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.

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, 2022.

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.

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, 2022.

The Organization has evaluated its current tax positions and has concluded that as of June 30, 2022, the Organization does not have any significant tax positions for which a provision would be necessary.

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES (continued)

Functional Allocation of Expenses

The cost of providing the Organization's programs and other activities is summarized on a functional basis in the statement of activities and 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 using a reasonable allocation method that is consistently applied as follows:

Salaries and wages, benefits, and payroll taxes are allocated based on activity reports prepared by key personnel.

Occupancy, information technology, supplies and office expenses, insurance, and other expenses that cannot be directly identified are allocated on the basis of employee headcount for each program and supporting activity.

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.

Fundraising costs are expensed as incurred, even though they may result in contributions received in future years. The Organization generally does not conduct fundraising activities in conjunction with its other activities.

Other expenses, which are not directly identifiable by program or support services, are allocated based on the management's best estimate.

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.

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.

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. Recoverability of assets is measured by comparison of the carrying amount of the asset to the net undiscounted future cash flows expected to be generated from the asset. If the future undiscounted cash flows are not sufficient to recover the carrying value of the assets, the assets' carrying value is adjusted to fair value.

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, 2022, 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 have $869,378 conditional grants as of June 30, 2022 for which barriers were not met as below:

Barrier			Conditional support
Appropriate use of funds		$	744,378
Matching funds			100,000
Participation in future events			25,000
	Total	$	869,378

Accounts Receivable

Accounts receivable are 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, 2022. 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 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.

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES (continued)

Advertising Expenses

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

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 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 – PAYCHECK PROTECTION PROGRAM

On February 03, 2021, the Organization received loan proceeds of $127,670 through Bank of America, under the Paycheck Protection Program("PPP"), which was established under the Coronavirus Aid, Relief, and Economic Security ("CARES") Act and is administered by the U.S. Small Business Administration.

Under the terms of the CARES Act, PPP loan recipients can apply for and be granted forgiveness for all or a portion of the loans granted under the PPP.

During the year ended June 30, 2022, $127,670 was forgiven in full, and recorded as a support on the statement of activities.

NOTE 5 – 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, 2022, 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 1,344 hours from 150 volunteers and board members that assist in various program activities.

In-kind contributions mainly consist of donated goods or services for various program related activities. For the year ended June 30, 2022, the Organization received $107,642 for free advertising services.

NOTE 6 – 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	$	925,939
Accounts receivable		332,986
Pledges receivable		200,000
Less those unavailable for general expenditures within one year, due to:		
Restricted by donor with time or purpose restrictions		(381,833)
Financial assets available for general expenditure within one year	$	1,077,092

$1,077,092 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 $427,157 (based on the total supporting expenses for the year ended June 30, 2022). Therefore, the Organization accumulated enough liquid assets to sustain its liquidity needs within next 12 months.

NOTE 7 – 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 8 – 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, 2022:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Total
Money market funds	$ 57,766	$ 57,766
Bonds	97,798	97,798
Common stocks	132,235	132,235
Mutual fund	159,243	159,243
Total	$ 447,041	$ 447,041

NOTE 9 – ADVERTISING EXPENSES

The advertising expense for the year ended June 30, 2022 is $150,556 which include in-kind advertisement of $107,642.

NOTE 10 – 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 $1,534 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, 2022 are $28,450.

NOTE 11 – NET ASSETS WITH DONOR RESTRICTIONS

The composition of net assets with donor restrictions by time and purpose for the year ended June 30, 2022 are as follows:

Restricted purpose	06/30/2021	Additions	Releases	06/30/2022
Outreach	$ 329,865	$ 81,000	$ 239,865	$ 171,000
Time restrictions	175,000	160,000	162,917	172,083
Story telling	-	15,000	1,250	13,750
Youth program	-	25,000	-	25,000
Endowment earnings	265,497	(78,410)	24,360	162,727
Total	770,362	202,590	428,392	544,560

NOTE 12 – 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.

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, 2022.

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.

NOTE 12 – ENDOWMENT FUND (continued)

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, 2022, the board approved a spending level and appropriated $24,359.

Endowment Fund Investment's return as of June 30, 2022 is composed as follows:

Interest and dividends	$ 12,105
Net realized and unrealized losses	(90,515)
Total investment return	$ (78,410)

Endowment Fund investments composition as of June 30, 2022 is as follows:

	Without donor's restrictions	Purpose and time restrictions	Restricted in perpetuity	Total
Endowment Fund investments	$ -	$ 162,727	$ 284,314	$ 447,041

Changes in Endowment Fund investments for the fiscal year ended June 30, 2022 is as follows:

	Without donor's restrictions	Purpose and time restrictions	Restricted in perpetuity	Total
Balance, June 30, 2021	$ -	$ 253,441	$ 296,369	$ 549,810
Investment return:				
Interest and dividends	-	12,105	-	12,105
Net realized and unrealized losses	-	(90,515)	-	(90,515)
Total investments return (loss)	-	(78,410)	-	(78,410)
Correction of classification	-	12,055	(12,055)	-
Appropriation of earnings	-	(24,359)	-	(24,359)
Balance, June 30, 2022	$ -	$ 162,727	$ 284,314	$ 447,041

NOTE 13 – FUNDRAISING EVENT

During the year ended June 30, 2022, 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	$	70,119
Expenses:		
Entertainment		3,000
Other expenses		2,220
Net	$	64,899

NOTE 14 – 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 $25,080 for the year ended June 30, 2022.

NOTE 15 – 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.

As of June 30, 2022, cash deposits in amount of $477,775 were not FDIC insured.

NOTE 16 – PRIOR YEAR ADJUSTMENT

It was determined that a certain grant was not recorded as a support for the year ended June 30, 2021. Therefore, a correction was made to increase the net assets by $150,000.

NOTE 17 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through February 10, 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, 2022 that required recognition or disclosure in such financial statements.

In the US, Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was signed into law on 27 March 2020. While the extent and duration of the economic fallout from the COVID-19 pandemic remains unclear, the Organization's future performance might be affected by the pandemic.

The Organization closed the sponsored Climate Resilient Communities program after December 2022.

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