

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

**FINANCIAL STATEMENTS
AND AUDITOR'S REPORT**

YEAR ENDED DECEMBER 31, 2011

**GHAFFARI ACCOUNTANCY, INC.
CERTIFIED PUBLIC ACCOUNTANTS**



INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying statements of financial position of Pacific Institute for Studies in Development, Environment, and Security, as of December 31, 2011, and the related statement of activities, functional expense and cash flows for the year then ended. These financial statements are the responsibility Pacific Institute for Studies in Development, Environment, and Security's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic 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 Pacific Institute for Studies in Development, Environment, and Security as of December 31, 2011 and the changes in their net assets and their cash flow for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Ghaffari Accountancy, Inc.

December 18, 2012
Oakland, California

Pacific Institute for Studies in Development, Environment and Security

Statement of Financial Position

At December 31, 2011

ASSETS

Current Assets:

Cash and cash equivalents (Note 3)	\$	1,460,243
Grants receivable		314,579
Contracts receivable, net of allowance of \$7,376		732,398
Other receivables		1,675
Prepaid expenses		37,407

Total Current Assets 2,546,302

Investments (Note 4) 97,890

Deposits and other assets 21,728

Total Assets \$ 2,665,920

LIABILITIES

Current Liabilities:

Accounts payable and accrued expenses	\$	71,051
Deferred revenue		18,701
Payable to sponsored groups		164,303
Accrued paid time off		253,864

Total Current Liabilities and Total Liabilities 507,919

NET ASSETS

Available for operations	537,766
Designated	<u>97,890</u>

Total unrestricted 635,656

Temporarily restricted (Note 5) 1,522,345

Total Net Assets 2,158,001

Total Liabilities and Net Assets \$ 2,665,920

See notes to financial statements

Pacific Institute for Studies in Development, Environment and Security

**Statement of Activities
Year Ended December 31, 2011**

	Unrestricted	Temporarily Restricted	Total
Support and Revenue:			
Contract revenue	\$ 1,424,765	\$ -	\$ 1,424,765
Grants and contributions	87,733	1,051,222	1,138,955
Other income	52,712	-	52,712
Net assets released from restrictions:			
Purpose accomplished	944,932	(944,932)	-
Total Support and Revenue	2,510,142	106,290	2,616,432
Expenses:			
Program services	1,726,139	-	1,726,139
Supporting services:			
Management and general	597,959	-	597,959
Fundraising	208,907	-	208,907
Total Expenses	2,533,005	-	2,533,005
Change in net assets	(22,863)	106,290	83,427
Net assets at beginning of year, restated (Note 6)	658,519	1,416,055	2,074,574
Net assets at end of year	\$ 635,656	\$ 1,522,345	\$ 2,158,001

See notes to financial statements

Pacific Institute for Studies in Development, Environment and Security

Statement of Functional Expenses
For the Year Ended December 31, 2011

	<u>Program Services</u>	<u>Supporting Services</u>			<u>Total</u>
	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Shared Costs</u>	
Salaries	\$ 686,900	\$ 312,883	\$ 130,333	\$ -	\$ 1,130,116
Payroll taxes	58,872	26,805	11,166	-	96,843
Employee benefits (Note 7)	270,028	113,650	43,293	-	426,971
Professional fees	379,200	27,005	4,503	-	410,708
Travel	150,734	382	-	-	151,116
Occupancy	-	-	-	135,704	135,704
Conferences and meetings	47,306	4,741	3,113	-	55,160
Office supplies	-	-	-	36,545	36,545
Telephone and communications	5,388	17,296	756	-	23,440
Printing and publications	15,747	6,494	-	-	22,241
Bad debt	-	16,008	-	-	16,008
Staff development	-	11,935	-	-	11,935
Small equipment and furniture	-	5,118	-	-	5,118
Insurance	-	4,700	-	-	4,700
Postage and shipping	1,589	2,456	-	-	4,045
Bank and other fees	-	2,032	-	-	2,032
Miscellaneous	-	323	-	-	323
Shared costs	110,375	46,131	15,743	(172,249)	-
Total expenses	\$ 1,726,139	\$ 597,959	\$ 208,907	\$ -	\$ 2,533,005

See notes to financial statements

Pacific Institute for Studies in Development, Environment, and Security

**Statements of Cash Flows
Years Ended December 31, 2011**

Cash flows from operating activities:	
Change in net assets	\$ 83,427
Adjustments to reconcile change in net assets to cash from operating activities:	
Gain from investments	(1,020)
(Increase) decrease in operating assets:	
Receivables	90,208
Prepays	(15,800)
Deposits	(3,478)
Increase (decrease) in operating liabilities:	
Accounts payable and accrued expenses	105,178
Deferred revenue	(30,082)
Payable to sponsored groups	<u>139,303</u>
Net cash provided by operating activities	<u>367,736</u>
Cash flows from investing activities:	
Proceeds from sale of investments	<u>137</u>
Net cash provided by investing activities	<u>137</u>
Net increase in cash and cash equivalents	367,873
Cash and cash equivalents at beginning of year	<u>1,092,370</u>
Cash and cash equivalents at end of year	<u><u>\$ 1,460,243</u></u>

See notes to financial statements