



Climate & Wildfire Institute

Audited Financial Statements

**For the Year Ended
December 31, 2023**

With Independent Auditors' Report Thereon

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INDEPENDENT AUDITORS' REPORT

Management Committee
Climate & Wildfire Institute

Opinion

We have audited the accompanying financial statements of Climate & Wildfire Institute (a California nonprofit organization) which comprise of the statement of financial position as of December 31, 2023 and the related statements of activities and changes in net assets, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Climate & Wildfire Institute as of December 31, 2023 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Climate & Wildfire Institute and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Climate & Wildfire Institute's ability to continue as a going concern for one year after the date that the financial statements are available to be issued September 30, 2024.

INDEPENDENT AUDITORS' REPORT *(continued)*

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Climate & Wildfire Institute's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Climate & Wildfire Institute's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited Climate & Wildfire Institute's financial statements for the year ended December 31, 2022, and we expressed an unmodified audit opinion on those audited financial statements in our reported dated August 8, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended July 31, 2022 is consistent, in all material respects, with the audited financial statements from which it has been derived.

***Danville, California
September 30, 2024***

Regalia & Associates

Climate & Wildfire Institute

Statements of Financial Position December 31, 2023 and 2022

ASSETS

| | 2023 | 2022 |
|---------------------------------|---------------------|---------------------|
| Current assets: | | |
| Cash and cash equivalents | \$ 313,967 | \$ 2,307,210 |
| Grants and contracts receivable | 805,173 | - |
| Accounts and other receivables | 239,804 | - |
| Investments | 3,828,369 | 3,999,603 |
| Prepaid Expenses | 70,748 | 7,846 |
| Total current assets | 5,258,061 | 6,314,659 |
| | \$ 5,258,061 | \$ 6,314,659 |

LIABILITIES AND NET ASSETS

| | | |
|--|---------------------|---------------------|
| Current liabilities: | | |
| Accounts payable and accrued liabilities | \$ 524,999 | \$ 97,110 |
| Accrued payroll liabilities | 4,776 | - |
| Total current liabilities | 529,775 | 97,110 |
| Net assets: | | |
| Without donor restrictions | 4,690,916 | 6,217,549 |
| With donor restrictions | 37,370 | - |
| Total net assets | 4,728,286 | 6,217,549 |
| | \$ 5,258,061 | \$ 6,314,659 |

Climate & Wildfire Institute

Statement of Activities and Changes in Net Assets

For the Year Ended December 31, 2023

(With Summarized Financial Information for the Year Ended December 31, 2022)

| | Net Assets | | | |
|---------------------------------------|---------------|--------------|--------------|--------------|
| | Without Donor | With Donor | Total | Total |
| | Restrictions | Restrictions | 2023 | 2022 |
| <i>Changes in net assets:</i> | | | | |
| Revenue and support: | | | | |
| Contributed income | \$ 1,690,295 | \$ 175,952 | \$ 1,866,247 | \$ 7,002,105 |
| Investment income | 179,503 | - | 179,503 | 62,459 |
| Investment expenses | (14,108) | - | (14,108) | (8,110) |
| Other income | 3,161 | - | 3,161 | 199 |
| Unrealized investment losses | - | - | - | (50,825) |
| Net assets released from restrictions | 138,582 | (138,582) | - | - |
| Total revenue and support | 1,997,433 | 37,370 | 2,034,803 | 7,005,828 |
| Expenses: | | | | |
| Programs | 3,023,602 | - | 3,023,602 | 645,500 |
| General and administrative | 500,464 | - | 500,464 | 91,805 |
| Fundraising | - | - | - | 50,974 |
| Total expenses | 3,524,066 | - | 3,524,066 | 788,279 |
| Increase (decrease) in net assets | (1,526,633) | 37,370 | (1,489,263) | 6,217,549 |
| Net assets at beginning of year | 6,217,549 | - | 6,217,549 | - |
| Net assets at end of year | \$ 4,690,916 | \$ 37,370 | \$ 4,728,286 | \$ 6,217,549 |

Climate & Wildfire Institute

Statements of Cash Flows For the Years Ended December 31, 2023 and 2022

| | 2023 | 2022 |
|---|----------------|--------------|
| <i>Operating activities:</i> | | |
| Increase (decrease) in net assets | \$ (1,489,263) | \$ 6,217,549 |
| Adjustments to reconcile to cash provided by (used for) operating activities: | | |
| Unrealized (gains) losses on investments | (76,526) | 50,825 |
| Change in accrued investment income | 1,542 | (21,443) |
| Reinvested interest and gains from investments | (104,519) | (28,985) |
| Changes in: | | |
| Grants and contracts receivable | (805,173) | - |
| Accounts and other receivables | (239,804) | |
| Prepaid expenses | (62,902) | (7,846) |
| Accounts payable and accrued liabilities | 427,889 | 97,110 |
| Cash provided by (used for) operating activities | (2,343,980) | 6,307,210 |
| <i>Investing activities:</i> | | |
| Disposition (acquisition) of investments | 350,737 | (4,000,000) |
| Cash provided by (used for) investing activities | 350,737 | (4,000,000) |
| Net increase (decrease) in cash and cash equivalents | (1,993,243) | 2,307,210 |
| Cash and cash equivalents at beginning of year | 2,307,210 | - |
| Cash and cash equivalents at end of year | \$ 313,967 | \$ 2,307,210 |
| <i>Additional cash flow information:</i> | | |
| State registration taxes paid | \$ 400 | \$ 400 |
| Interest and finance charges paid | \$ - | \$ - |

Climate & Wildfire Institute

Statement of Functional Expenses For the Year Ended December 31, 2023

(With Summarized Financial Information for the Year Ended December 31, 2022)

| | Program Services | General and Admin- istrative | Fund- raising | Total 2023 | Total 2022 |
|--|-----------------------------|---|--------------------------|-----------------------|-----------------------|
| Grants and contributions | \$ 76,083 | \$ - | \$ - | \$ 76,083 | \$ 13,512 |
| Insurance | - | 5,855 | - | 5,855 | 4,304 |
| Legal and professional | 720,821 | 94,173 | - | 814,994 | 506,268 |
| Occupancy | 547 | 3,564 | - | 4,111 | 3,598 |
| Office, supplies, and administrative | 12,451 | 18,946 | - | 31,397 | 7,772 |
| Project expenses | 1,701,558 | - | - | 1,701,558 | - |
| Salaries, wages, payroll taxes, and benefits | 431,973 | 352,616 | - | 784,589 | 234,229 |
| Travel and meetings | 80,169 | 25,310 | - | 105,479 | 18,596 |
| Totals | \$ 3,023,602 | \$ 500,464 | \$ - | \$ 3,524,066 | \$ 788,279 |

Notes to Financial Statements
December 31, 2023

1. Organization

Climate & Wildfire Institute (Climate & Wildfire) is a non-profit organization incorporated in Pleasanton, California. Climate & Wildfire was founded in 2021 with this mission: To operate at the nexus among the public, private, tribal, and academic sectors using an open consortium model.

Climate & Wildfire connects science to public policy and decision-making to accelerate solutions to a fast-changing climate. As a boundary organization, we bring communities and cross-sector leaders together, putting science into action to build climate and wildfire resilience. Bringing climate and wildfire science to policy and decision-makers speeds the implementation of science-based approaches at the regional and local levels, a critical component to ensuring solutions are practical and accessible to even our more vulnerable communities.

2. Summary of Significant Accounting Policies

Basis of Presentation – The financial statements of Climate & Wildfire have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles ("US GAAP").

Measure of Operations – The statement of activities reflect all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to Climate & Wildfire's ongoing operations which include a variety of programmatic activities. Nonoperating activities are limited to resources that generate return from interest-bearing deposits and other activities considered to be of a more unusual or nonrecurring nature.

Cash and Cash Equivalents – Cash and cash equivalents include savings, cash deposits and money market accounts with maturity dates of three months or less. Climate & Wildfire may occasionally be the recipient of donated securities. Investments or securities received by gift are recorded at market value at the date of contribution in accordance with [*ASC 958.320, Investments*](#). Climate & Wildfire converts such securities to liquid assets, and any realized gains or losses are separately stated on the statement of activities and changes in net assets. Climate & Wildfire maintains its cash balances in highly capitalized financial institutions, which at times may exceed federally insured limits.

Contributions Receivable – Climate & Wildfire records receivables that are expected to be collected within one year at net realizable value. When material, receivables expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts (when applicable) will be included in contribution revenue in the statement of activities. The allowance for uncollectible receivables is based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Receivables are written off when deemed uncollectible.

Receivables and Credit Policies – Climate & Wildfire determined that no allowance for doubtful uncollectible accounts receivable is needed based on historical experience, an assessment of economic conditions, and a review of subsequent collections. It is the policy of the organization to periodically assess receivables to determine proper carrying value.

Notes to Financial Statements
December 31, 2023

2. Summary of Significant Accounting Policies (*continued*)

Concentrations of credit risk – Financial instruments that potentially subject Climate & Wildfire to concentrations of credit risk consist principally of cash and cash equivalents and deposits. Climate & Wildfire maintains its cash and cash equivalents in various bank accounts that, at times, may exceed federally insured limits. Climate & Wildfire manages deposit concentration risk by placing cash and money market accounts with financial institutions believed to be creditworthy. To date, Climate & Wildfire has not experienced losses in any of these accounts. Credit risk associated with accounts receivable and grants receivable considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from reputable organizations and foundations supportive of Climate & Wildfire’s mission.

Investments – Climate & Wildfire follows the provisions of ASC 958.320, *Investments – Debt and Equity Securities for Not-for-Profit Entities*, [and as updated by the provisions of *Accounting Standards Update (ASU) 2011-04, Fair Value Measurement (Topic 820): Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in US GAAP and IFRSs*] and has estimated the fair value of its investments using available market information and other valuation methodologies. Accordingly, the estimates presented are not necessarily indicative of the amounts that Climate & Wildfire could realize in a current market exchange. The use of different assumptions and/or estimation methods may have a material effect on the estimated fair value amounts. The estimates are based on pertinent information available to management as of December 31, 2023. Although management is not aware of any factors that would significantly affect the estimated fair value amounts, current estimates of fair value may differ significantly from the statements presented.

Purchased investments are initially stated at cost. Investments received by gift are recorded at market value at the date of contribution. Investments in equity securities with readily determinable fair values and all investments in debt securities are reported at fair value with gains and losses included on the statement of activities and changes in net assets. In accordance with *ASC 958.320*, the recorded amounts of all investments are adjusted annually to reflect current market values.

Contributions of Nonfinancial Assets – Contributed services and costs are reflected at the fair value of the contribution received in accordance with *ASU 2020-07, Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit entities for Contributed Nonfinancial Assets*. The contributions of services and costs are recognized if they (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. When applicable, such amounts are based upon information provided by third-party service providers, are recorded at their estimated fair value determined on the date of contribution, and are reported as contributions in-kind and supporting services on the accompanying statement of activities and changes in net assets and statement of functional expenses.

Use of Estimates - The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Notes to Financial Statements
December 31, 2023

2. Summary of Significant Accounting Policies (*continued*)

Fair Value Measurements – Fair value is defined as the price that would be received to sell an asset in the principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date. Fair value should be based on the assumptions market participants would use when pricing an asset. US GAAP establishes a fair value hierarchy that prioritizes investments based on those assumptions.

The fair value hierarchy gives the highest priority to quoted prices in active markets (observable inputs) and the lowest priority to an entity's assumptions (unobservable inputs). Climate & Wildfire groups assets at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. These levels are:

Level 1

Unadjusted quoted market prices for identical assets or liabilities in active markets as of the measurement date.

Level 2

Other observable inputs, either directly or indirectly, including:

- Quoted prices for similar assets/liabilities in active markets;
- Quoted prices for identical or similar assets in non-active markets;
- Inputs other than quoted prices that are observable for the asset/liability; and,
- Inputs that are derived principally from or corroborated by other observable market data.

Level 3

Unobservable inputs that cannot be corroborated by observable market data.

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing model of the asset and does not necessarily correspond to our assessment of the quality, risk or liquidity profile of the asset or liability.

Contributions Made – Climate & Wildfire recognizes grants as expenses at the time recipients are entitled to receive them. Generally, this occurs when the board of directors approves a specific grant, or when management, pursuant to grant-authorization policies established by the board of directors, approves a grant. Unconditional grants approved but not yet disbursed are reported as grants payable in the statement of financial position. Conditional grants approved but contingent upon fulfillment of certain specified conditions by the grantee are not recorded until the conditions have been met. Revocable grants are recorded when grants are distributed to the grantee.

Revenue and Revenue Recognition - Revenue is recognized in accordance with authoritative guidance, including *ASU 2018-08, Not-for-Profit Entities (Topic 605)* and *ASU No. 2014-09, Revenue from contracts with Customers (Topic 606)*.

Notes to Financial Statements
December 31, 2023

2. Summary of Significant Accounting Policies (*continued*)

Revenue and Revenue Recognition – (*continued*) Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met. A transfer of funds with a conditional promise to contribute is accounted for as a refundable advance until the conditions have been substantially met. Certain payments received include both elements of contributed income and earned income (such as special events), and management evaluates such transactions to determine the proper revenue rules to apply and to bifurcate the revenue components. When applicable, revenue earned under a contractual arrangement (an “exchange transaction”) is recognized when earned and therefore measured as services are provided in accordance with Topic 606.

Program service fees and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed or expenditures are incurred, respectively. Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized.

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

Net Assets Without Donor Restrictions

Net assets without donor restrictions represent funds which are available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has the ability to designate, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment, and it has not opted to do so as of December 31, 2023.

Net Assets With Donor Restrictions

Net assets with donor restrictions represent funds which are 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 can be perpetual in nature, where the donor stipulates that such resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Income Taxes – Climate & Wildfire is organized as California nonprofit corporation and has been recognized by the IRS as exempt from federal income taxes under IRC Section 501(a) as organizations described in IRC Section 501(c)(3), qualify for the charitable contribution deduction under IRC Sections 170(b)(1)(A)(vi) and (viii), and has been determined not to be private foundations under IRC Sections 509(a)(1) and (3), respectively.

Notes to Financial Statements
December 31, 2023

2. Summary of Significant Accounting Policies (*continued*)

Income Taxes – (*continued*) Climate & Wildfire is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. Climate & Wildfire is not required to file an Exempt Organization Business Income Tax Return (Form 990-T) because it had no unrelated business taxable income for the year ended December 31, 2023. Climate & Wildfire has received notification from the Internal Revenue Service and the State of California that it qualifies for tax-exempt status under Section 501(c)(3) of the Internal Revenue Code and Section 23701d of the California Revenue and Taxation Code.

The exemptions are subject to periodic review by the federal and state taxing authorities and management is confident that Climate & Wildfire continues to satisfy all federal and state statutes in order to qualify for continued tax exemption status.

If or when Climate & Wildfire receives unrelated business income (such as sublease income) requiring the organization to file separate tax returns under federal and state statutes. Under such conditions, Climate & Wildfire calculates, accrues, and remits the applicable tax liability.

Functional Allocation of Expenses - The costs of providing program and other activities have been summarized on a functional basis in the statement of activities in accordance with the requirements of *ASU 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*, which requires Climate & Wildfire to report expenses by their natural classification. Every natural expense must be broken out into individual functional categories on an analysis of expenses by their nature and function. Accordingly, certain costs have been allocated among services and supporting services benefited. Such allocations are determined by management on an equitable basis. Many of the expenses (salaries, wages, and payroll taxes, professional services) have been allocated based on time and effort using Climate & Wildfire's payroll allocations. Other common expenses which benefit all areas have been allocated in accordance with specific services received from vendors and/or other equitable and measurable methods.

Recent and Relevant Accounting Pronouncements – The following pronouncements represent relevant current accounting guidance applicable to nonprofit organizations:

In August 2016, the FASB issued *ASU 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return.

In August 2014, the FASB issued *ASU 2014-15, Presentation of Financial Statements—Going Concern (Subtopic 205-40) Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern*, which requires an organization's management to evaluate whether there are conditions and events, considered in the aggregate, that raise substantial doubt about an entity's ability to continue as a going concern within one year after the date that the financial statements are issued (or within one year after the date that the financial statements are available to be issued, when applicable). As of September 30, 2024 (the date of the Independent Auditors' Report), management has made this evaluation and has determined that Climate & Wildfire has the ability to continue as a going concern.

Notes to Financial Statements
December 31, 2023

2. Summary of Significant Accounting Policies (*continued*)

In November 2016, the FASB issued *ASU 2016-18, Restricted Cash*. This guidance requires entities to show the changes in the total of cash, cash equivalents, restricted cash, and restricted cash equivalents in the statement of cash flows. As a result, entities will no longer present transfers between cash and cash equivalents and restricted cash and restricted cash equivalents in the statement of cash flows. When cash, cash equivalents, restricted cash and restricted cash equivalents are presented in more than one line item on the statement of financial position, the guidance requires a reconciliation of the totals in the statement of cash flows to the related captions in the statement of financial position.

In May 2014, the FASB completed its Revenue Recognition project by issuing *ASU 2014-09, Revenue from Contracts with Customers (Topic 606)*. This guidance establishes the principles to report useful information to users of financial statements about the nature, timing, and uncertainty of revenue from contracts with customers. The guidance (1) removes inconsistencies and weaknesses in existing revenue requirements, (2) provides a more robust framework for addressing revenue issues, (3) improves comparability of revenue recognition practices across entities, industries, jurisdictions, and capital markets, (4) provides more useful information to users of financial statements through improved disclosure requirements, and (5) simplifies the preparation of financial statements by reducing the number of requirements to which an organization must refer.

In June 2018, the FASB issued *ASU 2018-08, Not-for-Profit Entities (Topic 958) – Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The FASB issued this update to clarify and improve the scope and the accounting guidance for contributions received and contributions made. The amendments in this Update should assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional.

In September 17, 2020, the FASB issued *Accounting Standards Update (ASU) 2020-07; Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This Update increases transparency around contributed nonfinancial assets (also known as “gifts-in-kind”) received by non-profit organizations, including transparency on how those assets are used and how they are valued. The Update requires that an organization to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets. It also requires that an organization disclose:

1. A disaggregation of the amount of contributed nonfinancial assets recognized within the statement of activities by category that depicts the type of contributed nonfinancial assets.
2. For each category of nonfinancial assets recognized:
 - Qualitative information about whether the contributed nonfinancial assets were either monetized or utilized during the reporting period. If utilized, a description of the programs or other activities in which those assets were used
 - The organization’s policy (if any) about monetizing rather than utilizing contributed nonfinancial assets
 - A description of any donor-imposed restrictions associated with the contributed nonfinancial assets

Notes to Financial Statements
December 31, 2023

2. Summary of Significant Accounting Policies (*continued*)

- A description of the valuation techniques and inputs used to arrive at a fair value measure in accordance with requirements in [Topic 820, Fair Value Measurement](#), at initial recognition
- The principal market (or most advantageous market) used to arrive at a fair value measure if it is a market in which the recipient not-for-profit is prohibited by a donor-imposed restriction from selling or using the contributed nonfinancial assets.

3. Cash and Cash Equivalents

Cash and cash equivalents include all funds in banks (checking, savings, and certificates of deposit) at the time of purchase that have a maturity date of 90 days or less. The components of cash and cash equivalents are as follows at December 31:

| | 2023 | 2022 |
|--|-------------------|---------------------|
| Checking (noninterest-bearing) | \$ 288,429 | \$ 48,289 |
| Money market (bearing interest at 0.10% per annum) | 25,538 | 2,258,921 |
| Total cash and cash equivalents | \$ 313,967 | \$ 2,307,210 |

Climate & Wildfire attempts to limit its credit risk associated with cash equivalents by utilizing highly rated financial institutions. Interest income earned from money market deposits amounted to \$2,079 and \$3,921 for the years ended December 31, 2023 and 2022, respectively.

4. Investments

Investments are stated at fair value, based primarily on quoted market prices for those or similar instruments. Climate & Wildfire invests predominately in fixed income equity securities, including certain U.S. Treasury Notes. These investments are domiciled with Bank of the West. Cost and fair value of investments are summarized as follows at December 31:

| | 2023 | | 2022 | |
|------------------------------|---------------------|---------------------|---------------------|---------------------|
| | Cost | Fair Value | Cost | Fair Value |
| Cash and equivalents | \$ 572,467 | \$ 572,467 | \$ 23,443 | \$ 23,443 |
| Fixed income bonds and notes | 3,235,432 | 3,255,902 | 4,005,541 | 3,954,716 |
| Accrued interest | - | - | 21,444 | 21,444 |
| Totals | \$ 3,807,899 | \$ 3,828,369 | \$ 4,050,428 | \$ 3,999,603 |

During the years ended December 31, 2023 and 2022, earnings on investments were reinvested. Investment income for the years ended December 31, 2023 and 2022 amounted to \$179,503 and \$62,459, respectively. Investment expenses for the years ended December 31, 2023 and 2022 amounted to \$14,108 and \$8,110, respectively.

Notes to Financial Statements
December 31, 2023

5. Fair Value Measurements

Composition of assets utilizing fair value measurements at December 31 is as follows:

| <u>2023</u> | Totals | Level 1 | Level 2 | Level 3 |
|------------------------------|---------------------|---------------------|----------------|----------------|
| Cash and equivalents | \$ 572,467 | \$ 572,467 | \$ - | \$ - |
| Fixed income bonds and notes | 3,255,902 | 3,255,902 | - | - |
| Totals | \$ 3,828,369 | \$ 3,828,369 | \$ - | \$ - |

| <u>2022</u> | Totals | Level 1 | Level 2 | Level 3 |
|------------------------------|---------------------|---------------------|----------------|----------------|
| Cash and equivalents | \$ 23,443 | \$ 23,443 | \$ - | \$ - |
| Fixed income bonds and notes | 3,954,716 | 3,954,716 | - | - |
| Accrued interest | 21,444 | 21,444 | - | - |
| Totals | \$ 3,999,603 | \$ 3,999,603 | \$ - | \$ - |

There were no assets classified as Level 2 or Level 3 at December 31, 2023 and 2022.

6. Liquidity

Climate & Wildfire regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the safeguarding of its available funds. Climate & Wildfire has various sources of liquidity at its disposal, including cash and equivalents, receivables, and other sources (including the future collection of grants and contributions receivable).

For purposes of analyzing resources available to meet general expenditures over a 12-month period, Climate & Wildfire considers all expenditures related to its ongoing activities in support of community initiatives to be general expenditures. Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

| | 2023 | 2022 |
|---|---------------------|---------------------|
| Cash and cash equivalents | \$ 313,967 | \$ 2,307,210 |
| Grants and contracts receivable | 805,173 | - |
| Accounts and other receivables | 239,804 | - |
| Investments | 3,828,369 | 3,999,603 |
| Total financial assets | 5,187,313 | 6,306,813 |
| Less: amounts not available to be used within one year: | | |
| Net assets with donor restrictions for programs (none) | - | - |
| | \$ 5,187,313 | \$ 6,306,813 |

As part of Climate & Wildfire's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due. Climate & Wildfire's goal is generally to maintain financial assets to meet 90 days of operating expenses.

Notes to Financial Statements
December 31, 2023

7. Receivables

Receivables consist of the following at December 31:

| | 2023 | 2022 |
|---------------------------------|---------------------|-------------|
| Grants and contracts receivable | \$ 805,173 | \$ - |
| Accounts and other receivables | 239,804 | - |
| | \$ 1,044,977 | \$ - |

Grants and contracts receivable consist primarily of amounts committed by third party donors to be collected within one year of the statement of financial position. Accounts and other receivables consist primarily of amounts due from a governmental agency (Cal-Fire) for services rendered.

8. Prepaid Expenses

Prepaid expenses consist of the following at December 31:

| | 2023 | 2022 |
|----------------|------------------|-----------------|
| Insurance | \$ 5,300 | \$ 1,563 |
| Legal retainer | 2,220 | 2,460 |
| Contractual | 62,561 | 2,044 |
| Other | 677 | 1,779 |
| | \$ 70,748 | \$ 7,846 |

9. Compensated Absences (Accrued Payroll and Related Benefits)

Financial statement presentation follows the recommendations of [ASC 710.25, *Compensated Absences*](#). Under ASC 710.25, Climate & Wildfire is required to record a liability for the estimated amounts of compensation for future absences. Employees are permitted to accrue a specific number of hours of vacation which is payable upon termination of the employee. Sick leave is not paid upon termination. Total accrued payroll liabilities amounted to \$4,776 at December 31, 2023. There were no accrued payroll liabilities at December 31, 2022, respectively.

10. Net Assets

Net Assets Without Donor Restrictions

Net assets without donor restrictions of \$4,690,916 and \$6,217,549 at December 31, 2023 and 2022, respectively, represents the cumulative retained surpluses derived from Climate & Wildfire's operating activities since the inception of the organization.

Notes to Financial Statements
December 31, 2023

10. Net Assets *(continued)*

Net Assets With Donor Restrictions

Net assets with donor restrictions of \$35,370 at December 31, 2023 consist of time-restricted grant which will be released to net assets without restrictions during the fiscal year ending December 31, 2024. There were no net assets with donor restrictions at December 31, 2022.

11. Commitments and Contingencies

In the normal course of business Climate & Wildfire could be subject to certain commitments and contingencies which might not be fully reflected in the financial statements. Such commitments and contingencies also include risks associated with various economic and operating factors, which include (a) grant restrictions and donor conditions which obligate Climate & Wildfire to fulfill certain requirements as set forth in grant instruments, (b) funding levels which vary based on factors beyond Climate & Wildfire's control, such as generosity of donors and general economic conditions, (c) employment and service agreements with key management personnel, and (d) financial risks associated with funds on deposit at bank and investment brokerage accounts. Management believes that such commitments, contingencies, and risks will not have a material adverse effect on the financial statements.

12. Subsequent Events

In compliance with [ASC 855, Subsequent Events](#), Climate & Wildfire has evaluated subsequent events through September 30, 2024, the date the financial statements were available to be issued and, in the opinion of management, there are no subsequent events which necessitate disclosure.