WOODWELL CLIMATE RESEARCH CENTER, INC.

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2022 AND 2021

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INDEPENDENT AUDITOR’S REPORT

Board of Directors
Woodwell Climate Research Center, Inc.

Opinion

We have audited the accompanying financial statements of Woodwell Climate Research Center, Inc. (the Center), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years 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 Woodwell Climate Research Center, Inc. as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years 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. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audits of the Financial Statements section of our report. We are required to be independent of Woodwell Climate Research Center, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 Woodwell Climate Research Center, Inc.’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 Audits 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 Woodwell Climate Research Center, Inc.’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 Woodwell Climate Research Center, Inc.’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.

Supplemental Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of research program expenses are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the
audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Bethesda, MD
November 29, 2022
WOODWELL CLIMATE RESEARCH CENTER, INC.

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2022 AND 2021

<table>
<thead>
<tr>
<th>Assets</th>
<th>2022</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$31,965,737</td>
<td>$12,815,090</td>
</tr>
<tr>
<td>U.S. Government contributions receivable</td>
<td>856,219</td>
<td>599,507</td>
</tr>
<tr>
<td>Other contributions, grants and contracts receivable</td>
<td>7,648,331</td>
<td>3,776,653</td>
</tr>
<tr>
<td>Prepaid expenses and other receivables</td>
<td>320,642</td>
<td>289,513</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td>40,790,929</td>
<td>17,390,763</td>
</tr>
<tr>
<td><strong>Investments</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Endowment and quasi-endowment investments</td>
<td>8,277,290</td>
<td>8,702,468</td>
</tr>
<tr>
<td>Other investments</td>
<td>845,269</td>
<td>1,652,021</td>
</tr>
<tr>
<td><strong>Total investments</strong></td>
<td>9,122,559</td>
<td>10,354,489</td>
</tr>
<tr>
<td><strong>Net property and equipment</strong></td>
<td>4,685,284</td>
<td>4,794,283</td>
</tr>
<tr>
<td><strong>Other assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other contributions receivable, net of current portion</td>
<td>8,300,266</td>
<td>2,256,617</td>
</tr>
<tr>
<td>Beneficial interest in real estate trust assets</td>
<td>212,651</td>
<td>212,651</td>
</tr>
<tr>
<td>Bond proceeds held in trust for debt retirement</td>
<td>10,803</td>
<td>11,680</td>
</tr>
<tr>
<td><strong>Total other assets</strong></td>
<td>8,523,720</td>
<td>2,480,948</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>$63,122,492</td>
<td>$35,020,483</td>
</tr>
</tbody>
</table>

| Liabilities and Net Assets | |
|----------------------------|------|------|
| **Current liabilities** | | |
| Accounts payable | $681,804 | $434,329 |
| Accrued expenses | 959,815 | 648,799 |
| Refundable advances | 14,869 | 2,662 |
| Deferred contract revenue | 417,185 | 681,663 |
| Liability under charitable gift annuities | 9,294 | 9,183 |
| Loans payable | 114,192 | 114,192 |
| **Total current liabilities** | 2,197,159 | 1,890,828 |
| **Long-term liabilities** | | |
| Liability under charitable gift annuities, net of current portion | 86,958 | 95,256 |
| Loans payable, net of current portion | 948,457 | 1,036,090 |
| **Total liabilities** | 3,232,574 | 3,022,174 |
| **Net assets** | | |
| Without donor restrictions | | |
| Operating | 7,227,554 | 5,103,675 |
| Board designated for endowment | 2,455,223 | 2,219,261 |
| Board designated for Fund for Climate Solutions | 1,500,000 | 500,000 |
| Net investment in property and equipment | 3,633,438 | 3,655,681 |
| **Total net assets without donor restrictions** | 14,816,215 | 11,478,617 |
| With donor restrictions | | |
| Temporary restrictions | 41,184,024 | 16,740,213 |
| Perpetual restrictions | 3,889,679 | 3,779,479 |
| **Total net assets with donor restrictions** | 45,073,703 | 20,519,692 |
| **Total net assets** | $59,889,918 | $31,998,309 |
| **Total liabilities and net assets** | $63,122,492 | $35,020,483 |

See accompanying notes to financial statements.
## Woodwell Climate Research Center, Inc.

### Statements of Activities

**Years Ended June 30, 2022 and 2021**

<table>
<thead>
<tr>
<th></th>
<th>2022</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Without Donor Restrictions</td>
<td>With Donor Restrictions</td>
</tr>
<tr>
<td><strong>Support and Revenue</strong></td>
<td>Temporary</td>
<td>Perpetual</td>
</tr>
<tr>
<td>Contributions and grants</td>
<td></td>
<td></td>
</tr>
<tr>
<td>PPP loan forgiveness</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Contract revenue</td>
<td>4,525,132</td>
<td>-</td>
</tr>
<tr>
<td>Investment income (loss)</td>
<td>(446,697)</td>
<td>(771,340)</td>
</tr>
<tr>
<td>Donated equipment</td>
<td>77,235</td>
<td>-</td>
</tr>
<tr>
<td>Change in value of split-interest agreements</td>
<td>(2,962)</td>
<td>-</td>
</tr>
<tr>
<td>Other income</td>
<td>28,659</td>
<td>-</td>
</tr>
<tr>
<td><strong>Net assets released from restrictions</strong></td>
<td>9,361,986</td>
<td>(9,361,986)</td>
</tr>
<tr>
<td><strong>Total support and revenue</strong></td>
<td>20,948,902</td>
<td>24,443,811</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Expenses</strong></th>
<th>2022</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Research programs</td>
<td>12,672,740</td>
<td>8,087,254</td>
</tr>
<tr>
<td>General and administrative</td>
<td>3,385,532</td>
<td>2,942,121</td>
</tr>
<tr>
<td>Development and fundraising</td>
<td>1,553,032</td>
<td>1,033,057</td>
</tr>
<tr>
<td><strong>Total expenses</strong></td>
<td>17,611,304</td>
<td>12,062,432</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Change in net assets</strong></th>
<th>2022</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning of year</td>
<td>11,478,617</td>
<td>31,998,309</td>
</tr>
<tr>
<td>End of year</td>
<td>$14,816,215</td>
<td>$20,519,692</td>
</tr>
</tbody>
</table>

See accompanying notes to financial statements.
## STATEMENTS OF FUNCTIONAL EXPENSES

YEARS ENDED JUNE 30, 2022 AND 2021

### 2022

<table>
<thead>
<tr>
<th></th>
<th>Research Programs</th>
<th>General and Administrative</th>
<th>Development and Fundraising</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries, wages and benefits</td>
<td>$ 7,199,024</td>
<td>$ 2,398,189</td>
<td>$ 1,138,389</td>
<td>$ 10,735,602</td>
</tr>
<tr>
<td>Professional fees and other wages</td>
<td>1,258,006</td>
<td>473,520</td>
<td>72,706</td>
<td>1,804,232</td>
</tr>
<tr>
<td>Travel</td>
<td>453,207</td>
<td>29,346</td>
<td>83,880</td>
<td>566,433</td>
</tr>
<tr>
<td>Materials and supplies</td>
<td>345,861</td>
<td>423,501</td>
<td>106,844</td>
<td>876,206</td>
</tr>
<tr>
<td>Equipment</td>
<td>538,166</td>
<td>-</td>
<td>-</td>
<td>538,166</td>
</tr>
<tr>
<td>Communication</td>
<td>202,928</td>
<td>306,673</td>
<td>34,568</td>
<td>544,169</td>
</tr>
<tr>
<td>Facilities</td>
<td>8,873</td>
<td>273,978</td>
<td>-</td>
<td>282,851</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>874</td>
<td>548,743</td>
<td>-</td>
<td>549,617</td>
</tr>
<tr>
<td>Subawards</td>
<td>1,714,028</td>
<td>-</td>
<td>1,714,028</td>
<td></td>
</tr>
<tr>
<td></td>
<td>11,720,967</td>
<td>4,453,950</td>
<td>1,436,387</td>
<td>17,611,304</td>
</tr>
<tr>
<td>Allocation of common costs</td>
<td>951,773</td>
<td>(1,068,418)</td>
<td>116,645</td>
<td>-</td>
</tr>
<tr>
<td>Total expenses</td>
<td>$ 12,672,740</td>
<td>$ 3,385,532</td>
<td>$ 1,553,032</td>
<td>$ 17,611,304</td>
</tr>
</tbody>
</table>

### 2021

<table>
<thead>
<tr>
<th></th>
<th>Research Programs</th>
<th>General and Administrative</th>
<th>Development and Fundraising</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries, wages and benefits</td>
<td>$ 5,366,421</td>
<td>$ 2,309,176</td>
<td>$ 717,986</td>
<td>$ 8,393,583</td>
</tr>
<tr>
<td>Professional fees and other wages</td>
<td>858,397</td>
<td>246,770</td>
<td>147,054</td>
<td>1,252,221</td>
</tr>
<tr>
<td>Travel</td>
<td>33,462</td>
<td>223</td>
<td>186</td>
<td>33,871</td>
</tr>
<tr>
<td>Materials and supplies</td>
<td>276,892</td>
<td>265,183</td>
<td>64,056</td>
<td>606,131</td>
</tr>
<tr>
<td>Equipment</td>
<td>145,869</td>
<td>(4,999)</td>
<td>-</td>
<td>140,870</td>
</tr>
<tr>
<td>Communication</td>
<td>121,371</td>
<td>137,087</td>
<td>25,421</td>
<td>283,879</td>
</tr>
<tr>
<td>Facilities</td>
<td>3,716</td>
<td>229,352</td>
<td>-</td>
<td>233,068</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>-</td>
<td>447,118</td>
<td>-</td>
<td>447,118</td>
</tr>
<tr>
<td>Subawards</td>
<td>671,691</td>
<td>-</td>
<td>671,691</td>
<td></td>
</tr>
<tr>
<td></td>
<td>7,477,819</td>
<td>3,629,910</td>
<td>954,703</td>
<td>12,062,432</td>
</tr>
<tr>
<td>Allocation of common costs</td>
<td>609,435</td>
<td>(687,789)</td>
<td>78,354</td>
<td>-</td>
</tr>
<tr>
<td>Total expenses</td>
<td>$ 8,087,254</td>
<td>$ 2,942,121</td>
<td>$ 1,033,057</td>
<td>$ 12,062,432</td>
</tr>
</tbody>
</table>

See accompanying notes to financial statements.
WOODWELL CLIMATE RESEARCH CENTER, INC.

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2022 AND 2021

<table>
<thead>
<tr>
<th></th>
<th>2022</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash flows from operating activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contributions and grant payments received</td>
<td></td>
<td></td>
</tr>
<tr>
<td>U.S. Government</td>
<td>$2,352,962</td>
<td>$2,237,532</td>
</tr>
<tr>
<td>Foundations and other</td>
<td>31,294,148</td>
<td>9,993,874</td>
</tr>
<tr>
<td>Contract payments received</td>
<td>2,346,398</td>
<td>2,206,117</td>
</tr>
<tr>
<td>Investment income received</td>
<td>194,302</td>
<td>185,814</td>
</tr>
<tr>
<td>Other operating receipts</td>
<td>28,659</td>
<td>12,825</td>
</tr>
<tr>
<td>Payments to vendors, suppliers and employees</td>
<td>(16,590,593)</td>
<td>(11,462,282)</td>
</tr>
<tr>
<td>Interest payments</td>
<td>(2,655)</td>
<td>(947)</td>
</tr>
<tr>
<td><strong>Net cash provided by operating activities</strong></td>
<td>19,623,221</td>
<td>3,172,933</td>
</tr>
</tbody>
</table>

| **Cash flows from investing activities** |          |          |
| Purchases of investments             | (1,623,149) | (3,177,819) |
| Proceeds from sales of investments   | 1,501,662   | 3,070,833 |
| Purchases of property and equipment  | (363,382)   | (27,804)  |
| **Net cash used for investing activities** | (484,869)  | (134,790) |

| **Cash flows from financing activities** |          |          |
| Net change in bond proceeds held in trust | 877       | 998      |
| Repayments of loans payable           | (87,633)   | (115,365) |
| Payments to charitable gift annuitants | (11,149)   | (10,006)  |
| Endowment contributions received      | 110,200    | 5,200    |
| **Net cash provided by (used for) financing activities** | 12,295     | (119,173) |

| **Net change in cash and cash equivalents** |          |          |
|                                              | 19,150,647 | 2,918,970 |

| **Cash and cash equivalents** |          |          |
| Beginning of year               | 12,815,090 | 9,896,120 |
| End of year                     | $31,965,737 | $12,815,090 |
NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Method of Accounting - The financial statements have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles. Under this basis, revenue is recognized when earned and expenses are recognized as incurred.

Financial Statement Presentation - Financial statement presentation follows the recommendations of U.S. generally accepted accounting principles in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC), Not-for-Profit Entities - Presentation of Financial Statements. Under those principles, Woodwell Climate Research Center, Inc. (the Center) is required to report information regarding its financial position and activities according to two classes of net assets - net assets without donor restrictions and net assets with donor restrictions. The Center also distinguishing between donor restrictions that are temporary and those that are perpetual in nature.

Cash and Cash Equivalents - Cash consists of monies held in demand deposit and money market accounts, unless designated for long-term purposes. Cash equivalents are all highly liquid, short-term investments with initial maturities of three months or less when purchased and are stated at cost which approximates market value.

Promises to Give - Unconditional promises to give expected to be collected within one year are reported at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates applicable to the years in which the promises are received. Amortization of the discount is included in contribution revenue. An allowance for uncollectible promises to give is determined by management based upon historical experience, an assessment of the current economic environment, and analysis of subsequent events. As of June 30, 2022 and 2021, all promises to give were considered fully collectible and therefore no allowance for uncollectible amounts was necessary.

Investments - Investments consist of amounts held in money market accounts and short-term investment funds and amounts invested in fixed income, equities, and mutual/exchange-traded funds, which are carried at fair value, generally as determined by published market prices. Income earned is derived from interest, dividends and changes in fair value. Unrealized gains (losses) resulting from increases (decreases) in fair value of securities held as well as the net realized gains (losses) arising from sales of securities are included in investment income. The Center's investments are pooled, and the allocation of income is tracked on a unitized basis. The Center distributes a proportional amount of investment income based on a total return policy.
NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment - Property and equipment are recorded at cost. Property and equipment with a cost of $3,000 or greater and having an expected useful life of two years or longer are capitalized. Depreciation and amortization are provided on a straight-line basis over the estimated useful lives of the assets or, where applicable, the terms of the respective capitalized lease agreements, whichever are shorter. The cost of property and equipment retired or disposed of is removed from the accounts along with the related accumulated depreciation or amortization, and any gain or loss is reflected in income.

Revenue Recognition - Revenue is derived from both exchange transactions and contribution transactions. Revenue from exchange transactions is recognized when control of promised services is transferred to customers, in an amount that reflects the consideration we expect to be entitled to in exchange for those services. Exchange transactions generally relate to contracts for which the related services are considered transferred over time as costs are incurred. Payments are generally required in advance and are reported as deferred contract revenue until the related revenue is recognized. Unconditional contributions are recognized upon receipt of cash or other assets, or when a donor promises to transfer cash or other assets in the future. Conditional promises to give, that is, those with a measurable performance or other barrier and a right of return or release, are not recognized until the conditions have been substantially met.

Contributions - Contributions received are reported as increases in net assets without donor restrictions unless received with donor stipulations that require the assets be used for specific purposes or in specific time periods. All donor-restricted contributions are reported as an increase in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Contributed nonfinancial assets consist of equipment used in research programs and are recognized at their estimated fair value based on comparable acquisition costs.

Grants and Similar Agreements - Most grant agreements are accounted for as contribution transactions. When an agreement includes both a barrier and either a right of return of assets to the resource provider or a right of release from obligation by the resource provider, the contribution is considered to be conditional. Amounts received under conditional transfers are reported as a liability (refundable advance) and recognized as contribution revenue only when the conditions are met. The Center also derives revenue from cost-reimbursable federal grants, contracts and cooperative agreements, which are conditioned upon certain performance requirements, compliance with federal statutes, and the incurrence of allowable qualifying expenses. Those conditions are considered to have been met and revenue is recognized when the Center has incurred expenditures in compliance with specific grant or contract provisions.

Functional Allocation of Expenses - The costs of providing the various programs and other activities of the Center have been summarized on a functional basis in the statements of activities and functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Salaries and fringe benefits are allocated based on employee time and effort. Common costs such as occupancy, depreciation and the like are allocated pro-rata based on total costs incurred.
NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates - The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent 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.

New Accounting Pronouncement Adopted - During the year ended June 30, 2022, the Center adopted and applied retrospectively the provisions of Accounting Standards Update 2020-07, Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets (the Update). The Update requires enhanced disclosures and the reporting of contributed nonfinancial assets as a separate line item in the statements of activities. The adoption of the Update did not have a significant impact on the Center’s financial statements.

NOTE 2. ORGANIZATION AND TAX STATUS

Founded in 1985, the mission of Woodwell Climate Research Center, Inc. (formerly The Woods Hole Research Center, Inc.) is to advance scientific discovery and seek science-based solutions for the world’s environmental and economic challenges through research and education.

The Center (a Massachusetts nonprofit corporation) is exempt from Federal and Massachusetts income taxes under Section 501(c)(3) of the Internal Revenue Code and Chapter 180 of the Code of the Commonwealth of Massachusetts, respectively, as a publicly supported organization. The Center is, however, subject to tax on net profits generated by activities defined as unrelated business activities under applicable tax law. To date, the Center has not engaged in such activities. The Center’s Form 990, Return of Organization Exempt from Income Tax, for the years ended June 30, 2019 through 2021 are subject to examination by the Internal Revenue Service (IRS), generally for three years after they were filed.

NOTE 3. LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES

As part of the Center’s liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Center invests cash in excess of its current requirements in a portfolio of investments designed to maximize long-term earnings with acceptable risk to investment principal. The Center’s Board has designated $2,455,223 to function as an endowment, and the Center generally budgets an annual spending rate up to 4% of total endowment investments. However, in the event of unanticipated liquidity needs, the Center’s Board could make available all or a portion of the amount currently designated as endowment. The Center also has the ability to draw upon an available line of credit in the amount of $350,000.
NOTE 3. LIQUIDITY AND AVAILABILITY OF RESOURCES (CONTINUED)

The following table represents the Center’s financial assets available to meet cash needs for general expenditures within one year of June 30, 2022 and 2021. Since over 50% of the Center’s expenditures are generally funded by donor-restricted contributions, the related assets are considered available to meet general expenditures.

<table>
<thead>
<tr>
<th></th>
<th>2022</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total assets at end of year</td>
<td>$63,122,492</td>
<td>$35,020,483</td>
</tr>
<tr>
<td>Less nonfinancial assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>(314,476)</td>
<td>(288,969)</td>
</tr>
<tr>
<td>Net property and equipment</td>
<td>(4,685,284)</td>
<td>(4,794,283)</td>
</tr>
<tr>
<td>Beneficial interest in real estate trust assets</td>
<td>(212,651)</td>
<td>(212,651)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total financial assets at end of year</td>
<td>57,910,081</td>
<td>29,724,580</td>
</tr>
<tr>
<td>Less amounts unavailable for general expenditures</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amounts held in trust for debt expenses and retirement</td>
<td>(55,463)</td>
<td>(52,331)</td>
</tr>
<tr>
<td>Contributions receivable due in more than one year</td>
<td>(8,300,266)</td>
<td>(2,256,617)</td>
</tr>
<tr>
<td>Endowment investments</td>
<td>(8,277,290)</td>
<td>(8,702,468)</td>
</tr>
<tr>
<td>Add estimated amount available for appropriation</td>
<td>331,000</td>
<td>348,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total financial assets available for general expenditures within one year</td>
<td>$41,608,062</td>
<td>$19,061,164</td>
</tr>
</tbody>
</table>

NOTE 4. CONTRIBUTIONS, GRANTS AND CONTRACTS RECEIVABLE

Contributions, grants and contracts receivable as of June 30, 2022 and 2021, are as follows:

<table>
<thead>
<tr>
<th></th>
<th>2022</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contracts receivable</td>
<td>$2,048,151</td>
<td>$133,895</td>
</tr>
<tr>
<td>Grants and contributions receivable</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Due in less than one year</td>
<td>6,456,399</td>
<td>4,152,265</td>
</tr>
<tr>
<td>Due in one to five years</td>
<td>8,927,000</td>
<td>2,313,716</td>
</tr>
<tr>
<td></td>
<td>15,383,399</td>
<td>6,465,981</td>
</tr>
<tr>
<td>Less discount to net present value</td>
<td>(626,734)</td>
<td>(57,099)</td>
</tr>
<tr>
<td></td>
<td>14,756,665</td>
<td>6,408,882</td>
</tr>
<tr>
<td></td>
<td>$16,804,816</td>
<td>$6,542,777</td>
</tr>
</tbody>
</table>

Grants and contribution receivables due after one year have been discounted to their net present value using a discount rate of 3.0% as of June 30, 2022 and 2.5% as of June 30, 2021.

Conditional promises receivable as of June 30, 2022 total approximately $7.2 million, consisting of unexpended U.S. Government grant awards of approximately $6.1 million, and $1.1 million promised to support the Center’s Audacious Project, conditioned on raising total project funding of $35 million.
NOTE 5. CONTRACT BALANCES

The timing of billings, cash collections, and revenue recognition result in contract assets and contract liabilities associated with revenue from exchange transactions. Contract assets consist entirely of trade accounts receivable, which are recognized only to the extent it is probable that the Center will collect substantially all of the consideration to which it is entitled in exchange for the services that will be or have been transferred. These amounts are included with other contributions, grants and contracts receivable reported in the statements of financial position. Contract liabilities consist entirely of deferred revenue that results when the Center receives advance payments from customers before revenue is recognized. Balances in these accounts as of the beginning and end of the years ended June 30, 2022 and 2021 are as follows:

<table>
<thead>
<tr>
<th></th>
<th>6/30/22</th>
<th>6/30/21</th>
<th>6/30/20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contracts receivable</td>
<td>$2,048,151</td>
<td>$133,895</td>
<td>$271,299</td>
</tr>
<tr>
<td>Deferred contract revenue</td>
<td>$417,185</td>
<td>$681,663</td>
<td>$318,493</td>
</tr>
</tbody>
</table>

NOTE 6. INVESTMENTS

Investments consist of amounts held in cash equivalents, equities and fixed income securities. The original cost and fair values of investments are as follows:

<table>
<thead>
<tr>
<th></th>
<th>2022</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost</td>
<td>$8,097,393</td>
<td>$7,628,259</td>
</tr>
<tr>
<td>Accumulated unrealized gain</td>
<td>1,006,529</td>
<td>2,706,988</td>
</tr>
<tr>
<td></td>
<td>9,103,922</td>
<td>10,335,247</td>
</tr>
<tr>
<td>Accrued interest and dividends</td>
<td>18,637</td>
<td>19,242</td>
</tr>
<tr>
<td></td>
<td>$9,122,559</td>
<td>$10,354,489</td>
</tr>
</tbody>
</table>

Investments are held in endowment, quasi-endowment or other categories as described below:

<table>
<thead>
<tr>
<th></th>
<th>2022</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Board-designated endowment</td>
<td>$2,455,223</td>
<td>$2,219,261</td>
</tr>
<tr>
<td>Unappropriated earnings on permanent endowments</td>
<td>1,932,388</td>
<td>2,703,728</td>
</tr>
<tr>
<td>Donor-restricted permanent endowments</td>
<td>3,889,679</td>
<td>3,779,479</td>
</tr>
<tr>
<td></td>
<td>8,277,290</td>
<td>8,702,468</td>
</tr>
<tr>
<td>Net other investments</td>
<td>845,269</td>
<td>1,652,021</td>
</tr>
<tr>
<td>Total investments</td>
<td>$9,122,559</td>
<td>$10,354,489</td>
</tr>
</tbody>
</table>
NOTE 6. INVESTMENTS (CONTINUED)

Net investment return consisted of the following for the years ended June 30, 2022 and 2021:

<table>
<thead>
<tr>
<th></th>
<th>2022</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest and dividends</td>
<td>$193,697</td>
<td>$185,814</td>
</tr>
<tr>
<td>Net appreciation (depreciation)</td>
<td>$(1,352,812)</td>
<td>1,843,797</td>
</tr>
<tr>
<td>Less investment fees</td>
<td>$(58,922)</td>
<td>$(58,922)</td>
</tr>
<tr>
<td></td>
<td>$(1,218,037)</td>
<td>$1,970,689</td>
</tr>
</tbody>
</table>

NOTE 7. FAIR VALUE

U.S. generally accepted accounting principles related to Fair Value Measurements establish a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that inputs that are most observable be used when available. Observable inputs are inputs that market participants operating within the same marketplace as the Center would use in pricing the Center’s assets or liabilities based on independently derived and observable market data. Unobservable inputs are inputs that cannot be sourced from a broad active market in which assets or liabilities identical or similar to those of the Center are traded.

Level 1 - Valuation based on quoted market prices in active markets for identical assets or liabilities.

Level 2 - Valuation based on quoted prices for similar assets or liabilities, or inputs that are observable, either directly or indirectly, for substantially the full term through corroboration with observable market data.

Level 3 - Valuation based on inputs that are unobservable and reflect management’s best estimate of what market participants would use in estimating fair value.

All of the Center’s financial investments were measured at fair value on a recurring basis as of June 30, 2022 and 2021 using Level 1 inputs, except for investments in fixed-income securities, for which the fair values were measured using Level 2 inputs. The fair values of short-term investment funds, equities, mutual funds and exchange-traded funds were based on quoted market prices as of each June 30. The fair values of fixed-income securities were estimated based on yields and maturities of similar securities. The Center’s liability under charitable gift annuities was measured at fair value on a recurring basis as of June 30, 2022 and 2021 using Level 2 inputs, based on market interest rates and estimated life expectancies of the annuitants. There have been no changes to the valuation methodologies used at June 30, 2022 and 2021.
NOTE 7.  FAIR VALUE (CONTINUED)

Inputs used to determine the fair values of investments measured on a recurring basis at June 30, 2022 and 2021, by investment class, are as follows:

<table>
<thead>
<tr>
<th>Investment Class</th>
<th>Total at 06/30/22</th>
<th>Quoted Market Price for Assets (Level 1)</th>
<th>Significant Other Observable Inputs (Level 2)</th>
<th>Significant Unobservable Inputs (Level 3)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Short-term investment funds</td>
<td>$194,739</td>
<td>$194,739</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Equities and ETFs</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Materials</td>
<td>138,620</td>
<td>138,620</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Industrial goods</td>
<td>430,458</td>
<td>430,458</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Consumer discretionary</td>
<td>485,577</td>
<td>485,577</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Consumer staples</td>
<td>354,635</td>
<td>354,635</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Health care</td>
<td>719,202</td>
<td>719,202</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Financial services</td>
<td>526,952</td>
<td>526,952</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Technology</td>
<td>1,203,062</td>
<td>1,203,062</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Telecommunications</td>
<td>264,735</td>
<td>264,735</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Utilities</td>
<td>115,910</td>
<td>115,910</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Real estate</td>
<td>160,262</td>
<td>160,262</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Mutual funds</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bond funds</td>
<td>105,550</td>
<td>105,550</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>International funds</td>
<td>811,149</td>
<td>811,149</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Fixed income</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Corporate debt securities</td>
<td>2,430,120</td>
<td>-</td>
<td>2,430,120</td>
<td>-</td>
</tr>
<tr>
<td>Government securities</td>
<td>1,162,951</td>
<td>-</td>
<td>1,162,951</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>$9,103,922</td>
<td>$5,510,851</td>
<td>$3,593,071</td>
<td>$-</td>
</tr>
</tbody>
</table>

Total: $9,103,922 $5,510,851 $3,593,071 $-
### NOTE 7. FAIR VALUE (CONTINUED)

<table>
<thead>
<tr>
<th></th>
<th>Total at 06/30/21</th>
<th>Quoted Market Price for Assets (Level 1)</th>
<th>Significant Other Observable Inputs (Level 2)</th>
<th>Significant Unobservable Inputs (Level 3)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Short-term investment funds</td>
<td>$ 69,077</td>
<td>$ 69,077</td>
<td>$ -</td>
<td>$ -</td>
</tr>
<tr>
<td>Equities and ETFs</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Materials</td>
<td>175,472</td>
<td>175,472</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Industrial goods</td>
<td>563,968</td>
<td>563,968</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Consumer discretionary</td>
<td>674,815</td>
<td>674,815</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Consumer staples</td>
<td>333,249</td>
<td>333,249</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Health care</td>
<td>749,572</td>
<td>749,572</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Financial services</td>
<td>660,567</td>
<td>660,567</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Technology</td>
<td>1,525,002</td>
<td>1,525,002</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Telecommunications</td>
<td>452,968</td>
<td>452,968</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Utilities</td>
<td>121,689</td>
<td>121,689</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Real estate</td>
<td>184,123</td>
<td>184,123</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Mutual fund</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pax International Sustainable</td>
<td>1,037,064</td>
<td>1,037,064</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Economy Fund</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fixed income</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Corporate debt securities</td>
<td>2,500,926</td>
<td>-</td>
<td>2,500,926</td>
<td>-</td>
</tr>
<tr>
<td>Government securities</td>
<td>1,286,755</td>
<td>-</td>
<td>1,286,755</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$10,335,247</td>
<td>$6,547,566</td>
<td>$3,787,681</td>
<td>$-</td>
</tr>
</tbody>
</table>

### NOTE 8. PROPERTY AND EQUIPMENT

Property and equipment as of June 30, 2022 and 2021 consists of the following:

<table>
<thead>
<tr>
<th></th>
<th>2022</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land</td>
<td>$ 517,571</td>
<td>$ 517,571</td>
</tr>
<tr>
<td>Building and improvements</td>
<td>11,266,780</td>
<td>11,107,216</td>
</tr>
<tr>
<td>Construction in progress</td>
<td>75,156</td>
<td>-</td>
</tr>
<tr>
<td>Furniture and equipment</td>
<td>2,062,699</td>
<td>1,856,802</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>13,922,206</td>
<td>13,481,589</td>
</tr>
<tr>
<td>Less accumulated depreciation and amortization</td>
<td>(9,236,922)</td>
<td>(8,687,306)</td>
</tr>
<tr>
<td>Net property and equipment</td>
<td>$ 4,685,284</td>
<td>$ 4,794,283</td>
</tr>
</tbody>
</table>
NOTE 9. BENEFICIAL INTEREST IN REAL ESTATE TRUST ASSETS

The Center entered into a joint venture agreement with an unrelated third party through which a small portion of land acquired in connection with the Ordway Campus was contributed by the Center and a similar parcel of land was contributed by the joint venturer. The property was placed in trust, after which the joint venturer gifted his interest in the property to the Center. The carrying value of the Center’s interest in the Trust was $212,651 at both June 30, 2022 and 2021.

NOTE 10. LOANS PAYABLE

Financing of Headquarters Building - During the year ended June 30, 2003, the Center completed construction of and placed into service a new headquarters building (the Ordway Campus) in Falmouth, Massachusetts. To finance the construction, the Center raised restricted contributions from the general public, designated a portion of unrestricted net assets to be used for the campaign, and entered into a loan agreement with the Massachusetts Health and Educational Facilities Authority (MHEFA) for a total loan amount of $2,795,000. That loan agreement was amended during the year ended June 30, 2010, and the Center borrowed an additional $603,900 from MHEFA to help finance improvements made to an adjacent building (the Carriage House).

The Center obtained a $2.6 million direct pay letter of credit to provide security for the MHEFA loans, for which it pays an annual fee equal to 2.00% of the total amounts outstanding on the MHEFA loans. The loans require level annual principal payments and interest on the unpaid principal accrues and is payable monthly at a variable rate, 0.756% and 0.14% as of June 30, 2022 and 2021, respectively. The intention is to keep the fair market value of the loan equal to its outstanding principal balance. Substantially all business assets of the Center have been pledged as collateral in connection with the loan agreements. The Center is scheduled to make total remaining principal payments of $1,062,649 in annual installments of $114,192 through June 2031. The remaining outstanding principal will be retired through annual draws against the debt service reserve funds held in trust. Interest expense totaled $2,655 and $947 for the years ended June 30, 2022 and 2021, respectively.

Paycheck Protection Program - On April 8, 2020, the Center received a Paycheck Protection Program (PPP) loan in the amount of $1,206,925, made available under the Coronavirus Aid, Relief, and Economic Security (CARES) Act. Provided the Center complied with applicable provisions of the CARES Act, the PPP loan was eligible to be forgiven in full. The Center initially recorded a note payable and subsequently recognized contribution income related to the debt forgiveness, in accordance with the guidance for recognizing conditional contributions, when the loan was forgiven in full by the U.S. Small Business Administration on May 3, 2021.
NOTE 10. LOANS PAYABLE (CONTINUED)

As of June 30, 2022, principal repayments on the MHEFA loan are due by fiscal year as follows:

<table>
<thead>
<tr>
<th>Year ending June 30</th>
<th>MHEFA Loan</th>
</tr>
</thead>
<tbody>
<tr>
<td>2023</td>
<td>$114,192</td>
</tr>
<tr>
<td>2024</td>
<td>114,192</td>
</tr>
<tr>
<td>2025</td>
<td>114,192</td>
</tr>
<tr>
<td>2026</td>
<td>114,192</td>
</tr>
<tr>
<td>2027</td>
<td>114,192</td>
</tr>
<tr>
<td>Thereafter</td>
<td>491,689</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$1,062,649</strong></td>
</tr>
</tbody>
</table>

Revolving Line of Credit - The Center has a revolving demand line of credit agreement in the maximum principal amount of $350,000, secured by substantially all of the Center’s investments. As of June 30, 2022, no amounts had been drawn against the line.

NOTE 11. NET ASSETS

The Center has net assets both with and without donor restrictions, as described in more detail below. A summary of the Center’s net assets as of June 30, 2022 and 2021 is as follows:

<table>
<thead>
<tr>
<th>June 30, 2022</th>
<th>Without Donor Restrictions</th>
<th>With Donor Restrictions</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Temporary</td>
<td>Perpetual</td>
</tr>
<tr>
<td>Endowment funds</td>
<td>$2,455,223</td>
<td>$1,932,388</td>
</tr>
<tr>
<td>Fund for Climate Solutions</td>
<td>1,500,000</td>
<td>5,315,828</td>
</tr>
<tr>
<td>Audacious Project</td>
<td>-</td>
<td>24,659,328</td>
</tr>
<tr>
<td>Funds restricted for research and similar purposes</td>
<td>-</td>
<td>8,737,920</td>
</tr>
<tr>
<td>Time restricted contributions</td>
<td>-</td>
<td>538,560</td>
</tr>
<tr>
<td>Net investment in property and equipment</td>
<td>3,633,438</td>
<td>-</td>
</tr>
<tr>
<td>Operating funds</td>
<td>7,227,554</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$14,816,215</strong></td>
<td><strong>$41,184,024</strong></td>
</tr>
</tbody>
</table>
## NOTE 11. NET ASSETS (CONTINUED)

### Net Assets without Donor Restrictions - Revenues are reported as increases in net assets without donor restrictions unless use of the related asset is limited by donor-imposed restrictions. All expenses are reported as decreases in net assets without donor restrictions.

### Board Designated Funds

The Center’s Board of Directors has designated a portion of net assets without donor restrictions to function as endowment and a portion to support expenditures from the Fund for Climate Solutions, for which the Center has also raised donor-restricted support. The objective of the Fund for Climate Solutions is to provide a financial bridge to a sustainable funding model while supporting mission-critical programs over a 10-year period as the Center adapts to anticipated changes in the availability of Federal government funding for its programs.

### Net Investment in Property and Equipment

The Center has net assets without donor restrictions which are invested in property and equipment owned by the Center. The net investment in property and equipment consists of:

<table>
<thead>
<tr>
<th>Description</th>
<th>2022</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net property and equipment</td>
<td>$ 4,685,284</td>
<td>$ 4,794,283</td>
</tr>
<tr>
<td>Bond proceeds held in trust for debt retirement</td>
<td>10,803</td>
<td>11,680</td>
</tr>
<tr>
<td>Loans payable - current portion</td>
<td>(114,192)</td>
<td>(114,192)</td>
</tr>
<tr>
<td>Loans payable - long-term portion</td>
<td>(948,457)</td>
<td>(1,036,090)</td>
</tr>
<tr>
<td></td>
<td>$ 3,633,438</td>
<td>$ 3,655,681</td>
</tr>
</tbody>
</table>

### Net Assets with Temporary Donor Restrictions - Net assets with temporary donor restrictions as of June 30, 2022 and 2021 consist principally of research grants from private foundations and contributions for long-term purposes. Net assets with temporary donor restrictions result from gifts of cash or other assets with donor-imposed restrictions that require that such

<table>
<thead>
<tr>
<th>Without Donor Restrictions</th>
<th>With Donor Restrictions</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Endowment funds</td>
<td>$ 2,219,261</td>
<td>$ 2,703,728</td>
<td>$ 3,779,479</td>
<td>$ 8,702,468</td>
</tr>
<tr>
<td>Fund for Climate Solutions</td>
<td>500,000</td>
<td>3,498,746</td>
<td>-</td>
<td>3,998,746</td>
</tr>
<tr>
<td>Funds restricted for research and similar purposes</td>
<td>-</td>
<td>10,237,739</td>
<td>-</td>
<td>10,237,739</td>
</tr>
<tr>
<td>Time restricted contributions</td>
<td>-</td>
<td>300,000</td>
<td>-</td>
<td>300,000</td>
</tr>
<tr>
<td>Net investment in property and equipment</td>
<td>3,655,681</td>
<td>-</td>
<td>-</td>
<td>3,655,681</td>
</tr>
<tr>
<td>Operating funds</td>
<td>5,103,675</td>
<td>-</td>
<td>-</td>
<td>5,103,675</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$ 11,478,617</strong></td>
<td><strong>$ 16,740,213</strong></td>
<td><strong>$ 3,779,479</strong></td>
<td><strong>$ 31,998,309</strong></td>
</tr>
</tbody>
</table>
NOTE 11. NET ASSETS (CONTINUED)

resources be used in a later period or after a specified date or that the resources be used for a specified purpose. The net assets will be released when spent for the appropriate purpose or upon expiration of a time restriction, in compliance with donor restrictions. Net assets with temporary donor restrictions as of June 30, 2022 and 2021 were subject to restriction as follows:

<table>
<thead>
<tr>
<th></th>
<th>2022</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Research grants from foundations and others</td>
<td>$8,737,920</td>
<td>$10,237,739</td>
</tr>
<tr>
<td>Fund for Climate Solutions</td>
<td>5,315,828</td>
<td>3,498,746</td>
</tr>
<tr>
<td>Audacious Project</td>
<td>24,659,328</td>
<td></td>
</tr>
<tr>
<td>Time-restricted contributions</td>
<td>538,560</td>
<td>300,000</td>
</tr>
<tr>
<td>Unappropriated earnings on permanent endowments</td>
<td>1,932,388</td>
<td>2,703,728</td>
</tr>
<tr>
<td></td>
<td><strong>$41,184,024</strong></td>
<td><strong>$16,740,213</strong></td>
</tr>
</tbody>
</table>

Following are the net assets released from donor-imposed restrictions during the years ended June 30, 2022 and 2021.

<table>
<thead>
<tr>
<th></th>
<th>2022</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Research grants</td>
<td></td>
<td></td>
</tr>
<tr>
<td>U.S. Government</td>
<td>$2,692,467</td>
<td>$2,432,362</td>
</tr>
<tr>
<td>Foundations and International</td>
<td>3,511,964</td>
<td>1,811,973</td>
</tr>
<tr>
<td>Fund for Climate Solutions</td>
<td>1,488,333</td>
<td>1,009,700</td>
</tr>
<tr>
<td>Audacious Project</td>
<td>1,369,222</td>
<td></td>
</tr>
<tr>
<td>Time-restricted contributions</td>
<td>300,000</td>
<td></td>
</tr>
<tr>
<td>Appropriated earnings on permanent endowments</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td><strong>$9,361,986</strong></td>
<td><strong>$5,254,035</strong></td>
</tr>
</tbody>
</table>

**Net Assets with Perpetual Donor Restrictions** - The Center has received several contributions establishing permanent endowments. During 2002, the Center received a total of $2.5 million from a single contributor that provides for a $2 million endowment to fund the Sara Shallenberger Brown Chair of Environmental Policy. The primary focus of the Chair is to connect science, conservation, and human affairs nationally and internationally and to incorporate the findings of science into the decisions of governments. The remaining $500,000 is to support the Center’s general endowment, the earnings on which are available for general support. The Center has also received contributions to fund the George Woodwell Chair of Conservation and other smaller endowments. The Center may appropriate annually for operating purposes earnings on general endowment investments related to these gifts.
NOTE 11. NET ASSETS (CONTINUED)

Total net assets with perpetual donor restrictions are as follows at June 30, 2022 and 2021:

<table>
<thead>
<tr>
<th>Fund</th>
<th>2022</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sara Shallenberger Brown Chair and Endowment</td>
<td>$2,500,000</td>
<td>$2,500,000</td>
</tr>
<tr>
<td>George Woodwell Chair of Conservation</td>
<td>1,034,379</td>
<td>1,034,379</td>
</tr>
<tr>
<td>General support</td>
<td>355,300</td>
<td>245,100</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$3,889,679</strong></td>
<td><strong>$3,779,479</strong></td>
</tr>
</tbody>
</table>

**Interpretation of Relevant Law**

The Center is subject to the Massachusetts Prudent Management of Institutional Funds Act (MPMIFA) and, thus, classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions. The original donor gifts are reported as net assets with perpetual donor restrictions as none of the donor-restricted endowments are currently underwater. These endowment funds are invested in a pool with all other investments of the Center. The returns on the endowment fund investments have been reported as increases in net assets with donor restrictions in the statements of activities. Unexpended earnings on these endowments are reported as net assets with temporary donor restrictions until appropriated for expenditure by the Center.

**Return Objectives and Risk Parameters**

The Center has adopted an asset allocation policy, monitored through its Investment Policy, that is a moderate balance of equities, fixed income and cash with a target of 60-70% equities and 30-40% fixed income. These change slightly as risk is monitored and the fund manager is given a target and 5% latitude for market impact and manager decisions. The equity investment style is an "All Cap Strategy" which is benchmarked to the S&P 1500. Equity performance, if applicable, is measured against the benchmark index over market cycle (typically 3-5 years). The equity portion of the portfolio uses a growth-at-a-reasonable-price discipline. The fixed income allocation may hold taxable government agency bonds and socially screened corporate bonds. Fixed income performance is benchmarked to the Barclay’s Gov/Credit Interim Bond Index. Allocation percentages are meant to be soft guidelines rather than absolute portfolio mandates as described above. Investment goals are primarily capital appreciation and secondarily income generation at this time.

**Spending Policies of the Endowments**

**Sara Shallenberger Brown Chair and Endowment** - The donor requested that the investment income generated by the Chair and the endowment each year be used for general operations. For the years ended June 30, 2022 and 2021, the Board of Directors appropriated for expenditure $-0- and $-0-, respectively, of accumulated earnings.
NOTE 11. NET ASSETS (CONTINUED)

George Woodwell Chair of Conservation - The donors requested that the investment income generated by the Chair each year be used for general operations once the Chair reached a certain monetary level. For the years ended June 30, 2022 and 2021, the Board of Directors appropriated for expenditure $0- and $0-, respectively.

General Support Endowments - Investment income or loss are reported as changes in net assets with temporary donor restrictions until appropriated by the Board of Directors. For the years ended June 30, 2022 and 2021, the Board of Directors appropriated for expenditure $0- and $0-, respectively.

Change in Endowment Net Assets

The following table represents the changes in endowment net assets for the years ended June 30, 2022 and 2021:

<table>
<thead>
<tr>
<th></th>
<th>Without Donor Restrictions</th>
<th>With Donor Restrictions</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Temporary</td>
<td>Perpetual</td>
<td></td>
</tr>
<tr>
<td>Endowment net assets, June 30, 2020</td>
<td>$1,802,488</td>
<td>$1,485,166</td>
<td>$7,061,933</td>
</tr>
<tr>
<td>Contributions/designations</td>
<td>-</td>
<td>-</td>
<td>5,200</td>
</tr>
<tr>
<td>Investment income</td>
<td>416,773</td>
<td>1,218,562</td>
<td>1,635,335</td>
</tr>
<tr>
<td>Appropriations</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Endowment net assets, June 30, 2021</td>
<td>2,219,261</td>
<td>2,703,728</td>
<td>8,702,468</td>
</tr>
<tr>
<td>Contributions/designations</td>
<td>500,000</td>
<td>-</td>
<td>610,200</td>
</tr>
<tr>
<td>Investment income (loss)</td>
<td>(264,038)</td>
<td>(771,340)</td>
<td>(1,035,378)</td>
</tr>
<tr>
<td>Appropriations</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Endowment net assets, June 30, 2022</td>
<td>$2,455,223</td>
<td>$1,932,388</td>
<td>$8,277,290</td>
</tr>
</tbody>
</table>

NOTE 12. PENSION PLAN

The Center has a contributory defined contribution pension plan covering substantially all full-time employees. Plan contributions are made on behalf of eligible employees through individual annuities with the Teachers Insurance and Annuity Association and College Retirement Equities Fund. The contributions are made on a semi-monthly basis at 10% of eligible compensation. Pension expense for the years ended June 30, 2022 and 2021 was $634,244 and $533,154, respectively.

NOTE 13. OPERATING LEASES

The Center leases certain office equipment under operating leases expiring through 2025. Rental expense for office equipment for the years ended June 30, 2022 and 2021 totaled approximately $11,300 and $11,300, respectively. Future minimum lease payments by fiscal year are due as follows:
NOTE 13. OPERATING LEASES (CONTINUED)

<table>
<thead>
<tr>
<th>Year ending June 30,</th>
<th>2023</th>
<th>$ 8,090</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2024</td>
<td>8,090</td>
</tr>
<tr>
<td></td>
<td>2025</td>
<td>2,583</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>$18,763</strong></td>
</tr>
</tbody>
</table>

NOTE 14. SIGNIFICANT CONCENTRATIONS

**Cash Balances** - The Center maintains its operating cash at three financial institutions. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000 per institution. As of June 30, 2022, the Center’s cash balances in excess of FDIC insurance coverage totaled approximately $31.5 million. Included in other assets as bond proceeds held for debt retirement was an amount of $10,803 which is not federally insured.

**Major Contributors** - The Center receives revenue from U.S. Government funded grants and cooperative agreements, all of which are subject to audit by government agencies. The ultimate determination of amounts received is based upon allowable costs reported to and audited by the government. Until such audits have been completed and final settlement reached, there exists a contingency to refund any amounts received in excess of allowed costs.

During the years ended June 30, 2022 and 2021, approximately 13% and 18%, respectively, of the Center’s total support and revenue that increased net assets without donor restrictions was provided through grants and similar agreements with the U.S. Government.

NOTE 15. SUBSEQUENT EVENTS

Subsequent events have been evaluated through November 29, 2022, which is the date the financial statements were available to be issued and revealed no transactions or events requiring adjustment to or disclosure in the accompanying financial statements.
SUPPLEMENTAL INFORMATION
## Schedules of Research Program Expenses

### Years Ended June 30, 2022 and 2021

<table>
<thead>
<tr>
<th></th>
<th>Center Funded Science</th>
<th>Policy Engagement, Education and Communication</th>
<th>Policy Relevant Research</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Salaries, wages and benefits</strong></td>
<td>$1,484,935 $</td>
<td>$1,842,641 $</td>
<td>$3,871,448 $</td>
<td>$7,199,024 $</td>
</tr>
<tr>
<td><strong>Professional fees and other wages</strong></td>
<td>$149,879</td>
<td>$524,879</td>
<td>$583,248</td>
<td>$1,258,006</td>
</tr>
<tr>
<td><strong>Travel</strong></td>
<td>$70,636</td>
<td>$102,533</td>
<td>$280,038</td>
<td>$453,207</td>
</tr>
<tr>
<td><strong>Materials and supplies</strong></td>
<td>$34,696</td>
<td>$78,990</td>
<td>$232,175</td>
<td>$345,861</td>
</tr>
<tr>
<td><strong>Equipment</strong></td>
<td>$7,492</td>
<td>$456,376</td>
<td>$74,298</td>
<td>$538,166</td>
</tr>
<tr>
<td><strong>Communication</strong></td>
<td>$25,945</td>
<td>$46,410</td>
<td>$130,573</td>
<td>$202,928</td>
</tr>
<tr>
<td><strong>Facilities</strong></td>
<td>$6,294</td>
<td>-</td>
<td>$2,579</td>
<td>$8,873</td>
</tr>
<tr>
<td><strong>Depreciation and amortization</strong></td>
<td>-</td>
<td>-</td>
<td>$874</td>
<td>$874</td>
</tr>
<tr>
<td><strong>Subawards</strong></td>
<td>831,494</td>
<td>882,534</td>
<td>1,714,028</td>
<td></td>
</tr>
<tr>
<td><strong>Allocation of common costs</strong></td>
<td>$144,538</td>
<td>$315,353</td>
<td>$491,882</td>
<td>$951,773</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$1,924,415</td>
<td>$4,198,676</td>
<td>$6,549,649</td>
<td>$12,672,740</td>
</tr>
</tbody>
</table>

**Woodwell Climate Research Center, Inc.**

**Schedules of Research Program Expenses**

**Years Ended June 30, 2022 and 2021**