,852
Contributions	50,628	-	50,628	34,581
Investment income	16,516	-	16,516	25,757
Other income	26,018	-	26,018	31,718
Net assets released from restrictions	<u>645,490</u>	<u>(645,490)</u>	<u>-</u>	<u>-</u>
Total revenue and support	2,375,716	(87,198)	2,288,518	2,643,908
Expenses				
Program	1,734,336	-	1,734,336	2,086,852
Management and general	400,135	-	400,135	477,130
Fundraising and development	<u>27,730</u>	<u>-</u>	<u>27,730</u>	<u>44,583</u>
Total expenses	<u>2,162,201</u>	<u>-</u>	<u>2,162,201</u>	<u>2,608,565</u>
Change in net assets	213,515	(87,198)	126,317	35,343
Net assets, beginning of year	<u>376,018</u>	<u>1,097,228</u>	<u>1,473,246</u>	<u>1,437,903</u>
Net assets, end of year	<u>\$ 589,533</u>	<u>\$ 1,010,030</u>	<u>\$ 1,599,563</u>	<u>\$ 1,473,246</u>

See accompanying notes.

Pacific Institute for Studies in Development, Environment and Security
Statement of Functional Expenses
Year ended December 31, 2010

	2010			2009	
	Program	Management and general	Fundraising and development	Totals	
Payroll	\$ 898,165	\$ 218,824	\$ -	\$ 1,116,989	\$1,182,493
Payroll taxes	60,348	15,087	-	75,435	77,143
Employee benefits	108,302	27,076	-	135,378	132,628
Accounting fees	13,093	3,273	-	16,366	12,032
Consulting and contractor fees	405,483	76,028	25,343	506,854	825,763
Conferences and meetings	38,201	7,163	2,387	47,751	65,896
Depreciation and amortization	-	-	-	-	347
Equipment and furniture	1,272	318	-	1,590	-
Insurance	3,917	979	-	4,896	4,990
Miscellaneous	1,282	320	-	1,602	19,132
Occupancy	95,641	23,910	-	119,551	115,909
Postage and shipping	3,213	803	-	4,016	2,495
Printing and publications	7,625	1,906	-	9,531	44,985
Office supplies	16,928	4,232	-	21,160	28,295
Telephone and communications	13,060	3,265	-	16,325	16,377
Travel expense	67,806	16,951	-	84,757	80,080
	<u>\$1,734,336</u>	<u>\$ 400,135</u>	<u>\$ 27,730</u>	<u>\$2,162,201</u>	<u>\$2,608,565</u>

See accompanying notes.

Pacific Institute for Studies in Development, Environment and Security
Statement of Cash Flows
Year ended December 31, 2010

	<u>2010</u>	<u>2009</u>
Cash flows from operating activities		
Change in net assets	\$ 126,317	\$ 35,343
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation and amortization	-	346
Changes in current assets and liabilities		
Grants and contracts receivable	(81,794)	(44,636)
Other receivables	(69)	6,769
Prepaid expenses	1,949	13,005
Deposit	-	(1,066)
Accounts payable	(53,319)	75,090
Accrued employee compensation	(2,700)	39,493
Net cash provided (used) by operating activities	(9,616)	124,344
Cash flows from investing activities		
Purchase of furniture and equipment	-	1,971
Net change in investments	86,147	52,723
Net cash provided by investing activities	86,147	54,694
Net increase in cash and cash equivalents	76,531	179,038
Cash and cash equivalents, beginning of year	<u>1,000,719</u>	<u>821,681</u>
Cash and cash equivalents, end of year	<u>\$ 1,077,250</u>	<u>\$ 1,000,719</u>

See accompanying notes.