

PACIFIC EDUCATION INSTITUTE
REVIEW OF COMPARATIVE FINANCIAL STATEMENTS
FOR THE YEARS ENDED
JUNE 30, 2021, AND 2020



Patricia L. Pich, CPA, PLLC

2413 Pacific Avenue SE
Suite C
Olympia, WA 98501

Office: 360-339-7867
Fax: 360-339-8604
Website: pichcpa.com

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Patricia L. Pich, CPA, PLLC

2413 Pacific Avenue SE Suite C, Olympia, WA, 98501



INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors and Management of
Pacific Education Institute
Olympia, Washington

We have reviewed the accompanying financial statements of Pacific Education Institute (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities and change in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of entity management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion. We are required to be independent of Pacific Education Institute and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Summarized Comparative Information

We previously reviewed *Pacific Education Institute's* 2020 financial statements and in our conclusion dated November 20, 2020, state that based on our review, we were not aware of any material modifications that should be made to the 2020 financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America. We are not aware of any material modifications that should be made to the summarized comparative information presented herein as of and for the year ended June 30, 2020, for it to be consisted with the reviewed financial statements from which it was derived.

A handwritten signature in blue ink that reads "Patricia L. Pich CPA, PLLC". The signature is fluid and cursive, with the letters "P" and "L" being particularly large and stylized.

Patricia L. Pich, CPA, PLLC
Olympia, Washington
January 12, 2022

PACIFIC EDUCATION INSTITUTE
COMPARATIVE STATEMENT OF FINANCIAL POSITION
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
<u>ASSETS</u>		
Current assets		
Cash and equivalents	\$ 684,083	\$ 485,933
Certificates of deposit	-	103,000
Grants and pledges receivable	147,339	166,135
Accounts receivable	13,006	2,537
Prepaid expense	5,743	4,765
Inventory	6,813	8,302
Total assets	<u>\$ 856,984</u>	<u>\$ 770,672</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities		
Accounts Payable	\$ 27,534	\$ 19,524
Accrued Liabilities	49,260	38,222
Current portion of conditional note payable	-	14,938
Total current liabilities	<u>76,794</u>	<u>72,684</u>
Long-term liabilities		
Conditional note payable	-	118,441
Total liabilities	<u>76,794</u>	<u>191,125</u>
Net Assets		
Without donor designation	526,128	317,540
With donor designation	254,062	262,007
Total net assets	<u>780,190</u>	<u>579,547</u>
Total liabilities and net assets	<u>\$ 856,984</u>	<u>\$ 770,672</u>

The accompanying notes are an integral part of these financial statements.
See Independent Accountant's Report

PACIFIC EDUCATION INSTITUTE
COMPARATIVE STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	Without Donor Restriction	With Donor Restriction	2021	2020
Support and Revenue				
Government support	\$ 74,963	\$ 722,508	\$ 797,471	\$ 923,848
Non-governmental grants	61,500	29,867	91,367	88,400
Conditional contributions	-	245,900	245,900	220,000
Contributions	66,021	22,157	88,178	89,142
Program income	-	47,690	47,690	37,143
Event income	-	-	-	2,955
Products/ material income	-	2,693	2,693	2,965
PPP conditional loan forgiveness	134,472	-	134,472	-
Other income	621	-	621	1,380
Interest	1,318	-	1,318	2,993
Total revenue	338,895	1,070,815	1,409,711	1,368,826
Net assets released from restrictions	1,078,760	(1,078,760)	-	-
Total support and revenue	1,417,655	(7,945)	1,409,711	1,368,826
Expenses				
Program services				
Statewide Program Delivery	777,829	-	777,829	688,667
Regional Program Delivery	195,812	-	195,812	250,293
Total program services	973,641	-	973,641	938,960
Supporting services				
Administrative	176,061	-	176,061	165,563
Fundraising	59,364	-	59,364	65,226
Total supporting services	235,426	-	235,426	230,789
Total program and supporting services	1,209,067	-	1,209,067	1,169,749
Change in net assets	208,588	(7,945)	200,644	199,077
Net assets, July 1	317,540	262,007	579,547	380,471
Net assets, June 30	\$ 526,128	\$ 254,062	\$ 780,191	\$ 579,547

The accompanying notes are an integral part of these financial statements.
See Independent Accountant's Report

PACIFIC EDUCATION INSTITUTE
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021 WITH COMPARATIVE 2020 TOTALS

	Statewide Program Delivery	Regional Program Delivery	Total Program Services	Administration	Fundraising	2021 Total	2020 Totals
Personnel costs							
Salaries	\$ 440,372	\$ 113,449	\$ 553,821	\$ 123,759	\$ 38,944	\$ 716,525	\$ 551,421
Payroll Taxes	37,516	9,988	47,504	11,116	3,401	62,021	47,881
Benefits	49,283	12,397	61,680	14,430	3,682	79,792	74,988
Total personnel costs	527,172	135,834	663,006	149,305	46,027	858,338	674,290
Consultants:							
Faculty and facilitators	92,659	7,482	100,141	-	810	100,951	154,277
Research and evaluation	7,400	-	7,400	-	-	7,400	31,185
Faculty/ facilitators expense	155	-	155	-	-	155	8,900
Program Delivery:							
Facilities and meeting expenses	3,630	259	3,889	-	-	3,889	21,531
Copies and printing	13	-	13	-	-	13	1,031
Substitutes/ educator stipends	78,085	41,590	119,675	-	-	119,675	115,651
Participants travel expenses	-	-	-	-	-	-	14,650
Professional services	24,100	6,360	30,460	8,500	8,670	47,630	42,005
Meals and travel	684	442	1,126	80	113	1,318	35,154
Rent	12,717	-	12,717	10,054	1,229	24,000	24,000
Curriculum and materials	7,826	261	8,088	-	-	8,088	8,056
Office	4,740	186	4,926	1,242	451	6,620	5,414
Conferences and trainings	247	245	492	-	-	492	4,034
Website and communications	8,270	-	8,270	794	398	9,462	4,703
Insurance	3,701	-	3,701	1,322	264	5,287	5,055
Printing and copying	2,370	400	2,770	8	372	3,150	2,845
Marketing and promotion	-	-	-	-	-	-	239
School district supplies, equipment,	-	2,400	2,400	-	-	2,400	702
Furniture and equipment	1,154	197	1,350	853	-	2,204	2,288
Meetings	-	-	-	293	-	293	2,300
Postage	1,884	155	2,039	48	212	2,300	1,918
Taxes and licenses	184	-	184	2,506	817	3,508	5,117
Special event/ recognition	50	-	50	129	-	179	2,973
General/ miscellaneous	789	-	789	42	-	831	1,223
Interest expense	-	-	-	884	-	884	208
Total expenses	\$ 777,829	\$ 195,812	\$ 973,641	\$ 176,061	\$ 59,364	\$ 1,209,067	\$ 1,169,749

The accompanying notes are an integral part of these financial statements. See Independent Accountant's Report.

PACIFIC EDUCATION INSTITUTE
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities		
Increase in net assets	\$ 200,644	\$ 199,077
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Decrease in accounts receivable	8,327	22,138
(Increase) in prepaid expenses	(978)	(218)
Decrease (increase) in materials inventory	1,489	(12)
Increase (decrease) in accounts payables	8,010	(45,583)
Increase in accrued liabilities	11,038	4,956
Total adjustments	27,886	(18,720)
Net cash provided by operating activities	228,530	180,357
Cash flows from investing activities		
Sale of certificates of deposit	103,000	140,000
Purchase of certificates of deposit	-	(103,000)
Net cash provided by investing activities	103,000	37,000
Cash flows from financing activities		
Amounts forgiven under the SBA PPP loan forgiveness	(133,379)	
Proceeds received from PPP loan	-	133,379
Net cash provided by financing activities	(133,379)	133,379
Net increase in cash	198,150	350,735
Cash, July 1	485,933	135,198
Cash, June 30	\$ 684,083	\$ 485,933

The accompanying notes are an integral part of these financial statements.
See Independent Accountant's Report

PACIFIC EDUCATION INSTITUTE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2021, AND 2020

Summary of Significant Accounting Policies

Organization and Purpose

The Pacific Education Institute (the Organization) is a statewide 501(c)(3) not-for-profit corporation, incorporated in March 2003 under the laws of the State of Washington. PEI empowers educators to advance scientific literacy by promoting equitable, outdoor, locally relevant, integrated, career connected, real world science. Approximately 56% of the Organization's funding is provided from governmental grants. Other support is provided by non-governmental grants, contributions, and program fees.

Comparative Statements

The financial statements include certain prior year summarized comparative information in total but not net asset class. Such information does not include sufficient details to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2020, from which the summarized data was derived.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Net assets without donor designations are resources available to support operations. The only limits on the use of unrestricted net assets are the board limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in the corporate documents and its application for tax-exempt status.

Functional expenses are allocated directly to the program if identified as a direct program expense. Payroll costs are being allocated based on time expended by staff on specific programs. Advertising costs are expensed as incurred.

Functional Allocation of Expenses

The cost of providing the Organization's programs and supporting services are summarized on a functional basis in the statement of activities based upon management's studies of cost attributable to the programs and support services.

PACIFIC EDUCATION INSTITUTE
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEARS ENDED JUNE 30, 2021, AND 2020

Summary of Significant Accounting Policies (continued)

Cash and Cash Equivalents and Concentration of Credit Risk

Cash and cash equivalents consist of cash in checking, savings, and money market accounts. For purposes of the statement of cash flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

The Organization maintains cash balances at Bank of America. At times during the years ended June 30, 2021, and 2020, balances on deposit at Bank of America exceeded Federal Deposit Insurance Corporation (FDIC) insured limits. The uninsured balances totaled approximately \$434,083 and \$235,933 on June 30, 2021, and 2020, respectively.

Accounts Receivables

Pledges receivables are carried at the amount of the donor's unconditional promise to give. Grants receivables are recorded when the terms of the grant agreement have been met. Accounts receivables are carried at signed contract amount or original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts on a quarterly basis. Management determines the allowance for doubtful accounts by regularly evaluating individual customer receivables and considering a customer's financial condition, credit history, and current economic conditions. Recoveries of receivables previously written off are recorded when received. Management has determined that no allowance is necessary for bad debt on June 30, 2021, and 2020.

Materials Inventory

Inventories consist of materials to be used to support the Organization's programs and is valued at the lower of cost (first-in, first-out) or market.

Fixed Assets

Expenditures for equipment with a cost greater than \$1,000 are capitalized. Depreciation is computed using a straight-line method over the estimated useful lives of the assets. The Organization currently does not have any capitalized fixed assets.

Use of Estimates

Management used estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

PACIFIC EDUCATION INSTITUTE
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEARS ENDED JUNE 30, 2021, AND 2020

Summary of Significant Accounting Policies (continued)

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Designation: Net assets available for use in general operation and not subject to donor (or certain grantor) restrictions. This could also include board designated funds for a specific purpose.

Net Assets with Donor Designation: Net assets subject to donor (or certain grantor) 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 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.

Support and Revenue Recognition

Pacific Education Institute's revenues are recognized in the year when transfers of goods and services are met per the individual sales or service contracts, support is recognized in the year it is unconditionally promised, and expenses are reported in the year incurred.

Pacific Education Institute recognizes revenue from program income services when the performance obligations of providing the service are met. Products and materials revenue are recognized at the time of sale. All goods and services are transferred at a point in time.

Contributions that are restricted by the donor are reported as increases in net assets without donor designation if the restrictions expire (that is, when stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor restricted contributions are reported as increases in donor designated net assets, depending on the nature of the restrictions. When a restriction expires, donor designated net assets are reclassified to without donor designation net assets and reported in the statement of activities as net assets released from restrictions.

Grant and contract revenue is recognized at the time the Organization has performed the services and obligations and has right of claim. Expenses are recognized when a liability for goods or services arises regardless of time of payment.

PACIFIC EDUCATION INSTITUTE
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEARS ENDED JUNE 30, 2021, AND 2020

Summary of Significant Accounting Policies (continued)

Federal Income Taxes

Pacific Education Institute is exempt from Federal income taxes under section 501 (c) (3) of the Internal Revenue Code and is not a private foundation. Any unrelated business income would be subject to income tax. There was no unrelated business income for 2021 and 2020. Therefore, no provision for income taxes is included in the financial statements. All tax filings are current.

Form 990, filed by the Organization, is subject to examinations by the Internal Revenue Service up to three years from the extended due date of each return. Generally, the Organization is no longer subject to income tax examinations by the U.S. federal, state, and local tax authorities for years before 2018.

Reclassification

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform to the presentation in the current-year financial statements.

Subsequent Events

Management has evaluated subsequent events through January 12, 2022, the date that the financial statements were available to be issued. No significant events have been identified that would require adjustment of or disclosure in the accompanying financial statements.

COVID-19

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a “Public Health Emergency of International Concern” and on March 11, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas, and forced closures public places and businesses. The coronavirus and actions taken to mitigate the spread of it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which the Foundation operates. On March 27, 2020, the Coronavirus Aid, Relief, and Economics Security Act (CARES Act) was enacted to amongst other provisions, provide emergency assistance for individuals, families, and businesses affected by the coronavirus pandemic. It is unknown how long the adverse conditions associated with the coronavirus will last and what the complete financial effect will be to the Foundation. Additionally, it is reasonably possible that estimates made in the financial statements have been, or will be, impacted in the near term as a result of these conditions.

PACIFIC EDUCATION INSTITUTE
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEARS ENDED JUNE 30, 2021, AND 2020

Summary of Significant Accounting Policies (continued)

COVID-19 Impact

COVID-19 has impacted PEI by creating uncertainty with annual sponsor giving. This primarily affects our unrestricted funding levels, a critical component of our revenue as most of our funding is linked to deliverables. PEI's entire staff works from home for 75% or more of the time. This has increased expenses associated with equipment and technology support. Staff turnover has been high and at least two positions are attributed to conditions related to the COVID pandemic. Finally, our long-term savings plan has changed as interest rates are currently low.

Special Borrowing Arrangement

As a result of the COVID-19 pandemic, the Organization obtained a Paycheck Protection Program loan (PPP loan) under the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") in May 2020 for approximately \$133,379 with an annual interest rate of 1% annually to help ongoing operations and reduce potential employee layoffs. Principal and interest payments were deferred for 10 months from the funding date. Pacific Education Institute applied for forgiveness from the SBA and the request was completely forgiven on March 1, 2021, as all conditions with the loan to be forgiven were met. As a result, the loan's debt balance including all accrued interest was reclassified as conditional loan forgiveness income as of June 30, 2021.

Concentration of Risk

The Organization receives a substantial amount of its revenue through government grants or contracts. If a significant reduction in these contracted services should occur this may have a significant effect on the Organization's programs and activities.

Liquidity and Availability

Financial assets available for general expenditure, which is without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following.

Cash and cash equivalents	\$ 684,083
Less restricted cash	(254,062)
Accounts receivable	160,355
Prepaid expenses	5,743
Inventory	6,813
Accounts payable	(27,534)
Accrued liabilities	<u>(49,260)</u>
Total	<u>\$ 526,138</u>

PACIFIC EDUCATION INSTITUTE
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEARS ENDED JUNE 30, 2021, AND 2020

Liquidity and Availability (continued)

The Organization's liquidity of cash and cash equivalents were reduced by \$254,062 due to the nature of the cash designated for a purpose by the donor which has not yet been satisfied.

The Organization's Board has designated net assets to sustain operations and promote growth in the event of cash flow delays. The Board has elected to invest these funds in the certificates of deposit and /or money market funds which are included on the accompanying balance sheets, consistent with the Organization's investment policy. As of June 30, 2021, and 2020, the balance of Board designated net assets was \$316,920 and \$316,920, respectively.

Related Parties

The Organization was founded through the leadership of individuals involved in the Washington Forest Protection Association (the Association). The Organization values the Association as one of its partners, along with state agencies, school districts, and other organizations, working toward achieving mutual educational goals. The Organization's by-laws state that the board composition consists of the Executive Director of the Association participating in an ex officio director position. Pacific Education Institute has a month-to-month lease from the Association for rental of space for its administrative and work program spaces. It is the opinion of the Management that the lease's terms are not less favorable than could be obtained if the property were leased from an unrelated party. The lease expense for the years ended June 30, 2021, and 2020 was \$24,000 and \$24,000, respectively.

Major Funding

The Organization was awarded \$1,000,000 contract renewal in state funding through the Office of Superintendent of Public Instruction (OSPI) for the period December 2019 through June 2021. This funding is intended to continue to scale-up the Organization program activities, specifically, implementing FieldSTEM learning across K-12 statewide. It is the Organization's intent to secure this funding on an ongoing basis. Support from OSPI represented 53 percent and 54 percent of total revenues for the years ended June 30, 2021, and 2020, respectively, and 91 percent and 62 percent of accounts receivable on June 30, 2021, and 2020, respectively.

PACIFIC EDUCATION INSTITUTE
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEARS ENDED JUNE 30, 2021, AND 2020

Revenue Recognition

We have analyzed the provisions of the FASB's ASC Topic 606, *Revenue from Contracts with Customers*, and have concluded that no changes are necessary to conform with the new standard. The Organization's fees for services contracts contain a single delivery element and revenue is recognized at a single point in time when services are rendered, and the related expenses have occurred.

The Organization provides workshop services to educators. Service contract revenue is recognized when workshop services are performed and recorded monthly or when all obligations of the service contract are completed.

<u>Revenue by Type</u>	<u>2021</u>	<u>2020</u>
Program fees for services, contracts	<u>\$ 47,690</u>	<u>\$ 37,143</u>
Total	<u>\$ 47,690</u>	<u>\$ 37,143</u>

Fees for services contracts in accounts receivable for the years ended June 30, 2021, and 2020 was \$8,091 and \$2,538, respectively.

Government grant contracts have obligations directly correlated to specific expenses and are reimbursable in nature. These grants are non-exchange transactions that directly affects third parties who are beneficiaries with eligibility criteria. As a result, the government grant contracts follow FASB ASC 958-605.

Fair Value Measurement

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

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

PACIFIC EDUCATION INSTITUTE
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEARS ENDED JUNE 30, 2021, AND 2020

Fair Value Measurement (continued)

Level 2: Inputs to valuation methodology include:

- a) Quoted prices for similar assets or liabilities in active markets.
- b) Quoted prices for identical or similar assets or liabilities in inactive markets.
- c) Inputs other than quoted prices that is observable for the asset or liability.
- d) Inputs that are principally from or corroborated by observable market data by correlation or other means

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The following methods and assumptions were used by Pacific Education Institute in estimating its fair value disclosures for financial instruments:

Cash and cash equivalents: The carrying amounts in the statement of financial position approximate fair value because of the short maturities of those instruments and the fact that any interest has been accrued.

Accounts receivable: The value shown on the statement of financial position approximates fair value because of the collection and payment history of Pacific Education Institute's funding sources.

Inventory: The value of inventory is stated at lower of cost or market.

Accounts payable: The value shown on the statement of financial position approximates fair value because the payables are current and will be paid in the short-term.

Accrued liabilities: The value of the accrued liabilities is estimated at year end on the observable inputs of vacation balances and hourly wage rates, and interest rates calculated based on the annual interest rate of the loan on June 30, 2020.

PPP loan payable: The value shown on the statement of financial position, current and long-term portions, are stated at the principal balances according to the amortization of the loan.

Since there is no difference between the carrying value on the statement of financial position and fair value, refer to that statement for fair value. The amounts are measured on a recurring basis.

PACIFIC EDUCATION INSTITUTE
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEARS ENDED JUNE 30, 2021, AND 2020

Fair Value Measurement (continued)

The Organization has determined the fair value of certain assets and liabilities.

Fair value measured on a reoccurring basis on June 30 is as follows:

	Year Ended June 30, 2021			
	Quoted Market Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	Total
Cash & cash equivalents	\$ 684,083	\$ -	\$ -	\$ 684,083
Accounts Receivable	160,345	-	-	160,345
Inventory	6,813	-	-	6,813
Prepaid expense	5,743	-	-	5,743
Accounts payable	65,108	-	-	65,108
Accrued liabilities	-	49,260	-	49,260
	<u>\$ 922,092</u>	<u>\$ 49,260</u>	<u>\$ -</u>	<u>\$ 971,352</u>

	Year Ended June 30, 2020			
	Quoted Market Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	Total
Cash & cash equivalents	\$ 485,933	\$ -	\$ -	\$ 485,933
Certificates of deposit	103,000	-	-	103,000
Accounts Receivable	168,673	-	-	168,673
Inventory	8,302	-	-	8,302
Prepaid expense	4,765	-	-	4,765
Accounts payable	19,523	-	-	19,523
Accrued liabilities	-	38,222	-	38,222
PPP loan	133,379	-	-	133,379
	<u>\$ 923,575</u>	<u>\$ 38,222</u>	<u>\$ -</u>	<u>\$ 961,797</u>

PACIFIC EDUCATION INSTITUTE
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEARS ENDED JUNE 30, 2021, AND 2020

Cash, Cash Equivalents, Restricted Cash, and Restricted Cash Equivalents

For purposes of the statement of financial position and the statement of cash flows, cash and cash equivalents consist of cash and other highly liquid resources, such as investments in certificates of deposit and money market funds, with an original maturity of three months or less when purchased. Assets reserved for Preservice Program and Professional Development, and Regional Program Delivery on the statements of financial position include restricted cash received with restrictions imposed by donors (but not yet spent) for these programs. The following table provides a reconciliation of cash, cash equivalents, restricted cash, and restricted cash equivalents reported within the statements of financial position that sum to the totals of the same such amounts in the statements of cash flows at June 30, 2021, and 2020.

	<u>2021</u>	<u>2020</u>
Cash	\$ 430,021	\$ 223,926
Restricted cash included in assets		
Reserved for preservice program and professional development	7,369	7,674
Reserved for regional program delivery	<u>246,693</u>	<u>254,333</u>
Total cash	<u>\$ 684,083</u>	<u>\$ 485,933</u>

Investments

Investments consist of certificates of deposits, are stated at fair value based on cost and quoted prices in active markets (level 1 measurement), are summarized as follows, on June 30, 2021, and 2020.

	<u>2021</u>	<u>2020</u>
Certificates of deposits held at Morgan Stanley		
Issued March 27, 2020, and matures on March 27, 2021, with a 1.25% coupon rate	\$ -	\$ 103,000
Total short-term investments	<u>\$ -</u>	<u>\$ 103,000</u>

Interest earned on the certificates of deposits are recognized monthly and presented as cash and cash equivalents. Interest recognized for the years ended June 30, 2021, and 2020 was \$1,318 and \$2,974, respectively.

PACIFIC EDUCATION INSTITUTE
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEARS ENDED JUNE 30, 2021, AND 2020

Pledges Receivable

The pledges receivable consists of an operating fund-raising campaign. On June 30, 2021, all pledge receivables are expected to be collected during the next year. Management has determined that the pledge receivables are fully collectible; therefore, no allowance for uncollectible accounts is considered necessary and the promises to give are valued at the promised amount on June 30, 2021. The balance of pledges receivable on June 30, 2021, and 2020 was \$635 and \$665, respectively.

Accrued Liabilities

Accrued liabilities consist of the following on June 30, 2021, and 2020:

	<u>2021</u>	<u>2020</u>
Accrued compensated absences	\$ 49,166	\$ 37,972
Accrued sales and use tax	94	42
Accrued loan interest	<u>-</u>	<u>208</u>
Total accrued liabilities	<u>\$ 49,260</u>	<u>\$ 38,222</u>

Net Assets Without Donor Designation

Net assets without donor designations in amount of \$526,128 include board designated operating reserves of \$316,920.

The Organization's governing Board has directed that certain unrestricted net assets be further classified as either designated or undesignated. The Organization's Board has designated net assets to sustain operations and promote growth in the event of cash flow delays. The Board has elected to invest these funds in the certificates of deposit and /or money market funds which are included on the accompanying statement of activities, consistent with the Organization's investment policy. The Board designated operating reserves at years ending June 30, 2021, and 2020 were \$316,920 and \$316,920, respectively.

PACIFIC EDUCATION INSTITUTE
NOTES TO FINANCIAL STATEMENTS (continued)
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Net Assets with Donor Designations

Net assets with donor designations are designated for the following purposes or periods as of June 30:

	<u>2021</u>	<u>2020</u>
Subject to expenditure for specified purpose:		
Preservice program/professional development	\$ 7,369	\$ 7,674
Regional program delivery	<u>246,693</u>	<u>254,333</u>
 Total donor designated net assets	 <u>\$ 254,062</u>	 <u>\$ 262,007</u>

Fund-Raising Expense

Total fund-raising expenses for the years ended June 30, 2021, and 2020 was \$59,364 and \$65,226, or 67% and 71% of contributions and event revenues, respectively. The ratio of expenses to amounts raised is computed using actual expenses and related contributions on an accrual basis.

Supplemental Cash Flow Information

Interest expense recognized in the period	<u>\$ 884</u>
Noncash financing activities:	
SBA forgiveness of the CARES Act PPP loan recognized as revenue in the current period under debt extinguishment	<u>\$ 134,472</u>

Retirement Plan

The Organization has a Simple IRA plan for employees. The Organization provides a dollar-for-dollar matching contribution of 3% based on eligible compensation. During the year ended June 30, 2021, and 2020, the Organization recognized a retirement expense totaling \$16,266 and \$10,491, respectively.