Pesticide Action Network North America Regional Center

Financial Statements &

Independent Auditor's Report

for the Year Ended

March 31, 2023

COOK & COMPANY

A PROFESSIONAL ACCOUNTANCY CORPORATION

TABLE OF CONTENTS

Independent Auditor's Report

To the Board of Directors
Pesticide Action Network North America Regional Center
Berkeley, California

Opinion

We have audited the financial statements of Pesticide Action Network North America Regional Center ("the Organization"), which comprise the statement of financial position as of March 31, 2023, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of March 31, 2023, the changes in its net assets, its functional expenses, and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization 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.

Key Audit Matters

Key audit matters are those matters that were communicated with those charged with governance and, in our professional judgment, were of most significance in our audit of the financial statements of the year ended March 31, 2023. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Recognition and Classification of Revenue and Support in the Financial Statements

We consider the recognition and classification of revenue and support, which is discussed in Note 2 of the accompanying financial statements, to be a key audit matter. Provisions of this area of accounting require the Organization to record contributions and revenues to the financial statements for the correct year. They also require categorizing revenue and support to the appropriate category based on its reciprocal or nonreciprocal nature as well as the absence or existence of donor restrictions and/or conditions. In addition, this area requires that the Organization reliably determine when performance obligations to customers are satisfied, when donor conditions are met, and when restricted amounts should be released from restriction.

This matter is considered a key audit matter because the recognition and classification of support and revenue has a pervasive effect on the Organization's financial statements, including its changes in net assets, total current assets, and composition amongst *net assets without donor restrictions* and *net assets with donor restrictions*. This area of accounting also requires the Organization to exercise significant judgment in its application of accounting standards, which have undergone changes in the past few years.

This matter was addressed in the current audit through the examination of documentary evidence that supports the recognition and classification of contributed support and contracts with customers. These procedures were instrumental in forming our opinion on the financial statements as a whole.

Allocation of Expenses to Functional Groupings in the Financial Statements

We consider the allocation of natural expense categories amongst functional groupings (i.e., *program services, management & general,* and *fundraising*) to be a key audit matter. This is discussed in Note 2 of the financial statements.

This matter is considered a key audit matter because certain charity rating services and some institutional funding sources have been known to evaluate nonprofit organizations according to the overall proportion of expenses allocated to program services. Furthermore, because the expense allocations are based on time-and-effort estimates rather than factual data (e.g., timesheets), they require the Organization's personnel to exercise significant judgment.

This matter was addressed during the current audit through analysis of the design and execution of the Organization's cost allocation methodology. We assessed the methodology's consistency with GAAP, reviewed the underlying employee time-and-effort estimates for reasonableness and consistency with job titles, and verified through reperformance certain allocation calculations as part of forming our opinion on the financial statements as a whole.

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 the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization'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 the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate, and have communicated, 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.

Cook & Company

A Professional Accountancy Corporation
San Francisco, California
September 21, 2023

Pesticide Action Network

Statement of Financial Position
March 31, 2023

ASSETS	
Current Assets	
Cash & cash equivalents	$ 1,982,254
Investments (Note 3)	352,504
Contributions receivable, current	607,764
Accounts receivable	1,057
Prepaid expenses	48,924
Other current assets	7,412
Total current assets	2,999,915
Contributions receivable, non-current	5,000
Deposits	10,325
Property & equipment, net (Note 4)	24,753
Right-of-use asset (Note 5)	116,178
TOTAL ASSETS	$ 3,156,171
LIABILITIES & NET ASSETS	
Current Liabilities	
Accounts payable	$ 69,901
Grants payable	18,150
Accrued vacation	113,853
Operating lease liability, current (Note 5)	79,355
Grant & custodial liabilities (Note 2)	267,993
Total current liabilities	549,252
Operating lease liability, non-current (Note 5)	27,423
TOTAL LIABILITIES	576,675
Net Assets	
Without donor restrictions	754,949
With donor restrictions (Note 6)	1,824,547
TOTAL NET ASSETS	2,579,496
TOTAL LIABILITIES & NET ASSETS	$ 3,156,171

See accompanying notes to financial statements
and independent auditor's report.

Pesticide Action Network

Statement of Activities and Changes in Net Assets
for the Year Ended March 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Support & Revenue:			
Foundation grants	$ 308,000	$ 1,912,271	$ 2,220,271
Government grants/contracts	-	160,768	160,768
Donations	780,726	16,966	797,692
Program service contracts	37,989	-	37,989
In-kind support	13,700	-	13,700
Net assets released from restriction:			
Satisfaction of donor restrictions (Note 7)	2,636,906	(2,636,906)	-
Fees for service	16,138	-	16,138
Investment dividends & interest	16,840	-	16,840
Realized & unrealized gains/ (losses) on investments	(29,885)	-	(29,885)
Other	2,117	-	2,117
Total support & revenue	3,782,531	(546,901)	3,235,630
Expenses:			
Program services			
Core programs	1,694,552	-	1,694,552
Coalitions	1,389,207	-	1,389,207
Total program services	3,083,759	-	3,083,759
Management & general	328,479	-	328,479
Fundraising	286,786	-	286,786
Total expenses	3,699,024	-	3,699,024
CHANGE IN NET ASSETS	83,507	(546,901)	(463,394)
NET ASSETS, beginning of year	671,442	2,371,448	3,042,890
NET ASSETS, end of year	$ 754,949	$ 1,824,547	$ 2,579,496

See accompanying notes to financial statements
and independent auditor's report.

Pesticide Action Network

Statement of Functional Expenses
for the Year Ended March 31, 2023

	PROGRAM SERVICES			SUPPORTING SERVICES		
	Core Programs	**Coalitions**	**Total Programs**	**Management & General**	**Fundraising**	**Total**
Salaries	$ 963,467	$ 628,104	$ 1,591,571	$ 207,387	$ 159,533	$ 1,958,491
Payroll taxes	70,516	50,497	121,013	15,566	11,566	148,145
Employee benefits	197,373	138,338	335,711	27,083	34,744	397,538
Consultants	161,658	268,778	430,436	23,224	18,413	472,073
Accounting & auditing	-	-	-	15,764	-	15,764
Advertising	-	236	236	5	-	241
Office expenses	15,479	7,303	22,782	3,002	3,804	29,588
Postage & printing	2,678	4,811	7,489	415	26,066	33,970
Information technology	46,539	16,283	62,822	8,731	5,453	77,006
Occupancy	80,027	19,426	99,453	11,884	10,217	121,554
Conferences & meetings	15,279	16,154	31,433	1,619	1,032	34,084
Insurance	3,709	5,475	9,184	4,497	592	14,273
Travel	19,320	14,715	34,035	1,710	1,719	37,464
Grants made & partner support	107,464	120,700	228,164	72	52	228,288
Depreciation	6,999	5,166	12,165	1,361	1,119	14,645
Other program and operating expenses	4,044	93,221	97,265	6,159	12,476	115,900
Total	$1,694,552	$1,389,207	$ 3,083,759	$ 328,479	$ 286,786	$3,699,024

See accompanying notes to financial statements
and independent auditor's report.

Pesticide Action Network

Statement of Cash Flows
for the Year Ended March 31, 2023

Cash flows from operating activities:	
Cash received from grantors/contributors	$ 4,271,929
Cash received from payments of program fees	98,457
Cash received from other sources	18,957
Cash generated from operating activities	4,389,343
Cash paid to, or for the benefit of, employees	(2,523,232)
Cash paid to contractors and suppliers	(985,412)
Grants paid to other nonprofit organizations	(682,834)
Cash disbursed for operating activities	(4,191,478)
Net cash flows generated from operating activities	197,865
Cash flows from investing activities:	
Purchases of fixed assets	(22,486)
Purchases of investments	(6,528)
Net cash flows from investing activities	(29,014)
NET INCREASE IN CASH	168,851
CASH & CASH EQUIVALENTS, beginning of year	1,813,403
CASH & CASH EQUIVALENTS, end of year	$ 1,982,254

Supplemental information:

Reconciliation of change in net assets to cash flows generated from operating activities:

Change in net assets	$ (463,394)
Adjustments to reconcile change in net assets to net cash from (used for) operating activities	
Realized & unrealized (gains)/losses on investments	29,885
Depreciation expense	14,645
Changes in assets and liabilities:	
Contributions receivable	333,833
Accounts receivable	82,319
Prepaid expenses and other assets	(926)
Right-of-use asset	84,046
Accounts payable	(36,869)
Accrued vacation	(19,058)
Lease liabilities	(93,446)
Grant & custodial liabilities	266,830
Net cash flows generated from operating activities	$ 197,865

Supplemental cash flow information related to leases:

Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	$ (98,832)

See accompanying notes to financial statements
and independent auditor's report.

Pesticide Action Network North America Regional Center

Notes to Financial Statements
March 31, 2023

1. The Organization

Nature of Activities
Pesticide Action Network North America Regional Center, d.b.a. Pesticide Action Network North America, ("PAN"), a California nonprofit organization, was incorporated in 1984 under the name Pesticide Education and Action Project. PAN educates the general public on pesticide-related issues, and advocates replacing hazardous pesticide use with safer, ecologically sound and socially just alternatives.

PAN supports rigorous scientific research and promotes democratic, local control of food systems. As one of five Regional Centers worldwide, PAN's approach is to build a strategically aligned regional network of local, state, national and regional public interest organizations and coalitions, as well as a base of active individual members, in Canada and the United States, to join with more than 600 consumer, labor, health, environmental, human rights and agricultural groups in a global citizen's action network in some 90 countries. PAN's sister Centers are located in Africa, Asia/Pacific, Europe and Latin America. This network, including more than 100 affiliated groups in North America, challenges the local and global proliferation of pesticides, defends basic rights to health and environmental quality, and advocates for environmentally sound, economically viable, fair and humane food production, distribution and consumption.

PAN's core program is structured in three divisions: Campaigns, Communications, and Grassroots Science; and also includes support of Coalitions in which PAN participates. PAN's approach is to work primarily through coalitions to build broad public will to influence fundamental change in pesticide, environmental health and food system policy. PAN's campaigns combine research and analysis, strategic communications, community organizing, policymaker engagement and marketplace activism to accomplish specific social change outcomes. Fundamental to each campaign is the use of "grassroots science" – participatory and empowering scientific research and analysis led by communities facing pesticide exposure, executed n collaboration with scientists – that documents and makes visible concerns about pesticide exposure from food, air and water, and points to fair and sustainable solutions.

In its role as a Regional Center of the global Pesticide Action Network, PAN facilitates and strengthens network campaigns. Most of PAN's projects are conducted as joint efforts with other public interest organizations. The most significant coalition supported by PAN has been Californians for Pesticide Reform, for which PAN was the primary fiscal sponsor, provided administrative services, employed personnel and participated as one of the governing members carrying out the work of the coalition. PAN also serves as the U.S. fiscal agent for its sister PAN Regional Centers (as further described in Note 2).

Nature of Funding
The Organization receives the majority of its funding through foundation grants. Additional sources of income include contributions from individual and corporate donors, government grants, program service contracts, and interest and earnings from the Organization's cash and investments.

Pesticide Action Network North America Regional Center

Notes to Financial Statements
March 31, 2023

2. Summary of Significant Accounting Policies

Basis of Accounting
The accompanying financial statements are prepared on the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America. Under the accrual basis of accounting, support is recognized when it is awarded, revenue is recognized when it is earned, and expenses are recognized when they are incurred.

Cash & Cash Equivalents
Cash & cash equivalents include bank checking and money market funds, as well as cash deposits held in an investment brokerage account.

Investments
Investments include mutual funds consisting of equity and debt securities. The amounts are carried on the books at fair value using unadjusted quoted prices for identical assets in active markets that are accessible at the measurement date (level 1 inputs as defined by generally accepted accounting principles).

Contributions Receivable
Contributions receivable consist of contributions promised to the Organization prior to year-end, which are expected to be collected during subsequent fiscal years. As management believes that all amounts are fully collectible, there is no allowance for uncollectible amounts reflected in the financial statements. Amounts due within one year of the balance sheet date are presented as current, while amounts due beyond one year are classified as non-current and discounted to present value only in situations where such discounts would be material to the financial statements as a whole. Currently, there are no discounts recorded in the financial statements.

Fair Value of Current Assets & Liabilities
The carrying amounts of cash and cash equivalents, accounts receivable and accounts payable approximate fair value because of the short maturity of these instruments.

Property & Equipment
Property and equipment consist of office furnishings and equipment, and leasehold improvements. Assets with an initial cost (or fair market value if donated) of $1,000 or more are capitalized. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets, which is two to seven years for assets currently on the books.

Leases
Leases with an initial term of at least 12 months are capitalized as a right-to-use asset with a corresponding lease liability in accordance with FASB ASC 842. Currently, the Organization holds an operating lease for its Berkeley office facility and this lease is reflected on the Organization's statement of financial position as an asset and a liability. The Organization does not hold any "finance leases" as defined by ASC 842.

The Organization has elected the practical expedient of using a risk-free discount rate to discount future cash flows of its leases. Accordingly, the future lease payments have been discounted to present value using an annual rate of 4%.

Pesticide Action Network North America Regional Center

Notes to Financial Statements
March 31, 2023

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

> **Net assets without donor restrictions**, which includes resources not subject to, or no longer subject to, donor-imposed stipulations.
>
> **Net assets with donor restrictions**, which includes resources whose use is limited by donor-imposed time and/or purpose restrictions.

Fiscally Sponsored Projects
The Organization acts as fiscal sponsor and/or administrator of various coalitions whose activities are aligned with PAN's mission. The accounting treatment for each project rests largely on whether PAN is granted variance power. Variance power refers to PAN having legal ownership of the funds received and the ultimate authority over the use of the funds. In cases where PAN is granted variance power, either by those making contributions to a sponsored project or the representatives of the project, the project is considered a program of PAN. Accordingly, the project's revenues and expenses are reflected in PAN's financial statements.

The most significant coalition supported by PAN was Californians for Pesticide Reform (CPR), for which PAN was the primary fiscal sponsor. CPR decided in the fall of 2022 to seek a different fiscal sponsor organization. Unexpended grants restricted to CPR were transferred to its new sponsor or returned to the funder for reissuance to the new sponsor. As of March 31, 2023, $721,376 in CPR grants had been rescinded, of which $159,128 was still held by PAN to cover repayments to funders and any additional expenditures through July 13, 2023. This liability is presented on the balance sheet as *grant & custodial liabilities*.

Recognition of Support and Revenue
The Organization recognizes support and revenue in accordance with the provisions of ASC 958 and ASC 606, respectively. Amounts received are generally considered contributions recognizable under ASC 958 when the funding sources do not receive direct commensurate value in exchange for their payments (i.e., when funding from an institutional funding source is used to provide services to members of the public). Conversely, amounts received from a funding source to provide services directly to the resource provider are considered contracts with customers recognizable under ASC 606.

Recognition of Contributions
Contributions are presented on the *statement of activities and changes in net assets* according to the various sources of the support. These include foundation grants, government grants/contracts, donations, program service contracts, and in-kind support. The Organization recognizes contributions when it receives cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest.

Contributions are reported as increases in *net assets without donor restrictions* unless use of the contributed assets is limited by donor-imposed stipulations. Expirations of donor restrictions (i.e., the donor stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

In-Kind Support
Gifts in-kind, currently consisting of donated software licenses, are recognized in the financial statements at estimated fair value based on what the Organization would be required to pay for the licenses. In-kind contributions for the year ended March 31, 2023, consist of an annual license for mapping software used in the coalitions programs (valued at $10,100) and 10 annual Salesforce customer relationship management licenses (valued at $3,600).

Contracts with Customers
Revenues from contracts with customers (as defined by FASB ASC 606) are presented under the *fees for services* caption of the *statement of activities and changes in net assets*. These include occasional honoraria and similar services related to the Organization's mission. Such revenues are recognizable at the point in time when the services are rendered.

Functional Expenses
The Organization presents its expenses by function and natural category. *Program services* include the direct conduct and direct supervision of specific program activities. *Fundraising* includes efforts to solicit monetary and nonmonetary contributions. *Management & general* includes general oversight, recordkeeping, regulatory compliance, governance, financial management, and all other activities that do not constitute the direct conduct or direct supervision of specific program services or fundraising activities. The cost of each employee's compensation is allocated amongst program and supporting services according to management's estimate of time and effort. Shared office costs (e.g., telecommunications, utilities, and depreciation) are allocated based on aggregated time and effort expended on each function. Other expenses are charged directly and entirely to the appropriate function based on the underlying nature of the expense.

Program, administrative, and development expenses incurred include in-kind contributions recorded as expense. Core program expenses do not include indirect costs. Total overhead expenses (fundraising plus general and administrative) of $615,265 represented 16.6% as a percentage of total expenses of $3,699,024 for the year ended March 31, 2023. Expenses for core programs and coalitions consisted of 83.4% of total expenses for the year ended March 31, 2023.

All advertising costs are expensed as incurred.

Income Taxes
As a public charity organized under Internal Revenue Code Section 501(c)(3), the Organization is exempt from income taxes, except on activities unrelated to its mission. As management believes that all of the Organization's activities are related to its mission, no provision has been made for income tax expense. The Organization's federal *Return of Organization Exempt from Income Tax* (Form 990) filings for the tax years ending in 2020 through 2023 are subject to examination by the Internal Revenue Service, generally for three years after they were filed. The Organization's California *Exempt Organization Annual Information Return* (Form 199) filings for

the tax years ending in 2019 through 2023 are subject to examination by the Franchise Tax Board, generally for four years after they were filed.

Use of Estimates
The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

New Accounting Pronouncement
In February 2016, FASB issued Accounting Standards Update No. 2016-02—*Leases* (Topic 842) (ASU 2016-02). The standard was originally set to be effective for nonpublic entities (including nonprofit organizations) for years ending December 31, 2019, and later, with early adoption permitted. The effective date for nonpublic entities was subsequently postponed to years ending December 31, 2022, and later, with early adoption permitted. PAN elected an early adoption for the year ended March 31, 2022.

ASU 2016-02 requires that organizations present operating leases and finance leases as assets and liabilities on the statement of financial position. Previously, organizations were required to present capital leases, but not operating leases, on their statement of financial position. The standard also requires certain quantitative and qualitative disclosures regarding an organization's leases.

In implementing this standard for the year ended March 31, 2022, PAN elected the practical expedients available under ASC 842-10-65-1 to 1) not reassess whether any expired or existing contracts are or contain leases; 2) not reassess the lease classification of any expired or existing leases; and 3) not reassess initial direct costs for any existing leases.

Recent Accounting Pronouncements
Accounting Standards Update No. 2014-09— *Revenue from Contracts with Customers (Topic 606)* (ASU 2014-09) was issued by the Financial Accounting Standards Board (FASB) in May 2014 and was effective for nonpublic entities in calendar years ending in 2020 and beyond. This update supersedes or replaces nearly all GAAP revenue recognition guidance for reciprocal transactions. These standards establish a new five-step contract and control-based revenue recognition model, change the basis for deciding when revenue is recognized over time or at a point in time, and expand disclosures about revenue. The enactment of this pronouncement was reflected in the Organization's financial statements for the year ended March 31, 2021.

These financial statements also reflect the provisions Accounting Standards Update No. 2018-08—*Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Made and Contributions Received* (ASU 2018-08), which the FASB enacted in June 2018 in response to concerns and questions relating to the applicability of ASU 2014-09 to nonprofit organizations. This update provides enhanced guidance to assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal) or exchange transactions (reciprocal) and (2) determining whether a contribution is conditional. The update will result in more governmental contracts being accounted for as contributions and may delay recognition for certain grants and contributions that no longer meet the definition of unconditional. This pronouncement was effective for calendar years ending in 2019 and beyond.

Pesticide Action Network North America Regional Center

Notes to Financial Statements
March 31, 2023

3. Investments - Fair Value Measurements

The Organization has valued its investments in accordance with FASB ASC #820, which establishes a framework for measuring fair value in accordance with generally accepted accounting principles. The Standard clarifies the definition of fair value, taking the position that fair value is the exchange price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the valuation date.

There are three defined levels in the fair value hierarchy:

Level 1 – Unadjusted quoted prices for identical assets or liabilities in active markets that are accessible at the measurement date.
Level 2 – Prices or valuations based on observable inputs other than quoted prices in active markets for identical assets and liabilities.
Level 3 – Prices or valuation techniques that require inputs that are significant to the fair value measurement and unobservable (supported by little or no market activity).

Fair values of assets measured on a recurring basis at March 31, 2023, consist of two publicly traded mutual funds. All assets are valued based on Level 1 inputs (quoted prices in active markets for identical assets).

Balanced U.S. corporate equity and debt fund	$250,884
U.S. Governmental bond fund	101,620
Total investments at March 31, 2023	$352,504

4. Property & Equipment

Property and equipment consist of the following at March 31, 2023:

Office furnishings & equipment	$97,787
Leasehold improvements	11,362
Property & equipment, cost basis	109,149
Accumulated depreciation	(84,396)
Property & equipment, net book value	$24,753

Pesticide Action Network North America Regional Center

Notes to Financial Statements
March 31, 2023

5. Right-of-Use Asset and Operating Lease Liability

PAN rents its Berkeley office under a 7-year operating lease expiring July 31, 2024. Monthly base rent was $6,347 as of March 31, 2023, and is scheduled to increase by approximately 3% in August 2023. The total cost of this lease for the year ended March 31, 2023, was $98,832. The weighted-average remaining lease term is 16 months and the weighted-average discount rate is 4%.

Future maturities of lease liabilities are as follows:

Year ending March 31:	
2024	$79,355
2025	27,997
Less: Unamortized discount (at 4%)	(574)
Total lease liabilities	$106,778
Less: amount presented as current	(79,355)
Total long-term lease liabilities	$27,423

During the year ended March 31, 2023, PAN also rented office space in Minneapolis, Tennessee, and Lindsay (California) on month-to-month basis.

The Organization's total rent expense for the year ended March 31, 2023, was $115,847.

6. Net Assets with Donor Restrictions

The balance of net assets with donor restrictions at March 31, 2023, consists of awards received for the following:

Fiscally sponsored projects	
El Quinto Sol	$502,465
California Farmer Justice Collaborative	291,594
Sacramento Food Policy Council	191,387
Toxic Taters Coalition	108,474
Other fiscally sponsored projects	45,727
Subtotal – fiscally sponsored projects	1,139,647
Replacing highly hazardous pesticides with agroecology	260,000
International support	245,400
Farming for the Future project	55,000
Changing policy and practice to protect pollinators	47,500
General support for future periods	45,000
Other activities	32,000
Total net assets with donor restrictions	$1,824,547

Pesticide Action Network North America Regional Center

Notes to Financial Statements
March 31, 2023

7. Net Assets Released from Restrictions

During the year ended March 31, 2023, donor restrictions were satisfied and net assets released from restrictions as follows :

Fiscally sponsored projects	
Direct expenses	$1,432,160
Indirect expenses*	192,635
Subtotal – fiscally sponsored projects	1,624,795
Farming for the Future project	360,836
General activities pertaining to 2022-2023	355,000
Replacing highly hazardous pesticides with agroecology	131,000
International support	60,600
Changing policy and practice to protect pollinators	33,175
Other activities	71,500
Total net assets with donor restrictions	$2,636,906

*PAN retains nominal amounts from each grant to offset the costs of managing the respective fiscal projects.

8. Retirement Plan

The Organization maintains a 403(b) retirement plan for its employees. Under the plan's terms, employees with at least six months of service may set aside a portion of their wages in a tax-advantaged retirement savings account. At the discretion management, the Organization may contribute additional flat dollar amounts to eligible employees on the effective date of the contribution. During the year ended March 31, 2023, the Organization contributed a total of $49,000 to the retirement accounts of its employees.

9. Contractual Commitments

As of March 31, 2023, the Organization had entered into contracts with various providers for consulting and related services totaling approximately $150,000. These services will be expensed in FY2023-2024 when the underlying performance obligations are satisfied.

10. Contingencies, Risks & Uncertainties

Compliance with Funding Source Restrictions

The Organization receives contributions and grants that are restricted for a specific program or purpose. If such restrictions are not met in accordance with the funding source agreement, there is the possibility that funds would have to be returned to the donor. It is management's opinion that all donor conditions have been met for grants and contributions that have been recorded as net assets released from restriction.

Concentration of Cash Deposits
As of March 31, 2023, the Organization held approximately $1,976,000 in one bank, exceeding FDIC insurance limits by approximately $1,726,000.

Investment Risk
The Organization's investments in mutual funds (detailed in Note 3) are subject to fluctuation in fair value. Although this presents the possibility for loss, management believes that the Organization's investments are adequately diversified.

11. Liquidity & Availability

PAN regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. PAN has various sources of liquidity at its disposal, including cash and equivalents and receivables. For purposes of analyzing resources available to meet general expenditures over a 12-month period, PAN considers all expenditures related to its ongoing activities as well as the conduct of services undertaken to support those activities to be general expenditures.

In addition to financial assets available to meet general expenditures over the next 12 months, PAN anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources.

PAN receives a substantial amount of support by way of restricted contributions. Because donor restrictions require resources to be used in a particular manner or in a future period, PAN must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available to general expenditures within one year. As part of PAN'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.

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:

Cash & cash equivalents	$1,982,254
Investments	352,504
Contributions receivable, current	607,764
Accounts receivable	1,057
Less: net assets with purpose restrictions*	(1,779,547)
Total	1,164,032

*The amounts presented as financial assets available to meet cash needs for general expenditures within one year are not reduced by time-restricted contributions of $45,000 (disclosed in Note 6 as part of the balance of net assets with donor restrictions) since such amounts are considered to be available for the Organization's ongoing core activities.

12. Management's Review of Subsequent Events

In preparing these financial statements, management has evaluated events for potential recognition or disclosure through September 21, 2023, the date the financial statements were available to be issued.