

PACIFIC INSTITUTE FOR STUDIES IN DEVELOPMENT, ENVIRONMENT, AND SECURITY

FINANCIAL STATEMENTS
December 31, 2024 and 2023

PACIFIC INSTITUTE FOR STUDIES IN DEVELOPMENT, ENVIRONMENT, AND SECURITY

CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS	
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	5 - 6
Statements of Cash Flows	7 - 8
Notes to Financial Statements	9 - 15

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, 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 present fairly, in all material respects, the financial position of Pacific Institute for Studies in Development, Environment, and Security as of December 31, 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 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 9, 2025
Roseville, California

PACIFIC INSTITUTE FOR STUDIES IN DEVELOPMENT, ENVIRONMENT, AND SECURITY

STATEMENTS OF FINANCIAL POSITION

December 31, 2024 and 2023

ASSETS

	2024	2023
Current assets:		
Cash and cash equivalents	\$ 3,547,042	\$ 2,528,939
Grants receivable	215,000	389,963
Contracts receivable	721,688	1,859,589
Prepaid expenses	73,105	63,731
Total current assets	4,556,835	4,842,222
Cash held for sponsored groups	-	38,183
Investments	47,535	36,803
Deposits and other assets	56,466	56,466
Total assets	<u>\$ 4,660,836</u>	<u>\$ 4,973,674</u>

LIABILITIES AND NET ASSETS

Current liabilities:		
Accounts payable and accrued expenses	\$ 133,858	\$ 225,716
Contract liabilities	582,806	822,142
Refundable advances	646,041	863,539
Accrued compensated absences	203,274	189,054
Total current liabilities	1,565,979	2,100,451
Long-term liabilities:		
Payable to sponsored groups	-	38,183
Total liabilities	<u>1,565,979</u>	<u>2,138,634</u>
Net assets:		
Without donor restrictions:		
Available for operations	2,720,241	2,475,570
Board designated	47,535	36,803
With donor restrictions	327,081	322,667
Total net assets	<u>3,094,857</u>	<u>2,835,040</u>
Total liabilities and net assets	<u>\$ 4,660,836</u>	<u>\$ 4,973,674</u>

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, 2024 and 2023

	Year Ended December 31, 2024			Year Ended December 31, 2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:						
Contract revenue	\$ 3,241,789	\$ -	\$ 3,241,789	\$ 4,194,956	\$ -	\$ 4,194,956
Grants and contributions	3,151,420	564,905	3,716,325	1,933,071	529,340	2,462,411
Other income	72,295	-	72,295	87,811	-	87,811
Net return on investments	98,578	-	98,578	74,697	-	74,697
Net assets released from restrictions	560,491	(560,491)	-	483,921	(483,921)	-
Total support and revenue	7,124,573	4,414	7,128,987	6,774,456	45,419	6,819,875
Expenses:						
Program services	4,802,735	-	4,802,735	4,587,703	-	4,587,703
General and administrative	1,176,376	-	1,176,376	1,092,791	-	1,092,791
Fundraising	390,274	-	390,274	221,693	-	221,693
Communications	369,528	-	369,528	274,500	-	274,500
Facilities	130,257	-	130,257	134,852	-	134,852
Total expenses	6,869,170	-	6,869,170	6,311,539	-	6,311,539
Change in net assets	255,403	4,414	259,817	462,917	45,419	508,336
Net assets, beginning of year	2,512,373	322,667	2,835,040	2,049,456	277,248	2,326,704
Net assets, end of year	\$ 2,767,776	\$ 327,081	\$ 3,094,857	\$ 2,512,373	\$ 322,667	\$ 2,835,040

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, 2024 and 2023

	Program Services	General and Administrative	Fundraising	Communications	Facilities	2024 Total
Salaries	\$ 2,178,675	\$ 786,707	\$ 246,272	\$ 192,893	\$ -	\$ 3,404,547
Payroll taxes	190,587	57,697	18,239	14,251	-	280,774
Employee benefits	476,648	150,167	63,287	33,771	-	723,873
Professional fees	1,495,758	44,857	42,461	76,303	-	1,659,379
Occupancy	4,800	-	-	-	109,996	114,796
Travel	180,932	7,937	-	297	-	189,166
Telephone and communications	62,092	34,778	-	8,759	8,509	114,138
Conferences and meetings	110,201	-	-	-	-	110,201
Printing and publications	79,178	604	-	13,969	-	93,751
Office supplies	500	7,794	-	-	11,752	20,046
Insurance	-	9,100	-	-	-	9,100
Staff development	6,971	24,017	-	3,739	-	34,727
Bank and other fees	-	19,139	-	-	-	19,139
Postage and shipping	-	364	-	-	-	364
Miscellaneous	16,393	33,215	20,015	25,546	-	95,169
Total expenses	4,802,735	1,176,376	390,274	369,528	130,257	6,869,170
Shared costs allocation	1,676,161	(1,176,376)	-	(369,528)	(130,257)	-
Total after allocation	<u>\$ 6,478,896</u>	<u>\$ -</u>	<u>\$ 390,274</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,869,170</u>

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, 2024 and 2023

	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	<u>\$ 6,089,846</u>	<u>\$ -</u>	<u>\$ 221,693</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,311,539</u>

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, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities:		
Cash received from grants, contracts and contributions	\$ 7,814,144	\$ 6,356,668
Cash received from investments and other income	161,146	155,063
Cash paid to vendors, employees and other agencies	<u>(6,994,365)</u>	<u>(6,321,961)</u>
Net cash provided by operating activities	<u>980,925</u>	<u>189,770</u>
Cash flows from investing activities:		
Purchase of investments	(10,725)	(11,946)
Proceeds from sale of investments	<u>9,720</u>	<u>10,176</u>
Net cash used in investing activities	<u>(1,005)</u>	<u>(1,770)</u>
Change in cash and cash equivalents	979,920	188,000
Cash and cash equivalents, beginning of year	<u>2,567,122</u>	<u>2,379,122</u>
Cash and cash equivalents, end of year	<u><u>\$ 3,547,042</u></u>	<u><u>\$ 2,567,122</u></u>
Ending cash and cash equivalents includes the following accounts:		
Cash and cash equivalents	\$ 3,547,042	\$ 2,528,939
Cash held for sponsored groups	<u>-</u>	<u>38,183</u>
	<u><u>\$ 3,547,042</u></u>	<u><u>\$ 2,567,122</u></u>

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, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Reconciliation of change in net assets to net cash provided by operating activities:		
Change in net assets	\$ 259,817	\$ 508,336
Adjustments to reconcile change in net assets provided by operating activities:		
Net unrealized gain on investments	(9,727)	(7,445)
Change in operating assets and liabilities:		
Grants receivable	174,963	(91,050)
Contracts receivable	1,137,901	(984,813)
Prepaid expenses	(9,374)	(5,721)
Deposits and other assets	-	(33,520)
Accounts payable and accrued expenses	(91,858)	(15,460)
Contract liabilities	(239,336)	662,271
Refundable advances	(217,498)	112,893
Accrued compensated absences	14,220	47,994
Payable to sponsored groups	<u>(38,183)</u>	<u>(3,715)</u>
Net cash provided by operating activities	<u>\$ 980,925</u>	<u>\$ 189,770</u>

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

PACIFIC INSTITUTE FOR STUDIES IN DEVELOPMENT, ENVIRONMENT, AND SECURITY

NOTES TO FINANCIAL STATEMENTS

December 31, 2024 and 2023

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.

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, as defined in ASC 958-605-25-5A, involve a barrier that must be overcome and a right of return (or release) of assets if the condition is not met. The Institute does not recognize such contributions as revenue until the conditions have been substantially met or explicitly waived by the donor. Until then, funds received are recorded as a refundable advance liability in the statement of financial position, in accordance with ASC 958-605-45-4. Once the conditions are met, the Institute recognizes contribution revenue in the period in which the conditions are satisfied.

PACIFIC INSTITUTE FOR STUDIES IN DEVELOPMENT, ENVIRONMENT, AND SECURITY

NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

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. Payments received in advance of satisfying the performance obligation are recorded as contract liabilities until the related goods or services are transferred to the customer.

Contract Balances

Contract balances as of December 31, are as follows:

	2024	2023	2022
Contracts receivable:			
Contracts receivable	\$ 608,516	\$ 1,733,505	\$ 838,077
Accrued revenue	113,172	126,084	36,699
Total contracts receivable	<u>\$ 721,688</u>	<u>\$ 1,859,589</u>	<u>\$ 874,776</u>
Contract liabilities	<u>\$ 582,806</u>	<u>\$ 822,142</u>	<u>\$ 159,871</u>

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.

NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Receivables

Receivables primarily consist of grant reimbursements and contract revenues. Receivables are stated at the amount the Institute expects to collect, net of an allowance for credit losses when necessary. The Institute applies the current expected credit loss ("CECL") methodology, as outlined in ASU 2016-13, *Financial Instruments – Credit Losses*, and related amendments, to estimate expected credit losses based on historical experience, current economic conditions, and reasonable forecasts. Receivables are written off when deemed uncollectible, and changes in the allowance are recognized as expenses in the Statements of Activities. As of December 31, 2024 and 2023, management determined all receivables were fully collectible; therefore, no allowance for credit losses was recorded.

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 Institute has adopted ASU 2016-13 and related amendments and applies the CECL methodology as appropriate to its investments. CECL requires estimating credit losses over the remaining life of financial assets based on historical experience, current conditions, and reasonable forecasts, and applies to financial assets measured at amortized cost, such as debt securities held to maturity. For available-for-sale debt securities, CECL requires that other-than-temporary impairments be recorded through an allowance for credit losses rather than as a direct write-down, provided management does not intend to sell the investment and does not believe it is likely to be required to sell. As of December 31, 2024 and 2023, the Institute had no other-than-temporarily impaired investment securities and determined that no allowance for credit losses was necessary.

NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

PACIFIC INSTITUTE FOR STUDIES IN DEVELOPMENT, ENVIRONMENT, AND SECURITY

NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

Reclassifications

Certain amounts in the 2023 financial statements have been reclassified, with no effect on the change in net assets, to conform to the 2024 financial statement presentation.

Subsequent Events

Events and transactions have been evaluated for potential recognition and disclosure through June 9, 2025, 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:

	2024	2023
Cash and cash equivalents	\$ 3,547,042	\$ 2,528,939
Grants receivable	215,000	389,963
Contracts receivable	721,688	1,859,589
Cash held for sponsored groups	-	38,183
Investments	47,535	36,803
Financial assets	4,531,265	4,853,477
Less those unavailable for general expenditures within one year, due to purpose restrictions stipulated by donors	(327,081)	(322,667)
Payable to sponsored groups	-	(38,183)
Board designations	(47,535)	(36,803)
Financial assets available to meet cash need for expenditures within one year	<u>\$ 4,156,649</u>	<u>\$ 4,455,824</u>

PACIFIC INSTITUTE FOR STUDIES IN DEVELOPMENT, ENVIRONMENT, AND SECURITY

NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

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, 2024 and 2023, the uninsured cash and cash equivalents balance totaled \$618,040 and \$748,830, respectively.

Major Funding Sources

Support and revenue for the years ended December 31, 2024 and 2023, included one major funding source each year, which accounted for approximately 26% and 60%, 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, 2024 and 2023:

December 31, 2024	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 47,535	\$ -	\$ -	\$ 47,535
December 31, 2023	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 36,803	\$ -	\$ -	\$ 36,803

NOTE 7: OPERATING LEASES

The Institute leases its offices under non-cancelable operating leases with monthly rent subject to annual increases. Rent expense totaled \$110,141 and \$110,995 for the years ended December 31, 2024 and 2023, respectively. The leases do not extend for terms greater than one year. Their current office lease is month-to-month.

NOTE 8: 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, 2024 and 2023, the employer matching contribution was \$115,773 and \$108,723, respectively.

PACIFIC INSTITUTE FOR STUDIES IN DEVELOPMENT, ENVIRONMENT, AND SECURITY

NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE 9: NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were available for the following purposes as of December 31, 2024 and 2023:

	2024	2023
Catalyzing Increased Corporate Investments in WASH and Prioritizing Piped Water to the Home (Feasibility Study Phase 1)	\$ 30,700	\$ -
To collaborate with Science Based Target Freshwater Hub in advancing urgent workstreams	-	131,302
To support technical assistance to improve stormwater management and water sustainability in Southern California	-	2,910
Role of onsite water system in SV, Phase III	-	6
Toilet Leak Detection Project	32,649	68,282
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	31,135	16,250
Making Conservation a Way of Life Project	184	6,893
Water Conflict Chronological Project		115
Net Positive Water Impact Project	128,837	-
The Untapped Potential of Water Supply Alternatives in New Mexico	103,576	-
	<u>\$ 327,081</u>	<u>\$ 322,667</u>