PACIFIC INSTITUTE FOR STUDIES IN DEVELOPMENT, ENVIRONMENT, AND SECURITY

FINANCIAL STATEMENTS
December 31, 2023 and 2022

PACIFIC INSTITUTE FOR STUDIES IN DEVELOPMENT, ENVIRONMENT, AND SECURITY

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying financial statements of Pacific Institute for Studies in Development, Environment, and Security, which comprise the statements of financial position as of December 31, 2023 and 2022, 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 present fairly, in all material respects, the financial position of Pacific Institute for Studies in Development, Environment, and Security as of December 31, 2023 and 2022, 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Pacific Institute for Studies in Development, Environment, and Security 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 Pacific Institute for Studies in Development, Environment, and Security's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's 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 auditor's 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, 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 Pacific Institute for Studies in Development, Environment, and Security'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 Pacific Institute for Studies in Development, Environment, and Security'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.

Propp Christensen Caniglia LLP

June 7, 2024
Roseville, California

PACIFIC INSTITUTE FOR STUDIES IN DEVELOPMENT, ENVIRONMENT, AND SECURITY

STATEMENTS OF FINANCIAL POSITION
December 31, 2023 and 2022

ASSETS

	2023	2022
Current assets:		
Cash and cash equivalents	$ 2,528,939	$ 2,337,224
Grants receivable	389,963	298,913
Contracts receivable	1,859,589	874,776
Prepaid expenses	63,731	58,010
Total current assets	4,842,222	3,568,923
Cash held for sponsored groups	38,183	41,898
Investments	36,803	27,588
Deposits and other assets	56,466	22,946
Total assets	$ 4,973,674	$ 3,661,355

LIABILITIES AND NET ASSETS

	2023	2022
Current liabilities:		
Accounts payable and accrued expenses	$ 225,716	$ 241,176
Deferred revenue	1,685,681	910,517
Accrued paid time off	189,054	141,060
Total current liabilities	2,100,451	1,292,753
Long-term liabilities:		
Payable to sponsored groups	38,183	41,898
Total liabilities	2,138,634	1,334,651
Net assets:		
Without donor restrictions:		
Available for operations	2,475,570	2,021,868
Board designated	36,803	27,588
With donor restrictions	322,667	277,248
Total net assets	2,835,040	2,326,704
Total liabilities and net assets	$ 4,973,674	$ 3,661,355

The accompanying notes are an integral part of these financial statements.

PACIFIC INSTITUTE FOR STUDIES IN DEVELOPMENT, ENVIRONMENT, AND SECURITY

STATEMENTS OF ACTIVITIES
For the Years Ended December 31, 2023 and 2022

	Year Ended December 31, 2023			Year Ended December 31, 2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:						
Contract revenue	$ 4,194,956	$ -	$ 4,194,956	$ 3,111,963	$ -	$ 3,111,963
Grants and contributions	1,933,071	529,340	2,462,411	1,726,503	328,913	2,055,416
Other income	87,811	-	87,811	81,119	-	81,119
Net return on investments	74,697	-	74,697	(3,422)	-	(3,422)
Net assets released from restrictions	483,921	(483,921)	-	442,159	(442,159)	-
Total support and revenue	6,774,456	45,419	6,819,875	5,358,322	(113,246)	5,245,076
Expenses:						
Program services	4,587,703	-	4,587,703	3,459,260	-	3,459,260
General and administrative	1,092,791	-	1,092,791	848,275	-	848,275
Fundraising	221,693	-	221,693	217,302	-	217,302
Communications	274,500	-	274,500	343,043	-	343,043
Facilities	134,852	-	134,852	122,596	-	122,596
Total expenses	6,311,539	-	6,311,539	4,990,476	-	4,990,476
Change in net assets	462,917	45,419	508,336	367,846	(113,246)	254,600
Net assets, beginning of year	2,049,456	277,248	2,326,704	1,681,610	390,494	2,072,104
Net assets, end of year	$ 2,512,373	$ 322,667	$ 2,835,040	$ 2,049,456	$ 277,248	$ 2,326,704

The accompanying notes are an integral part of these financial statements.

PACIFIC INSTITUTE FOR STUDIES IN DEVELOPMENT, ENVIRONMENT, AND SECURITY

STATEMENTS OF FUNCTIONAL EXPENSES
For the Years Ended December 31, 2023 and 2022

	Program Services	General and Administrative	Fundraising	Communications	Facilities	2023 Total
Salaries	$ 1,838,451	$ 671,488	$ 85,770	$ 152,238	$ -	$ 2,747,947
Payroll taxes	171,503	53,160	7,221	11,967	-	243,851
Employee benefits	391,358	127,459	28,041	27,114	-	573,972
Professional fees	1,697,737	100,182	52,050	9,613	-	1,859,582
Occupancy	5,040	-	-	-	109,559	114,599
Travel	174,115	6,042	2,120	238	-	182,515
Telephone and communications	58,062	23,736	-	20,452	7,908	110,158
Conferences and meetings	192,716	64,880	-	-	-	257,596
Printing and publications	52,117	904	-	15,958	-	68,979
Office supplies	500	10,014	-	-	17,385	27,899
Insurance	-	7,251	-	-	-	7,251
Staff development	2,401	17,220	-	2,722	-	22,343
Bank and other fees	-	3,107	-	-	-	3,107
Postage and shipping	155	907	-	-	-	1,062
Miscellaneous	3,548	6,441	46,491	34,198	-	90,678
Total expenses	4,587,703	1,092,791	221,693	274,500	134,852	6,311,539
Shared costs allocation	1,502,143	(1,092,791)	-	(274,500)	(134,852)	-
Total after allocation	$ 6,089,846	$ -	$ 221,693	$ -	$ -	$ 6,311,539

The accompanying notes are an integral part of these financial statements.

PACIFIC INSTITUTE FOR STUDIES IN DEVELOPMENT, ENVIRONMENT, AND SECURITY

STATEMENTS OF FUNCTIONAL EXPENSES (CONTINUED)
For the Years Ended December 31, 2023 and 2022

	Program Services	General and Administrative	Fundraising	Communications	Facilities	2022 Total
Salaries	$ 1,348,036	$ 514,558	$ 130,160	$ 170,551	$ -	$ 2,163,305
Payroll taxes	107,326	42,112	10,219	13,855	-	173,512
Employee benefits	314,031	106,567	28,874	32,262	-	481,734
Professional fees	1,414,349	95,663	12,284	6,873	-	1,529,169
Occupancy	4,800	-	-	-	106,240	111,040
Travel	112,581	5,618	2,039	-	-	120,238
Telephone and communications	14,114	12,837	1,746	3,235	7,612	39,544
Conferences and meetings	70,662	-	-	-	-	70,662
Printing and publications	66,022	1,924	449	-	-	68,395
Office supplies	999	8,717	-	-	8,744	18,460
Insurance	-	6,889	-	-	-	6,889
Staff development	-	44,927	100	-	-	45,027
Small equipment and furniture	-	798	-	-	-	798
Bank and other fees	-	2,569	-	-	-	2,569
Postage and shipping	240	464	-	-	-	704
Miscellaneous	6,100	4,632	31,431	116,267	-	158,430
Total expenses	3,459,260	848,275	217,302	343,043	122,596	4,990,476
Shared costs allocation	1,313,914	(848,275)	-	(343,043)	(122,596)	-
Total after allocation	$ 4,773,174	$ -	$ 217,302	$ -	$ -	$ 4,990,476

The accompanying notes are an integral part of these financial statements.

PACIFIC INSTITUTE FOR STUDIES IN DEVELOPMENT, ENVIRONMENT, AND SECURITY

STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2023 and 2022

	2023	2022
Cash flows from operating activities:		
Cash received from grants, contracts and contributions	$ 6,356,668	$ 5,222,301
Cash received from investments and other income	155,063	84,251
Cash paid to vendors, employees and other agencies	(6,321,961)	(4,926,671)
Net cash provided by operating activities	189,770	379,881
Cash flows from investing activities:		
Purchase of investments	(11,946)	(12,484)
Proceeds from sale of investments	10,176	14,739
Net cash provided by (used in) investing activities	(1,770)	2,255
Change in cash and cash equivalents	188,000	382,136
Cash and cash equivalents, beginning of year	2,379,122	1,996,986
Cash and cash equivalents, end of year	$ 2,567,122	$ 2,379,122
Ending cash and cash equivalents includes the following accounts:		
Cash and cash equivalents	$ 2,528,939	$ 2,337,224
Cash held for sponsored groups	38,183	41,898
	$ 2,567,122	$ 2,379,122

The accompanying notes are an integral part of these financial statements.

PACIFIC INSTITUTE FOR STUDIES IN DEVELOPMENT, ENVIRONMENT, AND SECURITY

STATEMENTS OF CASH FLOWS (CONTINUED)
For the Years Ended December 31, 2023 and 2022

	2023	2022
Reconciliation of change in net assets to net cash provided by operating activities:		
Change in net assets	$ 508,336	$ 254,600
Adjustments to reconcile change in net assets provided by operating activities:		
Net unrealized gain on investments	(7,445)	6,554
Change in operating assets and liabilities:		
Grants receivable	(91,050)	(262,729)
Contracts receivable	(984,813)	(183,872)
Prepaid expenses	(5,721)	(15,715)
Deposits and other assets	(33,520)	(15,206)
Accounts payable and accrued expenses	(15,460)	119,547
Deferred revenue	775,164	501,523
Accrued paid time off	47,994	(30,119)
Payable to sponsored groups	(3,715)	5,298
Net cash provided by operating activities	$ 189,770	$ 379,881

NOTE 1: NATURE OF ORGANIZATION

Pacific Institute for Studies in Development, Environment, and Security (the "Institute") was organized in 1987 as a not-for-profit organization. The Institute works to create a healthier planet and sustainable communities. It conducts interdisciplinary research and partners with stakeholders to produce solutions that advance environmental protection, economic development, and social equity in California, nationally, and internationally. The Institute's main office is located in Oakland, California.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting
The financial statements of the Institute have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

Basis of Presentation
The Institute presents its financial statements in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 958, Subtopic 210 (FASB ASC 958-210), Presentation of Financial Statements of Not-for-Profit Entities. Under FASB ASC 958-210, the Institute is required to report information regarding its financial position and activities according to the following two classes of net assets:

Net assets without donor restrictions - Net assets that are not subject to stipulations. Board designated net assets represents assets without donor restrictions that have been set aside by the Board of Directors. This amount is set aside until it reaches $500,000, at which time this will be considered a quasi-endowment.

Net assets with donor restrictions - Net assets that are subject to stipulations that will be met by actions or the passage of time.

Revenues and gains and losses on investments are reported as changes in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as changes in net assets without donor restrictions. Expirations of donor restrictions on net assets are reported as reclassifications between the applicable classes of net assets.

Donor-restricted contributions are reported as revenues which increase net assets with donor restrictions. Expirations of donor restrictions on contributions whose restrictions are met in the same reporting period have been reported as reclassifications between the applicable classes of net assets.

Program and Functional Expenses
The costs of providing program services have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Costs specifically identified with programs or fundraising are directly allocated to those functions. All costs not identifiable with a specific program or fundraising activity, but indispensable to the conduct of such programs and activities and to the Institute's existence, are included as management and general expenses. Expenses that benefit more than one function of the Institute are allocated among the functions based generally on the amount of time and effort spent by personnel on each function.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition
In accordance with the provisions of FASB ASC Topic 958-605, *Not-for-Profit Entities – Revenue Recognition* (FASB ASC 958-605), unconditional contributions are generally recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Unconditional promises to give (pledges) are recognized as revenues once a valid pledge has been received. The receivable and corresponding revenue are recognized concurrently. Conditional contributions and pledges are recorded when the conditions have been met.

The Institute reports gifts of goods and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Institute reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

The Institute adopted provisions of the FASB Accounting Standards Update ("ASU") No. 2018-08 "Not-for-Profit Entities (Topic 958)". The ASU provides an update to clarify and improve the scope and the accounting guidance for contributions received and contributions made. The amendments in this update should assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional.

The Institute adopted provisions of FASB ASC Topic 606, *Revenue from Contracts with Customers*, which replaced most existing revenue recognition guidance. Topic 606 requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The Institute recognizes revenue arising from research contracts with its customers based upon performance of the contract obligations when goods are transferred or services rendered in accordance with FASB ASC 606, *Revenue from Contracts with Customers*. The completion of a research contract is generally considered to be a single performance obligation satisfied over the duration of the research project and recognized as revenue as the services are rendered.

Use of Estimates
The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

Cash and Cash Equivalents
For purposes of the statement of cash flows, the Institute considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents. In accordance with FASB ASC 230, *Statement of Cash Flows*, the statement of cash flows presents the total change in cash, including restricted cash, during the year.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fixed Assets and Depreciation
The Institute records acquisition of tangible items with a cost or fair value of $2,500 or more and development and design of its website as fixed assets. Fixed assets are recorded at cost when purchased or developed and fair value when received as a donation. Depreciation is provided over the estimated useful lives using the straight-line method of depreciation. Property and equipment consists of $43,571 of costs capitalized for the Institute's website. The website was fully depreciated as of December 31, 2018.

Investments
Investments are recorded at fair market value. Changes in the carrying amounts of investments held are included in the statement of activities as unrealized gains or losses. Investment income, gains and losses are reported as changes in assets without donor restrictions unless a donor restricts their use. Investments designated by the Board of Directors for long-term purposes are classified and reported as non-current assets.

The Company adopted Accounting Standards Update (ASU) 2016-13 Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, Accounting Standards Codification (ASC 326), on January 1, 2023. This ASU implemented the current expected credit loss ("CECL") methodology and aims to provide more timely recognition of credit losses. CECL requires an estimate of credit losses for the remaining estimated life of the financial asset based on historical experience, current conditions, and reasonable forecasts and generally applies to financial assets measured at amortized cost.

Additionally, CECL changed the reporting for available for sale debt securities. ASU 2016-13 now requires credit losses to be presented as an allowance for credit losses rather than as a write-down on available for sale debt securities if management does not intend to sell and does not believe that it is more likely than not, they will be required to sell.

The Company adopted ASC 326 and additional related subsequent amendments using the prospective transition approach for debt securities for which other-than-temporary impairment had been recognized prior to January 1, 2023. As of December 31, 2022, the Company did not have any other than-temporarily impaired investment securities. Therefore, the Company determined that an allowance for credit losses on available for sale securities was not necessary.

Allocation of Shared Costs
Shared costs include costs related to the operation and maintenance of the office facility. They are pooled in a cost center and allocated among program and supporting activities benefiting from them, in total, based on Full Time Equivalent count. Salaries and related costs are allocated based on time activity reports prepared by staff during the year.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value of Financial Instruments
FASB ASC Topic 820-10, *Fair Value Measurements and Disclosures* (FASB ASC 820-10), establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820-10 are described as follows:

Level 1 Fair Value Measurements
Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Institute has the ability to access.

Level 2 Fair Value Measurements
Inputs to the valuation methodology are
- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Fair Value Measurements
Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. The following methods and assumptions were used by the Institute in estimating the fair value of its financial instruments:

Marketable Securities: Fair values, which are the amounts reported in the statement of financial position, are based on quoted market prices.

In January 2016, the FASB modified ASC Section 825 by issuing ASU 2016-01*, Financial Instruments – Overall*. The amendments in this update are designed to address certain aspects of recognition, measurement, presentation, and disclosure of financial instruments. The Institute presents their financial statements in accordance with ASU 2016-01.

Income Taxes
The Institute is recognized as a public charity exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code, whereby only unrelated business income, as defined by Section 512(a)(1) of the Internal Revenue Code and similar code sections of the California Revenue and Taxation Code, is subject to income tax. The Institute does not have any uncertain tax positions that are material to the financial statements, as management believes all of its activities are related to its tax-exempt purposes. After they are filed, the information returns remain subject to examination by the taxing authorities generally three years for federal returns and four years for state returns.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases
The Partnership presents its leases in accordance with the provisions of FASB ASC 842, *Leases*. Leases with an initial term of 12 months or less, which are not expected to be renewed beyond one year, have not been recorded on the balance sheet and are recognized as lease expense on a straight-line basis over the lease term.

Subsequent Events
Events and transactions have been evaluated for potential recognition and disclosure through June 7, 2024, the date that the financial statements were available to be issued.

NOTE 3: LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

As part of the Institute's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

The Institute's financial assets available within one year of the balance sheet date for general expenditures are as follows:

	2023	2022
Cash and cash equivalents	$ 2,528,939	$ 2,337,224
Grants receivable	389,963	298,913
Contracts receivable	1,859,589	874,776
Cash held for sponsored groups	38,183	41,898
Investments	36,803	27,588
Financial assets	4,853,477	3,580,399
Less those unavailable for general expenditures within one year, due to purpose restrictions stipulated by donors	(322,667)	(277,248)
Payable to sponsored groups	(38,183)	(41,898)
Board designations	(36,803)	(27,588)
Financial assets available to meet cash need for expenditures within one year	$ 4,455,824	$ 3,233,665

NOTE 4: CONCENTRATIONS

Cash and Cash Equivalents
The Institute maintains cash and cash equivalents in various financial institutions and investment company accounts. The cash balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000 and investment accounts are insured by the Securities Investor Protection Corporation (SIPC) up to $500,000. At December 31, 2023 and 2022, the uninsured cash and cash equivalents balance totaled $748,830 and $1,894,606, respectively.

NOTE 4: CONCENTRATIONS (CONTINUED)

Major Funding Sources
Support and revenue for the years ended December 31, 2023 and 2022, included one major funding source each year, which accounted for approximately 60% and 52%, respectively, of the support and revenue of the Institute. Management believes the concentration of risk is minimal due to the collection history from these funding sources.

NOTE 5: CASH HELD FOR SPONSORED GROUPS

The Institute acts as the fiscal agent for various other organizations from which administrative fees are earned. Funds are disbursed as directed by the respective entities and are not available for use by the Institute.

NOTE 6: INVESTMENTS AT FAIR VALUE

All investments held by the Institute are in mutual funds investing in stocks.

The following table sets forth by level, within the fair value hierarchy, the Institute's assets at fair value as of December 31, 2023 and 2022:

December 31, 2023	Level 1	Level 2	Level 3	Total
Mutual funds	$ 36,803	$ -	$ -	$ 36,803

December 31, 2022	Level 1	Level 2	Level 3	Total
Mutual funds	$ 27,588	$ -	$ -	$ 27,588

NOTE 7: OPERATING LEASES

The Institute leases its offices under non-cancelable operating leases with monthly rent subject to annual increases. Rent expense totaled $110,995 and $107,395 for the years ended December 31, 2023 and 2022, respectively. The leases do not extend for terms greater than one year. Their current office lease is month-to-month.

NOTE 8: LINE OF CREDIT

During 2013, the Institute obtained an unsecured line of credit from Wells Fargo Bank in the amount of $67,500 with an interest rate of prime plus 6.75%. As of December 31, 2021, there was no outstanding balance. The line of credit was closed on June 30, 2022.

The Institute obtained a line of credit from Beneficial State Bank in the amount of $150,000 with a variable interest rate based on the Prime Rate as quoted in the Wall Street Journal West Coast Edition of 3.25% plus a margin of 2%, resulting in an initial interest rate of 5.25%. As of December 31, 2021, there was no outstanding balance. The line of credit was closed on October 11, 2022.

NOTE 9: RETIREMENT BENEFITS

The Institute has a defined contribution plan available to all of its full-time employees that provides up to 5% of gross wages as matching contributions for eligible employees. For the years ended December 31, 2023 and 2022, the employer matching contribution was $108,723 and $95,419, respectively.

NOTE 10: NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were available for the following purposes as of December 31, 2023 and 2022:

	2023	2022
To support developing guidance for members of local water boards to better inform them about sustainable water management	$ -	$ 7,890
Colorado water portfolio diversification	-	15,873
Basic water needs	-	1,271
WASH for Work Secretariat Support	-	1,249
To collaborate with Science Based Target Freshwater Hub in advancing urgent workstreams	131,302	135,805
Projects Advancing Collaborative Corporate Water	-	-
Stewardship in California	-	40,112
To support technical assistance to improve stormwater management and water sustainability in Southern California	2,910	25,925
Role of onsite water system in SV, Phase II	-	-
Role of onsite water system in SV, Phase III	6	27,620
Toilet Leak Detection Project	68,282	21,275
Scale water investment tools	-	228
Advancing solutions to ensure safe, clean, and equitable water access in the U.S.	88,909	-
Supporting the overall well-being of the employees of the Institute	8,000	-
Understanding, building, and adopting equitable, climate conscious water and sanitation laws and policies	16,250	-
Making Convervation a Way of Life Project	6,893	-
Water Conflict Chronological Project	115	-
	$ 322,667	$ 277,248