

PACIFIC EDUCATION INSTITUTE
REVIEW OF COMPARATIVE FINANCIAL STATEMENTS
FOR THE YEARS ENDED
JUNE 30, 2022, AND 2021



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CONTENTS

	<u>Page</u>
Independent Accountant's Review Report	1-2
Financial Statements	
Financial Position	3
Activities and Change in Net Assets	4
Functional Expenses	5
Cash Flows	6
Notes to Financial Statements	7-18

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, 2022, 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* 2021 financial statements and in our conclusion dated January 12, 2022, state that based on our review, we were not aware of any material modifications that should be made to the 2021 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, 2021, for it to be consisted with the reviewed financial statements from which it was derived.



Patricia L. Pich, CPA, PLLC
Olympia, Washington
February 15, 2023

PACIFIC EDUCATION INSTITUTE
COMPARATIVE STATEMENT OF FINANCIAL POSITION
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
<u>ASSETS</u>		
Current assets		
Cash and equivalents	\$ 543,239	\$ 684,083
Certificates of deposit	150,296	-
Grants and pledges receivable	440,238	147,339
Accounts receivable	88,462	13,006
Prepaid expense	6,507	5,743
Inventory	<u>9,704</u>	<u>6,813</u>
Total assets	<u>\$ 1,238,447</u>	<u>\$ 856,984</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities		
Accounts Payable	\$ 26,109	\$ 27,533
Accrued Liabilities	<u>56,002</u>	<u>49,260</u>
Total current liabilities	<u>82,111</u>	<u>76,793</u>
Net Assets		
Without donor designation	826,709	526,129
With donor designation	<u>329,628</u>	<u>254,062</u>
Total net assets	<u>1,156,337</u>	<u>780,191</u>
Total liabilities and net assets	<u>\$ 1,238,447</u>	<u>\$ 856,984</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, 2022 AND 2021

	Without Donor Restriction	With Donor Restriction	2022	2021
Support and Revenue				
Government support	\$ 207,282	\$ 1,025,994	\$ 1,233,276	\$ 797,471
Non-governmental grants	59,395	92,594	151,989	91,367
Conditional contributions	-	220,000	220,000	245,900
Contributions	70,682	91,000	161,682	88,178
Program income	-	49,952	49,952	47,690
Event income	3,025	-	3,025	-
Products/ material income	-	2,925	2,925	2,693
PPP conditional loan forgiveness	-	-	-	134,472
Other income	-	41,400	41,400	621
Interest	337	-	337	1,318
Total revenue	<u>340,721</u>	<u>1,523,865</u>	<u>1,864,586</u>	<u>1,409,710</u>
Net assets released from restrictions	<u>1,448,299</u>	<u>(1,448,299)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>1,789,020</u>	<u>75,566</u>	<u>1,864,586</u>	<u>1,409,710</u>
Expenses				
Program services				
Statewide Program Delivery	1,066,110	-	1,066,110	777,829
Regional Program Delivery	186,224	-	186,224	195,812
Total program services	<u>1,252,334</u>	<u>-</u>	<u>1,252,334</u>	<u>973,641</u>
Supporting services				
Administrative	177,881	-	177,881	176,061
Fundraising	58,226	-	58,226	59,364
Total supporting services	<u>236,107</u>	<u>-</u>	<u>236,107</u>	<u>235,425</u>
Total program and supporting services	<u>1,488,441</u>	<u>-</u>	<u>1,488,441</u>	<u>1,209,066</u>
Change in net assets	300,580	75,566	376,146	200,644
Net assets, July 1	<u>526,129</u>	<u>254,062</u>	<u>780,191</u>	<u>579,547</u>
Net assets, June 30	<u>\$ 826,709</u>	<u>\$ 329,628</u>	<u>\$ 1,156,336</u>	<u>\$ 780,191</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, 2022 WITH COMPARATIVE 2021 TOTALS

	Statewide Program Delivery	Regional Program Delivery	Total Program Services	Administration	Fundraising	2022 Total	2021 Totals
Personnel costs	\$ 549,496	\$ 100,045	\$ 649,541	\$ 123,094	\$ 35,154	\$ 807,790	\$ 716,525
Salaries	48,945	8,894	57,838	10,818	3,132	71,788	62,021
Payroll Taxes	46,947	8,434	55,380	14,999	5,503	75,883	79,792
Benefits	645,388	117,373	762,760	148,911	43,789	955,461	858,338
Total personnel costs							
Consultants:							
Faculty and facilitators	37,035	26,374	63,409	-	-	63,409	100,951
Research and evaluation	10,000	-	10,000	-	-	10,000	7,400
Faculty/ facilitators expense	177	-	177	-	-	177	155
Program Delivery:							
Facilities and meeting expenses	5,364	547	5,911	-	-	5,911	3,889
Copies and printing	56	225	280	-	-	280	13
Substitutes/ educator stipends	19,425	28,080	47,505	-	-	47,505	119,675
Professional services	23,405	500	23,905	8,500	9,665	42,070	47,630
Meals and travel	5,797	6,553	12,349	224	115	12,688	1,318
Rent	11,446	-	11,446	10,911	1,643	24,000	24,000
Curriculum and materials	6,257	3,462	9,718	-	-	9,718	8,088
Office	6,386	126	6,512	2,017	301	8,830	6,620
Conferences and trainings	3,850	100	3,950	28	-	3,978	492
Website and communications	8,956	-	8,956	744	308	10,008	9,462
Insurance	4,434	-	4,434	1,584	317	6,334	5,287
Printing and copying	1,024	-	1,024	58	385	1,468	3,150
Marketing and promotion	118	-	118	45	-	163	-
School district supplies, equipment,	268,544	2,500	271,044	-	-	271,044	2,400
Furniture and equipment	2,768	153	2,920	777	-	3,697	2,204
Meetings	36	-	36	296	-	332	293
Postage	545	198	743	76	369	1,187	2,300
Taxes and licenses	3,674	-	3,674	3,031	626	7,331	3,508
Special event/ recognition	142	-	142	679	708	1,529	179
General/ miscellaneous	1,284	35	1,319	-	-	1,319	830
Interest expense	-	-	-	-	-	-	884
Total expenses	\$ 1,066,110	\$ 186,224	\$ 1,252,334	\$ 177,881	\$ 58,226	\$ 1,488,441	\$ 1,209,066

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, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities		
Increase in net assets	\$ 376,146	\$ 200,644
Adjustments to reconcile change in net assets to net cash provided by operating activities		
(Increase) decrease in accounts receivable	(368,355)	8,327
(Increase) in prepaid expenses	(764)	(978)
(Increase) decrease in materials inventory	(2,891)	1,489
(Decrease) increase in accounts payables	(1,425)	8,010
Increase in accrued liabilities	6,743	11,038
Total adjustments	<u>(366,693)</u>	<u>27,886</u>
Net cash provided by operating activities	<u>9,453</u>	<u>228,530</u>
Cash flows from investing activities		
Purchase of certificates of deposit	(150,296)	-
Redemption of certificates of deposit	<u>-</u>	<u>103,000</u>
Net cash provided by investing activities	<u>(150,296)</u>	<u>103,000</u>
Cash flows from financing activities		
Amounts forgiven under the SBA PPP loan forgiveness	<u>-</u>	<u>(133,379)</u>
Net cash provided by financing activities	<u>-</u>	<u>(133,379)</u>
Net (decrease) increase in cash	(140,844)	198,150
Cash, July 1	<u>684,083</u>	<u>485,933</u>
Cash, June 30	<u>\$ 543,240</u>	<u>\$ 684,083</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, 2022, AND 2021

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 66% 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, 2021, 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, 2022, AND 2021

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, 2022, and 2021, balances on deposit at Bank of America exceeded Federal Deposit Insurance Corporation (FDIC) insured limits. The uninsured balances totaled approximately \$293,128 and \$434,083 on June 30, 2022, and 2021, 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, 2022, and 2021.

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, 2022, AND 2021

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, 2022, AND 2021

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 2022 and 2021. 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 February 15, 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 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, 2022, AND 2021

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	\$ 543,239
Less restricted cash	(329,628)
Accounts receivable	88,462
Prepaid expenses	6,507
Inventory	9,704
Accounts payable	(26,109)
Accrued liabilities	<u>(56,002)</u>
Total	<u>\$ 236,173</u>

PACIFIC EDUCATION INSTITUTE
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEARS ENDED JUNE 30, 2022, AND 2021

Liquidity and Availability (continued)

Organization's liquidity of cash and cash equivalents were reduced by \$329,628 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, 2022, and 2021, the balance of Board designated net assets was \$480,000 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, 2022, and 2021 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 \$321,883 and ClimeTime funding of \$139,574 in fiscal year 2022. Support from OSPI represented 64 percent and 53 percent of total revenues for the years ended June 30, 2022, and 2021, respectively, and 83 percent and 91 percent of accounts receivable on June 30, 2022, and 2021, respectively.

PACIFIC EDUCATION INSTITUTE
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEARS ENDED JUNE 30, 2022, AND 2021

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>2022</u>	<u>2021</u>
Program fees for services, contracts	\$ 49,952	\$ 47,690
Total	<u>\$ 49,952</u>	<u>\$ 47,690</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 Pacific Education Institute 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, 2022, AND 2021

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 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.

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, 2022, AND 2021

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, 2022			Total
	Quoted Market Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	
Cash & 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	<u>-</u>	<u>56,002</u>	<u>-</u>	<u>56,002</u>
	<u>\$ 824,317</u>	<u>\$ 56,002</u>	<u>\$ -</u>	<u>\$ 880,319</u>

	Year Ended June 30, 2021			Total
	Quoted Market Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	
Cash & cash equivalents	\$ 684,083	\$ -	\$ -	\$ 684,083
Certificates of deposit	-	-	-	-
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	<u>-</u>	<u>49,260</u>	<u>-</u>	<u>49,260</u>
	<u>\$ 922,092</u>	<u>\$ 49,260</u>	<u>\$ -</u>	<u>\$ 971,352</u>

PACIFIC EDUCATION INSTITUTE
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEARS ENDED JUNE 30, 2022, AND 2021

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, 2022, and 2021.

	<u>2022</u>	<u>2021</u>
Cash	\$ 213,611	\$ 430,021
Restricted cash included in assets		
Reserved for statewide program delivery-Project Learning Tree	-	7,369
Reserved for regional program delivery	288,228	246,693
Scholarship funds	<u>41,400</u>	<u>-</u>
 Total cash	 <u>\$ 543,239</u>	 <u>\$ 684,083</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, 2022, and 2021.

	<u>2022</u>	<u>2021</u>
Certificates of deposits held at Twin Star Credit Union		
Issued November 3, 2021, and matures on November 3, 2022, with a .30% interest rate	\$ 150,296	\$ -
 Total short-term investments	 <u>\$ 150,296</u>	 <u>\$ -</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, 2022, and 2021 was \$337 and \$1,318, respectively.

PACIFIC EDUCATION INSTITUTE
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEARS ENDED JUNE 30, 2022, AND 2021

Pledges Receivable

The pledges receivable consists of an operating fund-raising campaign. On June 30, 2022, 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, 2022. The balance of pledges receivable on June 30, 2022, and 2021 was \$635 and \$635, respectively.

Accrued Liabilities

Accrued liabilities consist of the following on June 30, 2022, and 2021:

	<u>2022</u>	<u>2021</u>
Accrued compensated absences	\$ 55,899	\$ 49,166
Accrued sales and use tax	103	94
Accrued loan interest	<u>-</u>	<u>-</u>
Total accrued liabilities	<u>\$ 56,002</u>	<u>\$ 49,260</u>

Net Assets Without Donor Designation

Net assets without donor designations in amount of \$826,709 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. 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, 2022, and 2021 were \$480,000 and \$316,920, respectively.

PACIFIC EDUCATION INSTITUTE
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEARS ENDED JUNE 30, 2022, AND 2021

Net Assets with Donor Designations

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

	<u>2022</u>	<u>2021</u>
Subject to expenditure for specified purpose:		
Statewide program deliver-Project Learning Tree	\$ -	\$ 7,369
Regional program delivery	288,228	246,693
Scholarship funds	<u>41,400</u>	<u>-</u>
 Total donor designated net assets	 <u>\$ 329,628</u>	 <u>\$ 254,062</u>

Fund-Raising Expense

Total fund-raising expenses for the years ended June 30, 2022, and 2021 was \$58,226 and \$59,364, 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.