



# ***ACTERRA: ACTION FOR A HEALTHY PLANET***

*(A CALIFORNIA NONPROFIT ORGANIZATION)*

**FINANCIAL STATEMENTS**

**WITH**

**INDEPENDENT AUDITOR'S REPORT**

**YEAR ENDED JUNE 30, 2025  
(WITH COMPARATIVE TOTALS FOR 2024)**

**ACTERRA: ACTION FOR A HEALTHY PLANET**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors 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, 2025, 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, 2025, 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.

#### **Report on Summarized Comparative Information**

We have previously audited ACTERRA: ACTION FOR A HEALTHY PLANET's financial statements for the year ended June 30, 2024, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 30, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.



*Tryna Accountancy Corporation*

Oakland, California

November 21, 2025

**ACTERRA: ACTION FOR A HEALTHY PLANET**

**STATEMENT OF FINANCIAL POSITION  
AS OF JUNE 30, 2025  
(WITH COMPARATIVE TOTALS FOR 2024)**

	2025		2024
<b>ASSETS</b>			
CURRENT ASSETS			
Cash and cash equivalents	\$ 603,900	\$	403,452
Accounts receivable	470,196		281,935
Promises to give	-		165,000
Investments, short-term	82,743		79,288
Prepaid expenses	23,874		20,850
TOTAL CURRENT ASSETS	1,180,713		950,525
Endowment investments	491,906		470,247
TOTAL ASSETS	\$ 1,672,619	\$	1,420,772
<b>LIABILITIES</b>			
CURRENT LIABILITIES			
Accounts payable	\$ 211,294	\$	146,018
Payroll related liabilities	99,829		30,457
Deferred revenue	750		36,000
Refundable advances	70,997		10,785
TOTAL LIABILITIES	382,870		223,260
<b>NET ASSETS</b>			
Without donor restrictions			
Undesignated	667,452		454,038
With donor restrictions			
Purpose and time restricted	320,483		459,160
Restricted in perpetuity	301,814		284,314
TOTAL NET ASSETS	1,289,749		1,197,512
TOTAL LIABILITIES AND NET ASSETS	\$ 1,672,619	\$	1,420,772

See Independent Auditor's Report and Accompanying Notes to Financial Statements.

**ACTERRA: ACTION FOR A HEALTHY PLANET**

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2025**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
		<u>Purpose/ Time</u>	<u>Perpetuity</u>
<b>SUPPORT, REVENUE, AND GAIN (LOSS)</b>			
Contributions	\$ 418,471	\$ 451,388	\$ 17,500
Government	1,200,100	-	-
Contributions in-kind	112,872	-	-
Services revenue	-	-	-
Special event	39,578	-	-
Program fees	289,638	-	-
Other	-	-	-
Investment return (loss)	-	44,113	-
Net assets released from restrictions	<u>634,178</u>	<u>(634,178)</u>	<u>-</u>
TOTAL SUPPORT, REVENUE, AND GAIN (LOSS)	<u>2,694,837</u>	<u>(138,677)</u>	<u>17,500</u>
<b>EXPENSES</b>			
Program services	2,244,008	-	-
Support services			-
Management and general	158,722	-	-
Fundraising	<u>228,693</u>	<u>-</u>	<u>-</u>
TOTAL EXPENSES	<u>2,631,423</u>	<u>-</u>	<u>-</u>
CHANGE IN NET ASSETS	63,414	(138,677)	17,500
NET ASSETS, BEGINNING YEAR	454,038	459,160	284,314
Prior period adjustment	<u>150,000</u>	<u>-</u>	<u>-</u>
NET ASSETS, END OF YEAR	\$ <u>667,452</u>	\$ <u>320,483</u>	\$ <u>301,814</u>

See Independent Auditor's Report and Accompanying Notes to Financial Statements.

**ACTERRA: ACTION FOR A HEALTHY PLANET**

**STATEMENT OF ACTIVITIES  
FO THE YEAR ENDED JUNE 30, 2024**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
		<u>Purpose/ Time</u>	<u>Perpetuity</u>
<b>SUPPORT, REVENUE, AND GAIN (LOSS)</b>			
Contributions	\$ 341,330	\$ 347,618	\$ -
Government	1,247,352	-	-
Contributions in-kind	61,615	-	-
Services revenue	36,929	-	-
Special event	15,290	-	-
Program fees	44,881	-	-
Other	6,993	-	-
Investment return (loss)	-	34,069	-
Net assets released from restrictions	<u>526,682</u>	<u>(526,682)</u>	<u>-</u>
TOTAL SUPPORT, REVENUE, AND GAIN (LOSS)	<u>2,281,072</u>	<u>(144,995)</u>	<u>-</u>
<b>EXPENSES</b>			
Program services	1,732,507	-	-
Support services			-
Management and general	361,714	-	-
Fundraising	<u>204,196</u>	<u>-</u>	<u>-</u>
TOTAL EXPENSES	<u>2,298,417</u>	<u>-</u>	<u>-</u>
CHANGE IN NET ASSETS	(17,345)	(144,995)	-
NET ASSETS, BEGINNING YEAR	<u>471,383</u>	<u>604,155</u>	<u>284,314</u>
NET ASSETS, END OF YEAR	\$ <u>454,038</u>	\$ <u>459,160</u>	\$ <u>284,314</u>

See Independent Auditor's Report and Accompanying Notes to Financial Statements.

**ACTERRA: ACTION FOR A HEALTHY PLANET**

**STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2025**

	Program Services					Support Services				Total
	Healthy Planet	Education	Advocacy	Beneficial Electrification	Sponsored Programs	Total Program Services	Management and General	Fundraising	Total Support Services	
Salaries and wages	\$ 300,259	306,084	135,105	326,688	-	1,068,136	\$ 23,349	151,313	174,662	\$ 1,242,798
Payroll taxes	25,787	26,601	11,133	28,658	-	92,179	2,521	12,814	15,335	107,514
Employee benefits	26,705	28,041	14,899	31,030	-	100,675	-	10,813	10,813	111,488
Professional fees	9,607	66,623	16,978	101,412	530,944	725,564	85,501	29,781	115,282	840,846
Advertising	9,418	3,377	390	4,305	-	17,490	2,678	3,312	5,990	23,480
Special event	1,962	2,640	152	7,675	-	12,429	82	121	203	12,632
Travel	262	5,163	419	4,082	-	9,926	5,767	246	6,013	15,939
Grants and vouchers	300	500	-	72,612	-	73,412	-	1,000	1,000	74,412
Information technology	2,158	1,481	475	968	34	5,116	8,623	6,043	14,666	19,782
Equipment	-	-	-	53,323	-	53,323	-	-	-	53,323
Occupancy	1,859	2,250	1,076	2,250	-	7,435	1,402	1,174	2,576	10,011
Supplies	7,166	73	-	3,549	-	10,788	3,391	-	3,391	14,179
Office expense	4,663	6,695	1,567	8,658	-	21,583	13,775	1,617	15,392	36,975
Insurance	2,121	2,371	1,068	2,544	-	8,104	961	1,174	2,135	10,239
Taxes and fees	8,861	10,777	3,596	9,929	-	33,163	5,381	9,285	14,666	47,829
Training	558	-	217	-	-	775	1,291	-	1,291	2,066
Bad debt	-	-	-	3,160	750	3,910	4,000	-	4,000	7,910
<b>TOTAL EXPENSES</b>	<b>\$ 401,686</b>	<b>462,676</b>	<b>187,075</b>	<b>660,843</b>	<b>531,728</b>	<b>2,244,008</b>	<b>\$ 158,722</b>	<b>228,693</b>	<b>387,415</b>	<b>\$ 2,631,423</b>

See Independent Auditor's Report and Accompanying Notes to Financial Statements.

**ACTERRA: ACTION FOR A HEALTHY PLANET**

**STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2024**

	Program Services						Support Services			Total
	Healthy Planet	Education	Advocacy	Beneficial Electrification	Sponsored Programs	Total Program Services	Management and General	Fundraising	Total Support Services	
Salaries and wages	\$ 70,897	162,477	112,016	290,913	17,194	653,497	\$ 203,566	147,295	350,861	\$ 1,004,358
Payroll taxes	9,053	5,403	10,699	31,629	2,025	58,809	13,685	9,053	22,738	81,547
Employee benefits	10,687	12,631	12,631	31,089	5,227	72,265	6,719	10,190	16,909	89,174
Professional fees	16,790	53,596	28,264	126,057	51,369	276,076	74,193	7,304	81,497	357,573
Advertising	29,041	4,023	1,493	26,105	-	60,662	12,063	6,108	18,171	78,833
Special event	2,227	2,330	-	2,887	-	7,444	3,107	6,766	9,873	17,317
Other events	4,591	23,009	73	135,238	800	163,711	852	3,272	4,124	167,835
Grants	-	375	-	-	400,958	401,333	-	-	-	401,333
Information technology	852	647	647	1,592	53	3,791	17,973	5,910	23,883	27,674
Other expenses	-	155	-	-	115	270	2,083	-	2,083	2,353
Occupancy	1,140	1,347	1,347	4,120	104	8,058	2,211	1,140	3,351	11,409
Supplies	-	369	-	2,369	-	2,738	2,397	42	2,439	5,177
Office expense	1,592	2,486	1,802	4,815	1,038	11,733	-	3,214	3,214	14,947
Insurance	852	1,007	1,007	2,479	159	5,504	1,561	857	2,418	7,922
Taxes and fees	66	230	407	481	-	1,184	15,046	3,045	18,091	19,275
Training	200	4,848	367	17	-	5,432	6,258	-	6,258	11,690
<b>TOTAL EXPENSES</b>	<b>\$ 147,988</b>	<b>274,933</b>	<b>170,753</b>	<b>659,791</b>	<b>479,042</b>	<b>1,732,507</b>	<b>\$ 361,714</b>	<b>204,196</b>	<b>565,910</b>	<b>\$ 2,298,417</b>

See Independent Auditor's Report and Accompanying Notes to Financial Statements.

**ACTERRA: ACTION FOR A HEALTHY PLANET**

**STATEMENT OF CASH FLOWS  
YEAR ENDED JUNE 30, 2025  
(WITH COMPARATIVE TOTALS FOR 2024)**

	<u>2025</u>	<u>2024</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (57,763)	\$ (162,340)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Net realized/ unrealized gain (loss) on Endowment Fund	(24,750)	(26,736)
Bad debt expense	7,910	-
(Increase) decrease in operating assets:		
Accounts receivable	(46,171)	(47,579)
Promises to give	165,000	160,000
Prepaid expenses	(3,023)	(17,857)
Increase (decrease) in operating liabilities:		
Accounts payable	65,275	82,003
Payroll related liabilities	69,372	(411)
Deferred revenue	(35,250)	14,173
Refundable advances	60,212	-
Net cash provided (used) by operating activities	<u>200,812</u>	<u>1,253</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from the sales of Endowment Fund	39,954	-
Purchases of investments for Endowment Fund	<u>(40,318)</u>	<u>(65,333)</u>
Net cash provided (used) by investing activities	<u>(364)</u>	<u>(65,333)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<u>200,448</u>	<u>(64,080)</u>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR</b>		
With donor restrictions	108,227	106,003
Without donor restrictions	<u>295,225</u>	<u>361,529</u>
<b>TOTAL CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR</b>	<u>403,452</u>	<u>467,532</u>
<b>CASH AND CASH EQUIVALENTS, END OF THE YEAR</b>		
With donor restrictions	131,662	108,227
Without donor restrictions	<u>472,238</u>	<u>295,225</u>
<b>TOTAL CASH AND CASH EQUIVALENTS, END OF THE YEAR</b>	\$ <u><u>603,900</u></u>	\$ <u><u>403,452</u></u>

See Independent Auditor's 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 that 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 2, 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](http://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 foodprint. 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's 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.

##### *Advocacy*

The Organization's advocacy work is a more inclusive and community-centered climate action movement that creates systemic change toward sustainable and equitable practices and policies for the benefit of all. The Organization brings together individuals, communities and organizations to create a powerful collective voice that advocates for change focusing on actively involving communities that have been historically excluded or unheard. By implementing base-building strategies, the programming ensures that these communities' unique experiences, needs and challenges are central in the agenda and decision-making processes.

## **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 in 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*

The Organization serves as a fiscal sponsor for various community and environmental initiatives that align with its mission and charitable purpose. Each sponsored program operates under the Organization’s oversight in accordance with fiscal sponsorship agreements. The following summarizes significant sponsored programs active or recently concluded during the fiscal year:

- **Climate Resilient Communities (CRC):** The program is dedicated to anchoring communities in resiliency, empowering community action, and building community-led solutions to address climate change. The program focuses on elevating underrepresented communities on the Peninsula and amplifying local voices. The Organization began winding down this sponsored program and ceased serving as CRC’s fiscal sponsor in January 2023. The Organization continues to administer a grant originally awarded in 2022, during the period when CRC was an active fiscally sponsored project. Grant-related activities remain ongoing and will conclude upon completion of the funded program. Once all program obligations are fulfilled, CRC will be fully removed from the Organization’s sponsored program portfolio.
- **Bay Area Climate Adaptation Network (BayCAN):** The program is a collaborative program composed of local government staff and partner organizations dedicated to helping the Bay Area region respond effectively and equitably to the impacts of climate change. The program focuses on key adaptation challenges, including water supply, sea level rise, wastewater and stormwater management, wildfires, ecosystem resilience, and public health. The program collaborates with regional and sector-specific initiatives to enhance coordination, leverage shared resources, and strengthen collective climate adaptation efforts across the Bay Area.
- **Alliance of Regional Collaboratives for Climate Adaptation (ARCCA):** The program is a statewide network of regional collaboratives and partner organizations working together to advance climate adaptation efforts across California and strengthen local capacity to build community resilience. The program connects adaptation practitioners throughout the state to share knowledge, address common challenges, and coordinate joint initiatives. The program fosters collaboration across sectors and jurisdictions, promoting unified action and reducing barriers to effective climate adaptation.

## **NOTE 2 – DESCRIPTION OF PROGRAMS (continued)**

### *Sponsored Programs (continued)*

- Let Us Contribute Initiative (LUCI): The program is a movement-building program led by incarcerated and formerly incarcerated individuals to expand economic opportunity and enhance public safety. The program develops ecologically focused cooperatives that are owned and operated by system-impacted people, fostering empowerment, sustainability, and community resilience.

## **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.

### *Leases*

The Organization uses Accounting Standards Codification (“ASC”) 842, “Leases” (“ASC 842”). 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 has the right to direct the use of an identified asset in exchange for consideration. Right of use (“ROU”) assets represent 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 a risk-free discount rate, which is determined using a period comparable with the 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 has evaluated its lease situation under the standard and found it to be not applicable at June 30, 2025.

### **NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### *Net Assets*

Financial statement presentation follows the requirement of the Financial Accounting Standards 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, 2025.

*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.

#### *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 the year ended June 30, 2025.

The Organization has evaluated its current tax positions and has concluded that as of June 30, 2025, 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.

**NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES (continued)**

*Functional Allocation of Expenses (continued)*

The main categories of expenses are allocated as follows:

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

*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.

*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 specialized skills 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 \$5,000 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 range from three to ten years. As of June 30, 2025, the Organization had no property and equipment.

**NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES (continued)**

*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.

*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 and contributions.

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; unconditional promises to give; or a notification of a beneficial interest is received. Conditional promises to give - that is, those with a measurable performance or other barriers and a right of return - are not recognized until the conditions on which they depend have been met.

The Organization had \$1,336,024 conditional grants as of June 30, 2025 for which barriers were not met as below:

<u>Barrier</u>		<u>Conditional support</u>
Project deliverables	\$	75,000
Appropriate use of funds		<u>1,261,024</u>
Total	\$	<u><u>1,336,024</u></u>

*Accounts Receivable and Credit Losses*

Accounts receivable is primarily unsecured non-interest-bearing amounts due from grantors on a cost reimbursement or performance contracts. The Organization reviews accounts receivable periodically to assess collectibility. Historically, all receivables have been fully collected, and as such, no allowance for credit losses has been maintained.

### **NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### *Accounts Receivable and Credit Losses (continued)*

During the current year, a receivable of \$7,910 was determined to be uncollectible and was directly written off as bad debt expense. The Organization's policy is to directly write off receivables when they are deemed uncollectible, rather than maintaining an allowance for credit losses. Management continues to monitor receivable balances and will establish an allowance if collection experience changes.

#### *Promises to Give*

Unconditional promises to give are recognized as contributions when the promise is made. Promises to give that are expected to be collected within one year are recorded at net realizable value. Promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discounts on those amounts are computed using a risk-adjusted interest rate applicable to the year in which the promise is received. Amortization of the discount is included in contribution revenue. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. The Organization has evaluated the value of the discount and concluded that it was not material for recognition.

#### *Advertising Expenses*

The non-direct-response advertising costs are expensed as incurred. For the year ended June 30, 2025, the Organization incurred cash advertising expenses totaling \$23,480. In addition, the Organization received in-kind advertising services valued at \$56,840, which were recognized as contribution revenue and corresponding expense in the accompanying statement of activities.

#### *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 – PRIOR PERIOD CORRECTIONS**

The Organization incorrectly recorded \$150,000 of unconditional grants promised to the Organization the year ended June 30, 2025. The grant revenue of the \$150,000 should have been recognized as of June 30, 2024, resulting in understatement of revenue for that period.

**NOTE 5 – DONATED SERVICES AND OTHER IN-KIND CONTRIBUTIONS**

In accordance with FASB ASC 958-605, Not-for-Profit Entities – Revenue Recognition, the Organization recognizes contributed services as contribution revenue if the services (a) create or enhance nonfinancial assets, or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not donated.

During the year ended June 30, 2025, the Organization received a substantial amount of donated volunteer services that did not meet the criteria for recognition under ASC 958-605-25-16. These services were primarily provided by approximately 250 volunteers who collectively contributed an estimated 1,800 hours in support of events (EV Ride & Drives, tours, field trips, Promise, and food forest activities), research, and program operations. Although these volunteer efforts are not recorded in the financial statements, management acknowledges their significant value to the Organization’s mission.

On July 8, 2024, the Organization entered into an Asset Purchase Agreement to acquire all assets and assume the related liabilities of Sustainable Silicon Valley (SSV). The entities share similar missions and programmatic objectives. The assets and liabilities were recorded at their fair value as of the acquisition date.

In addition, the Organization received donated professional and advertising services during the year, which were measured at their invoiced values and recognized as contribution revenue and corresponding expenses.

For the year ended June 30, 2025, the Organization recognized the following in-kind contributions:

Non-capitalized assets	\$	41,428
Consultation services		14,604
Advertising services		<u>56,840</u>
	\$	<u><u>112,872</u></u>

Management has determined that the non-capitalized assets received from SSV consist primarily of operational supplies and equipment with no significant future economic benefit and, therefore, were expensed during the year.

**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 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 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

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

Cash and cash equivalents	\$	603,900
Accounts receivable		470,196
Promises to give		-
Investments, short-term		82,743
Less those unavailable for general expenditures within one year, due to:		
Restricted by donor with time or purpose restrictions		<u>(320,483)</u>
Financial assets available for general expenditure within one year	\$	<u><u>836,356</u></u>

As of June 30, 2025, the Organization had \$836,356 of financial assets available to meet cash needs for general expenditures within one year. The Organization’s policy is to maintain adequate financial assets to meet the total of the next fiscal year’s projected management and general and fundraising expenses, which are expected to total approximately \$387,415. Management believes the Organization’s current level of liquid assets is sufficient to sustain operations and meet liquidity needs for at least the next 12 months.

## 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 and other investments at fair value as of June 30, 2025:

	Quoted Prices in Active Markets for Identical Assets (Level 1)		Total
<u>Endowment Fund</u>			
Money market funds	\$	30,620	\$ 30,620
Bonds		112,812	112,812
Common stocks		169,620	169,620
Mutual funds		178,854	178,854
Total Endowment Fund	\$	<u>491,906</u>	\$ <u>491,906</u>
<u>Investments, short-term</u>			
Certificates of Deposit		82,743	82,743
Total Investments	\$	<u><u>574,649</u></u>	\$ <u><u>574,649</u></u>

## NOTE 9 – OPERATING LEASE

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 \$815 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 lease.

Total rent payments for the year ended June 30, 2025 are \$10,011.

## 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, 2025 are as follows:

<u>Restricted purpose</u>	<u>06/30/2024</u>	<u>Additions</u>	<u>Releases</u>	<u>06/30/2025</u>
Outreach	\$ 170,198	\$ 131,000	\$ 252,699	\$ 48,499
Time restrictions	103,029	41,667	129,502	15,194
Sponsored programs	0	278,721	212,023	66,698
Endowment earnings	<u>185,933</u>	<u>44,113</u>	<u>39,954</u>	<u>190,092</u>
Total	\$ <u>459,160</u>	\$ <u>495,501</u>	\$ <u>634,178</u>	\$ <u>320,483</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.

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

**NOTE 11 – ENDOWMENT FUND (continued)**

*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, 2025.

*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 asset 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.

Endowment Fund Investment’s return as of June 30, 2025 is composed as follows:

Interest and dividends	\$	19,363
Net realized and unrealized gain		<u>24,750</u>
Total investment return	\$	<u><u>44,113</u></u>

*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, 2025, the board approves a spending rate of up to 7% of a twelve-quarter moving average of the endowment portfolio’s market value. Thus, \$39,954 was appropriated for spending.

Endowment Fund investments composition as of June 30, 2025 is as follows:

	Without donor restrictions	Purpose and time restrictions	Restricted in perpetuity	Total
Endowment Fund investments	\$ <u>          -</u>	\$ <u>      190,092</u>	\$ <u>      301,814</u>	\$ <u>      491,906</u>

**NOTE 11 – ENDOWMENT FUND (continued)**

Changes in Endowment Fund investments for the fiscal year ended June 30, 2025 is as follows:

	Without donor restrictions	Purpose and time restrictions	Restricted in perpetuity	Total
June 30, 2024	\$ -	\$ 185,933	\$ 284,314	\$ 470,247
Contributions	-	-	17,500	17,500
Investment return				
Interest and dividends	-	19,363	-	19,363
Net realized and unrealized gain	-	24,750	-	24,750
Total investment return (loss)	-	44,113	-	44,113
Appropriation of earnings	-	(39,954)	-	(39,954)
June 30, 2025	\$ <u>-</u>	\$ <u>190,092</u>	\$ <u>301,814</u>	\$ <u>491,906</u>

**NOTE 12 – FUNDRAISING EVENT**

During the year ended June 30, 2025, the Organization had one fundraising event, Promise to Our Planet, on May 17, 2025. Revenue and expenses for the events were as follows:

Sponsorships	\$ 18,295
Sales of tickets, auction	21,283
Revenue	<u>39,578</u>
Rent/facility cost	1,551
Food and beverages	10,287
Entertainment	<u>794</u>
Net	<u>\$ 26,946</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 \$31,903 for the year ended June 30, 2025.

**NOTE 14 – ACCRUED VACATION**

Accrued vacation consists of accrued unpaid employee vacation benefits which are recognized as liabilities of the Organization. As of June 30, 2025, the estimated accrued vacation amounts to \$32,365, calculated from the combination of earned vacation hours and current pay rates. Sick leave benefits are accumulated for each employee. The employees do not gain a vested right to accumulate sick leave. Accumulated employee sick leave benefits are not recognized as liabilities of the Organization since payment of such benefits is not probable. Therefore, sick leave benefits are recorded as expenses in the period sick leave is taken.

**NOTE 15 – CONCENTRATION OF RISKS**

In accordance with FASB ASC 825, Financial Instruments, the Organization is required to disclose significant concentrations of credit risk arising from cash deposits and other financial instruments. The Organization maintains its cash balances in several high-quality financial institutions. Accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per depositor, per financial institution. From time to time, the Organization’s cash deposits may exceed these federally insured limits. The extent of such exposure will vary throughout the year depending on the level of cash on deposit and the timing of receipts and disbursements. The Organization monitors the credit quality of the financial institutions and has not experienced any losses in such accounts. As of June 30, 2025, the Organization held approximately \$987 in uninsured deposits.

**NOTE 16 – DEFERRED REVENUE**

As of June 30, 2025, the balance of deferred revenue is as follows:

Deferred revenue, beginning of year	\$	36,000
Increase in deferred revenue during the year		55,350
Revenue recognized during the year		<u>(90,600)</u>
Deferred revenue, end of year	\$	<u>750</u>

**NOTE 17 – REFUNDABLE ADVANCES**

As of June 30, 2025, the balance of refundable advances was as follows:

Refundable advances, beginning of year	\$	10,785
Increase in refundable advance during the year		246,943
Revenue recognized during the year		<u>(186,731)</u>
Refundable advances, end of year	\$	<u>70,997</u>

**NOTE 18 – SPONSORED PROGRAMS**

The Organization serves as a fiscal sponsor (referred to as sponsored programs) for certain charitable projects that do not have their own tax-exempt status under Section 501(c)(3) of the Internal Revenue Code. Under these arrangements, the Organization retains full legal and fiduciary responsibility for the use of the funds and activities conducted under the sponsored projects. The Organization ensures that all sponsored project expenditures align with its tax-exempt purpose and meet all regulatory and reporting requirements.

Contributions received on behalf of fiscally sponsored projects are recognized as revenue when received, in accordance with FASB ASC 958-605 (Revenue Recognition for Not-for-Profit Entities).

For the year ended June 30, 2025, the Organization received \$293,914 in contributions, recorded in the grants and contributions on the statements of activities. The Organization incurred \$501,158 expenses on behalf of its sponsored projects recorded in various expenses on the statements of functional expenses. All activities under sponsored projects are subject to the Organization’s internal controls, oversight, and reporting requirements.

**NOTE 19 – SUBSEQUENT EVENTS**

Subsequent events have been evaluated through November 21, 2025, which is the date the financial statements were available to be issued. Management concluded that no material subsequent events have occurred since June 30, 2025 that required recognition or disclosure in such financial statements.

**NOTE 19 – SUBSEQUENT EVENTS (continued)**

Subsequent to June 30, 2025, the Board of Directors approved an additional appropriation of up to \$100,000 from endowment fund earnings to support the Organization's operations. This approval exceeds the Organization's annual endowment spending policy of up to 7% of a twelve-quarter moving average of the endowment portfolio's market value. The Board determined that the appropriation was prudent and consistent with the purposes of the endowment and applicable donor restrictions. The appropriation relates solely to endowment earnings and does not include endowment principal.

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