



ACTERRA: ACTION FOR A HEALTHY PLANET

(A CALIFORNIA NONPROFIT ORGANIZATION)

FINANCIAL STATEMENTS

WITH

INDEPENDENT AUDITOR'S REPORT

YEAR ENDED JUNE 30, 2023

ACTERRA: ACTION FOR A HEALTHY PLANET

TABLE OF CONTENTS

JUNE 30, 2023

INDEPENDENT AUDITOR'S REPORT.....	1
FINANCIAL SECTIONS	
Statement of Financial Position.....	3
Statement of Activities.....	4
Statement of Functional Expenses.....	5
Statement of Cash Flows.....	6
Notes to the Financial Statements.....	7

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
ACTERRA: ACTION FOR A HEALTHY PLANET

Opinion

We have audited the accompanying financial statements of ACTERRA: ACTION FOR A HEALTHY PLANET (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses and cash flows for the year 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 ACTERRA: ACTION FOR A HEALTHY PLANET as of June 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit 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 ACTERRA: ACTION FOR A HEALTHY PLANET and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 ACTERRA: ACTION FOR A HEALTHY PLANET'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, including omissions, 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 ACTERRA: ACTION FOR A HEALTHY PLANET'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 ACTERRA: ACTION FOR A HEALTHY PLANET'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.



Irina Accountancy Corporation

Oakland, California

November 1, 2023

ACTERRA: ACTION FOR A HEALTHY PLANET

**STATEMENT OF FINANCIAL POSITION
JUNE 30, 2023**

	Without Donor Restrictions	With Donor Restrictions		Total
		Purpose/ Time	Perpetuity	
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	\$ 361,529	\$ 106,003	-	\$ 467,532
Accounts receivable	234,355	-	-	234,355
Pledges receivable	-	325,000	-	325,000
Prepaid expenses	<u>2,993</u>	<u>-</u>	<u>-</u>	<u>2,993</u>
TOTAL CURRENT ASSETS	598,877	431,003	-	1,029,880
Endowment investments	<u>-</u>	<u>173,152</u>	<u>284,314</u>	<u>457,466</u>
TOTAL ASSETS	\$ <u>598,877</u>	\$ <u>604,155</u>	<u>284,314</u>	\$ <u>1,487,346</u>
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable	\$ 64,016	\$ -	-	\$ 64,016
Payroll related liabilities	30,868	-	-	30,868
Deferred revenue	<u>32,610</u>	<u>-</u>	<u>-</u>	<u>32,610</u>
TOTAL LIABILITIES	<u>127,494</u>	<u>-</u>	<u>-</u>	<u>127,494</u>
NET ASSETS				
Without donor restrictions				
Undesignated	471,383	-	-	471,383
With donor restrictions				
Purpose and time restricted	-	604,155	-	604,155
Restricted in perpetuity	<u>-</u>	<u>-</u>	<u>284,314</u>	<u>284,314</u>
TOTAL NET ASSETS	<u>471,383</u>	<u>604,155</u>	<u>284,314</u>	<u>1,359,852</u>
TOTAL LIABILITIES AND NET ASSETS	\$ <u>598,877</u>	\$ <u>604,155</u>	<u>284,314</u>	\$ <u>1,487,346</u>

See Independent Auditors' Report and Accompanying Notes to Financial Statements.

ACTERRA: ACTION FOR A HEALTHY PLANET

**STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023**

	Without Donor Restrictions	With Donor Restrictions		Total
		Purpose/ Time	Perpetuity	Total
SUPPORT, REVENUE, AND GAIN (LOSS)				
Contributions	\$ 605,066	\$ 684,667	\$ -	\$ 1,289,733
Government	798,760	-	-	798,760
Contributions in-kind	106,505	-	-	106,505
Services revenue	74,231	-	-	74,231
Special event	20,000	-	-	20,000
Program fees	18,650	-	-	18,650
Investments return (loss)	-	35,360	-	35,360
Other	1,427	-	-	1,427
Net assets released from restrictions	660,432	(660,432)	-	-
TOTAL REVENUE AND SUPPORT	2,285,071	59,595	-	2,344,666
EXPENSES			-	
Program services	2,231,716	-	-	2,231,716
Support services			-	
Management and general	261,167	-	-	261,167
Fundraising	293,633	-	-	293,633
TOTAL EXPENSES	2,786,516	-	-	2,786,516
CHANGE IN NET ASSETS	(501,445)	59,595	-	(441,850)
NET ASSETS, BEGINNING YEAR	972,828	544,560	284,314	1,801,702
NET ASSETS, END OF YEAR	\$ 471,383	\$ 604,155	\$ 284,314	\$ 1,359,852

See Independent Auditors' Report and Accompanying Notes to Financial Statements.

ACTERRA: ACTION FOR A HEALTHY PLANET

**STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2023**

	Program Services						Support Services			
	Healthy Planet	Education	Workplace Sustainability	Beneficial Electrification	Sponsored Programs	Total Program Services	Management and General	Fundraising	Total Support Services	Total
Salaries and wages	\$ 228,156	183,870	-	382,271	243,978	1,038,275	\$ 74,180	149,440	223,620	\$ 1,261,895
Payroll taxes	18,118	11,956	-	42,601	19,636	92,311	4,473	10,613	15,086	107,397
Employee benefits	21,676	21,633	-	43,640	18,658	105,607	5,390	12,696	18,086	123,693
Professional fees	18,429	14,420	3,392	104,753	257,086	398,080	106,026	55,158	161,184	559,264
Advertising	16,739	12,504	356	32,465	46,534	108,598	10,949	11,852	22,801	131,399
Special event expenses	445	332	9	863	1,237	2,886	292	315	607	3,493
Events	53,029	39,613	1,127	102,849	147,422	344,040	34,689	37,549	72,238	416,278
Information technology	6,701	3,527	131	11,987	7,267	29,613	9,731	2,105	11,836	41,449
Other expenses	-	-	-	-	3,887	3,887	1,811	3	1,814	5,701
Occupancy	1,804	1,800	-	3,632	15,071	22,307	449	1,056	1,505	23,812
Supplies	175	6,230	-	12,665	15,472	34,542	3,216	360	3,576	38,118
Small equipment	-	-	-	21,712	-	21,712	-	-	-	21,712
Conferences and travel	1,664	1,243	35	3,228	4,627	10,797	1,090	1,178	2,268	13,065
Printing and related	278	-	1	512	1,639	2,430	75	5,308	5,383	7,813
Insurance	1,734	1,730	-	3,490	1,301	8,255	3,806	1,015	4,821	13,076
Postage	7	-	-	128	60	195	67	115	182	377
Taxes and fees	-	394	205	668	3,446	4,713	2,891	4,794	7,685	12,398
Training	688	524	-	5	2,251	3,468	2,032	76	2,108	5,576
TOTAL EXPENSES	\$ 369,643	299,776	5,256	767,469	789,572	2,231,716	\$ 261,167	293,633	554,800	\$ 2,786,516

See Independent Auditors' Report and Accompanying Notes to Financial Statements.

ACTERRA: ACTION FOR A HEALTHY PLANET

**STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2023**

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ (441,850)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:	
Net realized/ unrealized gain (loss) on Endowment Fund	(26,985)
(Increase) decrease in operating assets:	
Accounts receivable	98,632
Pledges receivable	(125,000)
Prepaid expenses	29,435
Increase (decrease) in operating liabilities:	
Accounts payable	15,708
Payroll related liabilities	(45,783)
Deferred revenue	<u>20,874</u>
Net cash provided (used) by operating activities	<u>(474,969)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of investments, net	<u>16,562</u>
Net cash provided/(used) by investing activities	<u>16,562</u>

NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	<u>(458,407)</u>
---	------------------

CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR

With donor restrictions	120,833
Without donor restrictions	<u>805,106</u>

TOTAL CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR	<u>925,939</u>
---	----------------

CASH AND CASH EQUIVALENTS, END OF THE YEAR

With donor restrictions	106,003
Without donor restrictions	<u>361,529</u>

TOTAL CASH AND CASH EQUIVALENTS, END OF THE YEAR	\$ <u><u>467,532</u></u>
---	--------------------------

See Independent Auditors' Report and Accompanying Notes to Financial Statements.

ACTERRA: ACTION FOR A HEALTHY PLANET

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – NATURE OF OPERATIONS

ACTERRA: ACTION FOR A HEALTHY PLANET (the Organization) is a 501(c)(3) nonprofit was initially incorporated in 1970 as Peninsula Conservation Foundation. The Organization changed its name to Acterra: Action for Sustainable Earth in 2002, and on March 02, 2011, the Organization's name was changed to ACTERRA: ACTION FOR A HEALTHY PLANET. The Organization is based in Palo Alto, California. Its mission is to bring people together to create local solutions for a healthy planet. The staff members provide environmental education in the areas of energy and climate change, and environmental advocacy to build an informed and empowered citizenry. The Organization engages individuals, families, community groups, and businesses in the San Francisco Bay Area, with a focus on Santa Clara and San Mateo counties. More information is available at acterra.org.

NOTE 2 – DESCRIPTION OF PROGRAMS

The Organization provides the following programs:

Healthy Plate, Healthy Planet

In the San Francisco Bay Area, food is one of the biggest contributors to the average person's carbon footprint, fueling climate change. The Organization's Healthy Plate, Healthy Planet Program works together with local Bay Area communities to promote two easy and impactful ways to reduce collective food print. The Organization educates on the benefits of adopting a more plant-forward lifestyle and reducing the amount of wasted food, with the goal for all to enjoy a healthier, well-fed life.

The Organization develops and shares materials and strategies to encourage the wider adoption of plant-forward diets and the reduction of food waste. Specifically, the Organization facilitates outreach to residents and professionals on the climate and health benefits of reducing meat and dairy intake.

Education

A key goal is to compel the wider public to recognize the urgency of the climate crisis and to increase people's willingness to take appropriate actions. The Organization's main tool for encouraging behavior change is education. The Organization Education Program includes the Public Lecture Series, which invites leading voices from academia, business, and policy to discuss global change issues; and the You(th) Be the Change climate-based education and leadership program.

Workplace Sustainability

The Organization is actively pursuing ways to encourage and increase participation in climate work within the Bay Area business community. Many of the Organization's local partners are leaders, innovators, entrepreneurs, and strategists dedicated to elevating climate work such as zero net energy buildings, carbon neutrality, climate-friendly food, sustainable transportation, and zero waste. The Organization's Workplace Sustainability Program draws upon successful 30-years history of the Organization's Business Environmental Awards and supports a growing peer-to-peer learning network for sustainability-minded professionals, the Green Team Network.

To further demonstrate the commitment to environmental best practices, the Organization is a certified Green Business in Santa Clara County.

NOTE 2 – DESCRIPTION OF PROGRAMS (continued)

Beneficial Electrification

Electrification of energy end-uses in homes and buildings is a major strategy for combating climate change. Beneficial electrification must meet three criteria: reduction of long-term costs; improvement of grid reliability or reduction in grid instability; and avoidance of negative environmental impacts. Switching from fossil energy sources—such as coal, petroleum, and natural gas—offers many tangible benefits: less pollution, improved human health, customer savings, and less atmospheric warming.

The Organization’s Beneficial Electrification program prioritizes and accelerates the adoption of all-electric appliances, buildings, and vehicles that operate on clean energy instead of fossil fuels. Beneficial Electrification program supports the general public, small businesses, industry, municipalities, counties, regional authorities, the state, utilities and NGOs toward meeting the climate goals of the entire region. The Organization plays a role in advocating for the move away from fossil fuel devices.

The Organization develops and shares materials and strategies to encourage the wider adoption of fossil-free devices and technologies in both the commercial and residential sectors. Specifically, the Organization facilitates outreach to residents and professionals on the benefits of fossil-free devices in construction and educates residents on the benefits of fossil-free devices in homes.

Sponsored Programs

- **Climate Resilient Communities:** The mission of Climate Resilient Communities is anchoring communities in resiliency, empowering community action, and building community-led solutions for climate change. The program is dedicated to lifting the Peninsula’s underrepresented communities and centering and unifying local voices.
- **Bringit:** Bringit is focused on reducing plastic pollution from single-use plastic produce bags (SUPPs) by 70% by 2026 through multiple actions. These include: generating consumer awareness and activism through national and local digital campaigns, promoting legislative bans, partnering with and pressuring retailers to eliminate their use of SUPPs, and increasing use of reusable produce and bulk bags by offering an aspirational range of reusable bags and a Bringit Shopping System.
- **Bioma:** The Bioma Project is a nonprofit organization aimed to change how environmental education is taught by providing hands-on interactive lessons plans to students. The Organization makes sure its curriculums are based around real world applications and projects and are localized for students. The Organization makes use of a variety of new technologies such as Virtual Reality and aquaculture labs, to enhance the learning experience for students.

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America, which involves the application of accrual accounting; consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES (continued)

Adoption of New Accounting Pronouncement

The Organization adopted Accounting Standards Codification (“ASC”) 842, “Leases” (“ASC 842”) for the year ended June 30, 2023, using the modified retrospective transition method and used the effective date as the date of initial application. The Organization elected the “package of practical expedients,” which permits not to reassess under ASC 842 prior conclusions about lease identification, lease classification and initial direct costs. The Organization made a policy election not to separate non-lease components from lease components, therefore, the Organization accounts for lease and non-lease components as a single lease component. The Organization elected the short-term lease recognition exemption for all leases that qualify. The Organization determines if a contract contains a lease at inception of the arrangement based on whether there is the right to obtain substantially all of the economic benefits from the use of an identified asset and whether the Organization have the right to direct the use of an identified asset in exchange for consideration. Right of use (“ROU”) assets represents the Organization's right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. ROU assets are recognized as the lease liability, adjusted for lease incentives received. Lease liabilities are recognized at the present value of the future lease payments at the lease commencement date. The interest rate used to determine the present value of the future lease payments is risk-free discount rate, which is determined using a period comparable with lease term, because the interest rate implicit in most of the leases is not readily determinable. Lease payments may be fixed or variable; however, only fixed payments or in-substance fixed payments are included in the lease liability calculation.

Variable lease payments may include costs such as common area maintenance, utilities, real estate taxes or other costs. Variable lease payments are recognized in operating expenses in the period in which the obligation for those payments is incurred.

Operating leases are included in operating lease ROU assets, operating lease liabilities, current and operating lease liabilities, non-current on the statement of financial position. Finance leases are included in property and equipment, net, accrued and other current liabilities, and other long-term liabilities on the statement of financial position. For operating leases, lease expense is recognized on a straight-line basis in operations over the lease term. For finance leases, lease expense is recognized as depreciation and interest; depreciation on a straight-line basis over the lease term and interest using the effective interest method.

The Organization did not have any long-term leases as of June 30, 2023.

Net Assets

Financial statement presentation follows the requirement of the Financial Accounting Standard Board. The Organization is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions.

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board can designate, from net assets without donor restrictions, net assets for an operating reserve or board-designated endowment. There were no board-designated net assets as of June 30, 2023.

Net Assets with Donor Restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates those resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes

The Organization is a not-for-profit organization that is exempt from federal income tax on income under Section 501(c)(3) of the Internal Revenue Code and from state franchise tax under California Revenue and Taxation Code Section 23701 (d). However, income from activities not directly related to its tax-exempt purpose is subject to taxation as unrelated business income. There was no tax on unrelated business income for year ended June 30, 2023.

The Organization has evaluated its current tax positions and has concluded that as of June 30, 2023, the Organization does not have any significant tax positions for which a provision would be necessary.

Functional Allocation of Expenses

The costs of providing various programs and other activities are summarized on a functional basis in the statement of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions benefited based on the management estimate. Management and general expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the Organization. Salaries and related expenses are allocated based on employees' direct time spent on program or support activities or the best estimate of time spent. Given the collaborative manner in which the Organization delivers its programs, rents are allocated based on staff hours devoted to each program or function. Expenses, other than salaries and related expenses, which are not directly identifiable by program or support services, are allocated based on the management's best estimate.

The main categories of expenses are allocated as following:

<u>Expense</u>	<u>Method of Allocation</u>
Salaries and related expenses	Time and effort
Occupancy	Asset usage - utilization by square feet
Professional fees	Time and effort
Events	Function and usage
Advertising	Function and usage

Cash and Cash Equivalents

The Organization considers all highly liquid financial instruments with an original maturity of three months or less, when purchased, to be cash equivalents. The carrying amount approximates fair value because of the short maturity of those instruments.

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments

Investments in marketable securities with readily determinable values are reported at their fair value in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by the donor are reported as increases in net assets with donor restrictions and are reclassified to net assets without donor restrictions as restrictions are met, either by passage of time or by use.

Contributions In-kind

Donated goods are recorded at their estimated fair market value on the day of donation. Contributed services, which require a specialized skill and which the Organization would have paid for if not donated, are recorded at their market value at the time the services are rendered. Donated services that do not meet the criteria for recognition, but which are, nonetheless, central to the Organization's operations are not reflected in the financial statements.

Property, Equipment and Depreciation

All acquisitions of property and equipment in excess of \$2,000 and all expenditures for repairs, maintenance, or improvements that significantly prolong the useful lives of the assets are capitalized. Purchased property and equipment is capitalized at cost.

Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as contributions without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as contributions with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Property and equipment are depreciated using the straight-line method over estimated useful lives that ranges between three to ten years. As of June 30, 2023, the Organization had no property and equipment.

Contributions

Contributions are recognized as revenue when received or unconditionally promised. Contributions received are recorded as without donor restrictions or with donor restriction support, depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in net assets with donor restrictions. When a donor restriction expires, (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with time and purpose restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Contributions receivables are stated at unpaid balances, less an allowance for doubtful accounts. The Organization uses the allowance method to determine uncollectible receivable. The allowance is based on prior years' experience and management's analysis of specific promises made. The Organization charges off uncollectible contributions receivable when management determines amounts are not collectable.

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition

The Organization recognizes revenue on the accrual basis of accounting. Service income is recognized as revenue in the period in which the service is provided. Grants are recognized as revenue in the period in which they are awarded in writing, if not conditional. The Organization's primary revenue sources are grants, contributions, and program service fees.

Revenue is recognized over time for cost reimbursement contracts as eligible expenses are incurred if other conditions of the contract are satisfied. Revenue from agreements that include milestones and milestone payments are recognized over time as milestones are reached. Revenue from agreements based on hourly rates are recognized over time as time is expended if the Organization expects it will have an enforceable right to payment for such amounts. Revenue is recognized based on estimated progress towards complete satisfaction of the performance obligation if the Organization can reasonably measure such progress. If the Organization's efforts are expended evenly throughout the performance period, the Organization may recognize revenue on a straight-line basis over such a period.

The Organization recognizes contributions when cash, securities, or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met.

The Organization had \$507,058 conditional grants as of June 30, 2023 for which barriers were not met as below:

<u>Barrier</u>		<u>Conditional support</u>
Appropriate use of funds	\$	457,058
Satisfactory market performance		50,000
Total	\$	<u>507,058</u>

Accounts Receivable

Accounts receivable is primarily unsecured non-interest-bearing amounts due from grantors on a cost reimbursement or performance contracts. The Organization considers all accounts receivable to be fully collectible at June 30, 2023. Accordingly, no allowance for doubtful accounts was deemed necessary. If amounts become uncollectible, they are charged to expense in the period in which that determination is made.

Pledges Receivable

Pledges receivable including pledges and grants receivable are unconditional promises to give that are recognized as contributions when the promise is received. Pledges receivable that are expected to be collected in less than one year are reported at a net realizable value. Contributions receivable that are expected to be collected in more than one year are recorded at fair value at the date of promise. That fair value is computed using a present value technique applied to anticipated cash flows. The Organization has evaluated the value of the discount and concluded that it was not material for recognition.

Advertising Expenses

Non-direct-response advertising costs are expensed when the advertising first occurs.

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES (continued)

Prepaid Expenses

Prepaid expenses are amortized over the period of future benefit.

Fair Value of Financial Instruments

The following methods and assumptions were used by the Organization in establishing the fair value of its financial statements: the carrying amounts of cash, pledges and accounts receivables, prepaid expenses and accounts and pledges payable, accrued expenses, and other current liabilities approximate fair value because of the short maturity of these instruments. The carrying amounts of long-term receivables and payables are approximate fair value as these receivables and payables earn or are charged interest based on the prevailing rates.

Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Organization uses a fair value hierarchy which is categorized into three levels as follows:

Level 1 – Valuations are based on unadjusted quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access. Since valuations are based on quoted prices that are readily and regularly available in active markets, valuation of these balances does not entail a significant degree of judgment.

Level 2 – Valuations are based on quoted prices for similar assets or liabilities in active markets from those willing to trade that are not active or for which other inputs can be corroborated by market data.

Level 3 – Valuations are based on inputs that are unobservable and significant to the overall fair value measurement and represent the Organization's best estimate of what hypothetical market participants would use to determine a transaction price for an asset or liability.

NOTE 4 – DONATED SERVICES AND OTHER IN-KIND CONTRIBUTIONS

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization.

During the year ended June 30, 2023, the Organization received a significant amount of donated services from unpaid volunteers who assist in various services that do not satisfy the criteria for recognition under *FASB ASC 958-605-25-16*.

The management estimated that the Organization received about 2,165 hours from 160 volunteers and board members that assist in various programs and supporting activities.

The Organization received in-kind contribution advertising from Google AdWords. The cost of this donation is valued based on fair value price that Google charges for its advertising services based on number of clicks and other virtual criteria.

For the year ended June 30, 2023, the Organization received in-kind donations as below:

Advertising services	\$	<u>106,505</u>
Total	\$	<u><u>106,505</u></u>

NOTE 5 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Organization's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date.

Cash and cash equivalents	\$	467,532
Accounts receivable		234,355
Pledges receivable		325,000
Less those unavailable for general expenditures within one year, due to:		
Restricted by donor with time or purpose restrictions		<u>(431,003)</u>
Financial assets available for general expenditure within one year	\$	<u><u>595,884</u></u>

\$595,884 of financial assets are available to cover the Organization's liquidity needs. The Organization has a goal to maintain sufficient financial assets on hands to meet the total of next fiscal year's projected management/general and fundraising expenses, which are expected to be approximately \$554,800 (based on the total supporting expenses for the year ended June 30, 2023).

Therefore, the Organization accumulated enough liquid assets to sustain its liquidity needs within the next 12 months.

NOTE 6 – CONTINGENCIES

Conditions contained within the various contracts awarded to the Organization are subject to the funding agencies' criteria and regulations under which expenditures may be charged against and are subject to audit under such regulations and criteria. Occasionally, such audits may determine that certain costs incurred against the grants may not comply with the established criteria governing them. In such cases, the Organization could be held responsible for repayments to the funding agency or be subject to reductions of future funding. Management does not anticipate any material questioned costs for the contracts and grants administered during the period.

NOTE 7 – INVESTMENTS AND FAIR VALUE MEASUREMENTS

The following table sets forth by level, within the fair value hierarchy, the Organization's assets invested in Endowment Fund at fair value as of June 30, 2023:

	Quoted Prices in Active Markets for Identical Assets (Level 1)		Total	
Money market funds	\$	52,838	\$	52,838
Bonds		96,747		96,747
Common stocks		146,569		146,569
Mutual funds		<u>161,312</u>		<u>161,312</u>
Total	\$	<u><u>457,466</u></u>	\$	<u><u>457,466</u></u>

NOTE 8 – ADVERTISING EXPENSES

The advertising expense for the year ended June 30, 2023 is \$131,399 which include in-kind advertisement of \$106,505.

NOTE 9 – OPERATING LEASES

The Organization leases its office space located in Palo Alto, California under a revolving annual lease agreement which may be cancelled at any time, by the Organization or the lessor, with sixty days' notice. The current monthly rent is \$2,061 per month. Any monthly rent increase or decrease is determined by the Peninsula Conservation Center Management Council ("PCCMC") as appropriate to cover operating expenses for the Peninsula Conservation Center Management Council ("PCCMC") where the Organization is housed.

Total rent payments for the year ended June 30, 2023 are \$23,812.

NOTE 10 – NET ASSETS WITH DONOR RESTRICTIONS

The composition of net assets with donor restrictions by time and purpose for the year ended June 30, 2023 are as follows:

<u>Restricted purpose</u>	<u>06/30/2022</u>	<u>Additions</u>	<u>Releases</u>	<u>06/30/2023</u>
Outreach	\$ 171,000	\$ 527,667	\$ 342,163	\$ 356,504
Time restrictions	172,083	157,000	270,834	58,249
Story telling	13,750	-	7,500	6,250
Youth program	25,000	-	15,000	10,000
Endowment earnings	<u>162,727</u>	<u>35,360</u>	<u>24,935</u>	<u>173,152</u>
Total	\$ <u>544,560</u>	\$ <u>720,027</u>	\$ <u>660,432</u>	\$ <u>604,155</u>

NOTE 11 – ENDOWMENT FUND

The Organization's Endowment Fund consists of donor-restricted funds established to support the Organization's former library, website, e-newsletters, social media, communication materials, and information technology support for a long-term period. Earnings generated on such donor contributions may be used to support the operations of the Organization's Education and Outreach and related communications activities.

Interpretation of relevant law

While the Organization's Board of Directors has not specifically stated an interpretation of the Uniform Prudent Management of Institutional Funds Act ("UPMIFA"), its policies may be read implying the preservation of the fair value of the original gift as of the gift date of the donor-restricted funds absent explicit donor stipulations to the contrary. Thus, the Organization classifies as net assets with donor restrictions in perpetuity (a) the original value of the gifts donated to the permanent Endowment Fund, (b) the original value of the subsequent gifts to the permanent Endowment Fund, and (c) accumulations to the permanent Endowment Fund made in accordance with the directions of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted Endowment Fund that is not classified as restricted in perpetuity net assets is classified as net assets restricted by time or purpose until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

NOTE 11 – ENDOWMENT FUND (continued)

In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the Organization and the donor-restricted fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and appreciation of investments
- (6) Other resources of the Organization
- (7) The investment policies of the Organization

Funds with deficiencies

From time to time, the fair value of the assets associated with the individual donor-restricted in perpetuity Endowment Fund may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration. These deficiencies result from unfavorable market fluctuations during the year. Deficiencies of this nature are reported in net assets with donor restrictions. There were no such deficiencies as of June 30, 2023.

Strategies employed for achieving objectives

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Return objective and risk parameters

The Organization has adopted investment and spending policies of the Endowment Fund that attempt to provide a predictable stream of funding to programs supported by Endowment Fund while seeking to maintain the purchasing power of the Endowment Fund assets. Under this policy, as approved by the Board of Directors, the Organization diversifies its investments, subject to practicality constraints, among a variety of assets classes so as to provide a balance that will enhance total real return while avoiding undue risk concentration in a single asset class or investment category.

Spending Policy

The Organization has a policy of appropriating for distribution each year a flexible amount that meets purpose restrictions. The board reviews its spending policy each year in comparison to the relative growth of the investments. For the year ending June 30, 2023, the board approved a spending level and appropriated \$24,935.

Endowment Fund Investment's return as of June 30, 2023 is composed as follows:

Interest and dividends	\$	8,375
Net realized and unrealized gain		<u>26,985</u>
Total investments return	\$	<u><u>35,360</u></u>

NOTE 11 – ENDOWMENT FUND (continued)

Endowment Fund investments composition as of June 30, 2023 is as follows:

	Without donor's restrictions	Purpose and time restrictions	Restricted in perpetuity	Total
Endowment Fund investments	\$ <u>-</u>	\$ <u>173,152</u>	\$ <u>284,314</u>	\$ <u>457,466</u>

Changes in Endowment Fund investments for the fiscal year ended June 30, 2023 is as follows:

	Without donor's restrictions	Purpose and time restrictions	Restricted in perpetuity	Total
June 30, 2022	\$ -	\$ 162,727	\$ 284,314	\$ 447,041
Investment return				
Interest and dividends	-	8,375	-	8,375
Net realized and unrealized gain	-	26,985	-	26,985
Total investments return (loss)	-	35,360	-	35,360
Appropriation of earnings	-	(24,935)	-	(24,935)
June 30, 2023	\$ <u>-</u>	\$ <u>173,152</u>	\$ <u>284,314</u>	\$ <u>457,466</u>

NOTE 12 – FUNDRAISING EVENT

During the year ended June 30, 2023, the Organization's annual in-person fundraising event was canceled due to COVID-19 restrictions. However, the Organization held on-line fundraising event, Promise to Our Planet. Revenue, donations, and expenses for the event is as following:

Sponsorships	\$ 20,000
Expenses:	
Platform fees	400
Speaker fees	500
Marketing	<u>2,593</u>
Net	\$ <u>16,507</u>

NOTE 13 – RETIREMENT PLAN

The Organization has a defined contribution retirement plan (the Plan) under section 403(b) of the Internal Revenue Code. The Plan covers all regular full-time and part-time employees. The Organization makes contributions to the Plan in amounts up to 3% of participants' eligible compensation subject to limits imposed by various sections of the Internal Revenue Code. The employer's contribution to the Plan is \$35,933 for the year ended June 30, 2023.

NOTE 14 – CONCENTRATION OF RISKS

FASB ASC 825 requires disclosure of significant concentrations of credit risk arising from all financial instruments. Concentrations of credit risk financial instruments which potentially subject the Organization to concentrations of credit risk consist principally of temporary cash investments. At times, a portion of these cash investments may not be insured by Federal Deposit Insurance Corporation. The potential concentration of credit risk pertaining to temporary cash investments will vary throughout the year depending upon the level of cash deposits versus amounts insured. The Organization is maintaining all deposits in high quality financial institutions.

There were no uninsured deposits as of June 30, 2023.

NOTE 15 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through November 1, 2023, which is the date the financial statements were available to be issued. Management concluded that no material subsequent events have occurred since June 30, 2023 that required recognition or disclosure in such financial statements.

IRYNA ACCOUNTANCY CORPORATION

1000 Broadway 200-C
Oakland, CA 94607
(510) 467-9506 Tel
(510) 280-9756 Fax
info@irynacpa.com
www.irynacpa.com