

PACIFIC EDUCATION INSTITUTE  
REVIEW OF COMPARATIVE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED  
JUNE 30, 2023, AND 2022



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## 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, 2023, 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** 2022 financial statements and in our conclusion dated February 15, 2023, state that based on our review, we were not aware of any material modifications that should be made to the 2022 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, 2022, for it to be consistent with the reviewed financial statements from which it was derived.



Patricia L. Pich, CPA, PLLC  
Olympia, Washington  
November 30, 2023

PACIFIC EDUCATION INSTITUTE  
COMPARATIVE STATEMENT OF FINANCIAL POSITION  
FOR THE YEARS ENDED JUNE 30, 2023, AND 2022

	<u>2023</u>	<u>2022</u>
<u>ASSETS</u>		
Current assets		
Cash and equivalents	\$ 495,026	\$ 543,239
Certificates of deposit	508,443	150,296
Grants and pledges receivable	89,517	440,239
Accounts receivable	301,823	88,462
Prepaid expense	7,442	6,507
Inventory	9,081	9,704
Total assets	\$ 1,411,332	\$ 1,238,447
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities		
Accounts payable	\$ 21,582	\$ 26,107
Accrued liabilities	63,970	56,002
Total current liabilities	85,552	82,109
Net assets		
Without donor designation	1,206,030	826,710
With donor designation	119,750	329,628
Total net assets	1,325,780	1,156,338
Total liabilities and net assets	\$ 1,411,332	\$ 1,238,447

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, 2023, AND 2022

	Without Donor Restriction	With Donor Restriction	2023	2022
Support and revenue				
Government support	\$ 215,260	\$ 1,152,796	\$ 1,368,056	\$ 1,233,276
Non-governmental grants	51,700	173,389	225,089	151,989
Conditional contributions	-	-	-	220,000
Contributions	57,328	112,513	169,841	161,682
Program income	-	294,540	294,540	49,952
Event income	6,050	-	6,050	3,025
Products/material income	11,073	-	11,073	2,925
Other income	1,215	-	1,215	41,400
Interest	2,951	-	2,951	338
Total revenue	<u>345,577</u>	<u>1,733,238</u>	<u>2,078,815</u>	<u>1,864,587</u>
Net assets released from restrictions	<u>1,943,117</u>	<u>(1,943,117)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>2,288,694</u>	<u>(209,879)</u>	<u>2,078,815</u>	<u>1,864,587</u>
Expenses				
Program services				
Statewide program delivery	1,463,297	-	1,463,297	1,066,110
Regional program delivery	201,412	-	201,412	186,224
Total program services	<u>1,664,709</u>	<u>-</u>	<u>1,664,709</u>	<u>1,252,334</u>
Supporting services				
Administrative	198,978	-	198,978	177,881
Fundraising	45,686	-	45,686	58,226
Total supporting services	<u>244,664</u>	<u>-</u>	<u>244,664</u>	<u>236,107</u>
Total program and supporting services	<u>1,909,373</u>	<u>-</u>	<u>1,909,373</u>	<u>1,488,441</u>
Change in net assets	379,321	(209,879)	169,442	376,146
Net assets, July 1	<u>826,709</u>	<u>329,629</u>	<u>1,156,338</u>	<u>780,192</u>
Net assets, June 30	<u>\$ 1,206,030</u>	<u>\$ 119,750</u>	<u>\$ 1,325,780</u>	<u>\$ 1,156,338</u>

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, 2023 WITH COMPARATIVE 2022 TOTALS

	Statewide Program Delivery	Regional Program Delivery	Total Program Services	Administration	Fundraising	2023 Total	2022 Totals
Personnel costs	\$ 914,833	\$ 41,513	\$ 956,346	\$ 106,697	\$ 22,191	\$ 1,085,234	\$ 807,790
Salaries	82,192	3,750	85,942	9,454	1,962	97,358	71,788
Payroll taxes	86,428	2,927	89,355	14,074	1,307	104,736	75,883
Benefits	1,083,453	48,190	1,131,643	130,225	25,460	1,287,328	955,461
Total personnel costs	57,329	91,832	149,161	1,848	180	151,189	63,409
Consultants:	10,000	-	10,000	-	-	10,000	10,000
Faculty and facilitators	1,241	-	1,241	-	-	1,241	177
Research and evaluation	6,543	2,507	9,050	-	-	9,050	5,911
Faculty/facilitators expense	337	453	790	-	-	790	280
Program Delivery:	58,468	43,163	101,631	-	-	101,631	47,505
Facilities and meeting expenses	2,750	-	2,750	-	115	2,865	-
Copies and printing	24,000	-	24,000	8,775	6,000	38,775	42,070
Substitutes/educator stipends	37,896	9,812	47,708	2,131	249	50,088	12,688
Participants travel expenses	14,247	-	14,247	2,255	7,498	24,000	24,000
Professional services	10,117	1,547	11,664	-	-	11,664	9,718
Meals and travel	7,907	421	8,328	3,127	496	11,951	8,830
Rent	12,178	1,330	13,508	519	358	14,385	3,979
Curriculum and materials	12,668	50	12,718	1,214	339	14,271	10,008
Office	5,028	223	5,251	1,796	359	7,406	6,334
Conferences and trainings	495	-	495	420	2	917	1,468
Website and communications	1,227	30	1,257	337	-	1,594	163
Insurance	109,613	1,147	110,760	-	-	110,760	271,044
Printing and copying	3,828	232	4,060	-	635	4,695	3,697
Marketing and promotion	140	-	140	407	258	805	332
School district supplies and equipment	876	185	1,061	451	97	1,609	1,188
Furniture and equipment	2,302	25	2,327	3,138	770	6,235	7,331
Meetings	-	-	-	1,060	2,795	3,855	1,529
Postage	654	265	919	75	75	1,069	1,319
Taxes and licenses	-	-	-	41,200	-	41,200	-
Special event/recognition	-	-	-	-	-	-	-
General/miscellaneous	-	-	-	-	-	-	-
Pass through scholarship fund	\$ 1,463,297	\$ 201,412	\$ 1,664,709	\$ 198,978	\$ 45,686	\$ 1,909,373	\$ 1,488,441
Total expenses							

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, 2023, AND 2022

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities		
Increase in net assets	\$ <u>169,442</u>	\$ <u>376,146</u>
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Decrease (increase) in accounts receivable	137,360	(368,355)
(Increase) in prepaid expenses	(935)	(764)
Decrease (increase) in materials inventory	623	(2,891)
(Decrease) in accounts payables	(4,525)	(1,426)
Increase in accrued liabilities	<u>7,968</u>	<u>6,742</u>
Total adjustments	<u>140,491</u>	<u>(366,694)</u>
Net cash provided by operating activities	<u>309,933</u>	<u>9,452</u>
Cash flows from investing activities		
Purchase of certificates of deposit	(658,146)	(150,296)
Redemption of certificates of deposit	<u>300,000</u>	<u>-</u>
Net cash provided by investing activities	<u>(358,146)</u>	<u>(150,296)</u>
Cash flows from financing activities		
Net cash provided by financing activities	<u>-</u>	<u>-</u>
Net (decrease) increase in cash	(48,213)	(140,844)
Cash, July 1	<u>543,239</u>	<u>684,083</u>
Cash, June 30	<u>\$ <u>495,026</u></u>	<u>\$ <u>543,239</u></u>

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, 2023, AND 2022

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. The Organization empowers educators to advance scientific literacy by promoting equitable, outdoor, locally relevant, integrated, career connected, real world science. Approximately 64% 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, 2022, 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, 2023, AND 2022

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, Morgan Stanley, and TwinStar Credit Union. At times during the year ended June 30, 2022, balances on deposit at Bank of America exceeded Federal Deposit Insurance Corporation (FDIC) insured limits. The uninsured balances totaled approximately \$293,128 on June 30, 2022. No uninsured balances in cash accounts on June 30, 2023.

**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, 2023, and 2022.

**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, 2023, AND 2022

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**

The Organization'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.

The Organization 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, 2023, AND 2022

Summary of Significant Accounting Policies (continued)

**Federal Income Taxes**

The Organization 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 2023 and 2022. 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 2019.

**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 November 30, 2023, 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 Organization 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 Organization. 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, 2023, AND 2022

Summary of Significant Accounting Policies (continued)

**COVID-19 Impact**

COVID-19 has impacted the Organization 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. The Organization's entire staff works from home for 75% or more of the time. This has increased expenses associated with equipment and technology support.

**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	\$ 495,026
Less restricted cash	(119,750)
Certificate of deposits	508,443
Accounts receivable	391,340
Prepaid expenses	7,442
Accounts payable	(21,582)
Accrued liabilities	<u>(63,970)</u>
 Total	 <u>\$ 1,196,949</u>

Organization's liquidity of cash and cash equivalents were reduced by \$119,750 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, 2023, and 2022, the balance of Board designated net assets was \$480,000 and \$480,000, respectively.

PACIFIC EDUCATION INSTITUTE  
NOTES TO FINANCIAL STATEMENTS (continued)  
FOR THE YEARS ENDED JUNE 30, 2023, AND 2022

**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, 2023, and 2022 was \$24,000 and \$24,000, respectively.

**Major Funding**

The Organization was awarded a \$705,000 annual contract renewal in state funding through the Office of Superintendent of Public Instruction (OSPI) for the period December 2021 through June 2023 for FieldSTEM implementation. 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. OSPI also awarded an Environmental Literacy Grant contract in the amount of \$150,000 in fiscal year 2023. Support from OSPI represented 41 percent and 64 percent of total revenues for the years ended June 30, 2023, and 2022, respectively, and 44 percent and 83 percent of accounts receivable on June 30, 2023, and 2022, respectively.

PACIFIC EDUCATION INSTITUTE  
NOTES TO FINANCIAL STATEMENTS (continued)  
FOR THE YEARS ENDED JUNE 30, 2023, AND 2022

**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>2023</u>	<u>2022</u>
Program fees for services, contracts	\$ 294,541	\$ 49,952
Total	<u>\$ 294,541</u>	<u>\$ 49,952</u>

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 the Organization has the ability to access.

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

PACIFIC EDUCATION INSTITUTE  
NOTES TO FINANCIAL STATEMENTS (continued)  
FOR THE YEARS ENDED JUNE 30, 2023, AND 2022

**Fair Value Measurement (continued)**

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

The following methods and assumptions were used by the Organization 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 the Organization'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.

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, 2023, AND 2022

**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, 2023			<u>Total</u>
	Quoted	Other	Unobservable	
	Market Prices			
	in Active Markets <u>(Level 1)</u>	Inputs <u>(Level 2)</u>	Inputs <u>(Level 3)</u>	
Cash and cash equivalents	\$ 495,026	\$ -	\$ -	\$ 495,026
Certificates of deposit	508,443	-	-	508,443
Accounts receivable	301,823	-	-	301,823
Inventory	9,081	-	-	9,081
Prepaid expense	7,442	-	-	7,442
Accounts payable	21,582	-	-	21,582
Accrued liabilities	-	63,970	-	63,970
	<u>\$ 1,343,397</u>	<u>\$ 63,970</u>	<u>\$ -</u>	<u>\$ 1,407,367</u>

	Year Ended June 30, 2022			<u>Total</u>
	Quoted	Other	Unobservable	
	Market Prices			
	in Active Markets <u>(Level 1)</u>	Inputs <u>(Level 2)</u>	Inputs <u>(Level 3)</u>	
Cash and cash equivalents	\$ 543,239	\$ -	\$ -	\$ 543,239
Certificates of deposit	150,296	-	-	150,296
Accounts receivable	88,462	-	-	88,462
Inventory	9,704	-	-	9,704
Prepaid expense	6,507	-	-	6,507
Accounts payable	26,109	-	-	26,109
Accrued liabilities	-	56,002	-	56,002
	<u>\$ 824,317</u>	<u>\$ 56,002</u>	<u>\$ -</u>	<u>\$ 880,319</u>

PACIFIC EDUCATION INSTITUTE  
NOTES TO FINANCIAL STATEMENTS (continued)  
FOR THE YEARS ENDED JUNE 30, 2023, AND 2022

**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, 2023, and 2022.

	<u>2023</u>	<u>2022</u>
Cash	\$ 375,276	\$ 213,611
Restricted cash included in assets		
Reserved for regional program delivery	119,750	288,228
Scholarship funds	<u>          -</u>	<u>    41,400</u>
 Total cash	 <u>\$ 495,026</u>	 <u>\$ 543,239</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, 2023, and 2022.

Short-term investments include certificates of deposits held at Twin Star Credit Union and Morgan Stanley:

	<u>2023</u>	<u>2022</u>
MSSB, CD issued March 3, 2023, and matures on May 3, 2024, with a 5.00% interest rate	\$ 100,000	\$ -
MSSB, CD issued March 9, 2023, and matures on September 9, 2024, with a 5.00% interest rate	150,000	-
MSSB, CD issued March 9, 2023, and matures on March 8, 2024, with a 5.10% interest rate	107,000	-
TSCU, CD issued November 3, 2022, and matures on November 3, 2023, with a 1.00% interest rate	<u>151,443</u>	<u>150,296</u>
 Total short-term investments	 <u>\$ 508,443</u>	 <u>\$ 150,296</u>

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**Investments (continued)**

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, 2023, and 2022 was \$2,951 and \$337, respectively.

**Pledges Receivable**

The pledges receivable consists of an operating fund-raising campaign. On June 30, 2023, 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, 2023. The balance of pledges receivable on June 30, 2023, and 2022 was \$9,721 and \$635, respectively.

**Accrued Liabilities**

Accrued liabilities consist of the following on June 30, 2023, and 2022:

	<u>2023</u>	<u>2022</u>
Accrued compensated absences	\$ 62,728	\$ 55,899
Accrued sales and use tax	<u>1,242</u>	<u>103</u>
Total accrued liabilities	<u>\$ 63,970</u>	<u>\$ 56,002</u>

**Net Assets Without Donor Designation**

Net assets without donor designations in amount of \$1,206,030 include board designated operating reserves of \$480,000.

The Organization's governing Board has directed that certain unrestricted net assets be further classified as either designated or undesignated.

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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>2023</u>	<u>2022</u>
Subject to expenditure for specified purpose:		
Regional program delivery	\$ 119,750	\$ 288,228
Scholarship funds	<u>          -</u>	<u>    41,400</u>
Total donor designated net assets	<u>\$ 119,750</u>	<u>\$ 329,628</u>

**Fund-Raising Expense**

Total fund-raising expenses for the years ended June 30, 2023, and 2022 was \$45,686 and \$58,226, 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.

**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.