

# **The Solutions Project Inc.**

Financial Statements  
and  
Independent Auditors' Report

For the Years Ended  
December 31, 2024 and 2023



**The Solutions Project Inc.**  
**Table of Contents**

**December 31, 2024 and 2023**

---

Page No.

Independent Auditors' Report

1-2

Financial Statements:

Statements of Financial Position

3

Statements of Activities and Changes in Net Assets

4-5

Statements of Functional Expenses

6-7

Statements of Cash Flows

8

Notes to Financial Statements

9-16



## Independent Auditors' Report

To the Board of Directors and Management  
The Solutions Project Inc.  
Oakland, CA

### Opinion

We have audited the financial statements of The Solutions Project Inc., which comprise the statements of financial position as of December 31, 2024 and 2023 and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of The Solutions Project Inc. as of December 31, 2024 and 2023 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 (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Solutions Project 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 The Solutions Project Inc.'s ability to continue as a going concern for one year after the date that the financial statements are available to be issued.



## **Auditors' Responsibilities for the Audit of the Financial Statements**

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

In performing an audit in accordance with GAAS, we:

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

A stylized, handwritten-style signature of "BryMar" in black ink.

Watsonville, California  
August 4, 2025

**The Solutions Project Inc.  
Statements of Financial Position**

**December 31, 2024 and 2023**

	<b>2024</b>	<b>2023</b>
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 24,850,068	\$ 24,357,906
Grants receivable	3,218,999	4,037,800
Investments	479	-
Prepays and other current assets	41,164	140,282
Total current assets	28,110,710	28,535,988
Long-term grants receivable, net	638,034	1,486,099
Property and equipment, net	42,497	53,544
Total assets	\$ 28,791,241	\$ 30,075,631
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities		
Accounts payable and accrued expenses	\$ 439,591	\$ 1,767,148
Total current liabilities	439,591	1,767,148
Total liabilities	439,591	1,767,148
Net assets		
Without donor restrictions		
Undesignated	20,084,260	17,578,754
Board designated	2,313,740	2,034,140
Total net assets without donor restrictions	22,398,000	19,612,894
With donor restrictions	5,953,650	8,695,589
Total net assets	28,351,650	28,308,483
Total liabilities and net assets	\$ 28,791,241	\$ 30,075,631

*See independent auditors' report and accompanying notes to the financial statements.*

**The Solutions Project Inc.**  
**Statement of Activities and Changes in Net Assets**

**For the Year Ended December 31, 2024**

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
<b>REVENUE AND SUPPORT</b>			
Contributions of financial assets and grants	\$ 2,582,569	\$ 4,681,715	\$ 7,264,284
Fiscal sponsorship contributions	-	1,600,000	1,600,000
Total revenue and support	2,582,569	6,281,715	8,864,284
Net assets released from restrictions	9,023,654	(9,023,654)	-
Total revenues and support and net assets released from restrictions	11,606,223	(2,741,939)	8,864,284
<b>EXPENSES</b>			
Program services	7,895,216	-	7,895,216
Fundraising	379,824	-	379,824
General and administrative	603,164	-	603,164
Total expenses	8,878,204	-	8,878,204
<b>OTHER INCOME (EXPENSES)</b>			
Interest and dividend income	57,317	-	57,317
Unrealized and realized gain (loss)	(230)	-	(230)
Total other income (expense)	57,087	-	57,087
Total change in net assets	2,785,106	(2,741,939)	43,167
Net assets, beginning of year	19,612,894	8,695,589	28,308,483
Net assets, end of year	<u>\$ 22,398,000</u>	<u>\$ 5,953,650</u>	<u>\$ 28,351,650</u>

See independent auditors' report and accompanying notes to the financial statements.

**The Solutions Project Inc.**  
**Statement of Activities and Changes in Net Assets**

For the Year Ended December 31, 2023

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
<b>REVENUE AND SUPPORT</b>			
Contributions of financial assets and grants	\$ 2,931,495	\$ 7,757,332	\$ 10,688,827
Fiscal sponsorship contributions	-	8,406,067	8,406,067
Fiscal sponsorship fees	170,500	-	170,500
Total revenue and support	3,101,995	16,163,399	19,265,394
Net assets released from restrictions	19,617,827	(19,617,827)	-
Total revenues and support and net assets released from restrictions	22,719,822	(3,454,428)	19,265,394
<b>EXPENSES</b>			
Program services	19,231,161	-	19,231,161
Fundraising	456,089	-	456,089
General and administrative	502,014	-	502,014
Total expenses	20,189,264	-	20,189,264
<b>OTHER INCOME (EXPENSES)</b>			
Interest and dividend income	82,689	-	82,689
Realized loss	7,138	-	7,138
Miscellaneous income	1,371	-	1,371
Total other income (expense)	91,198	-	91,198
Total change in net assets	2,621,756	(3,454,428)	(832,672)
Net assets, beginning of year	16,991,138	12,150,017	29,141,155
Net assets, end of year	<u>\$ 19,612,894</u>	<u>\$ 8,695,589</u>	<u>\$ 28,308,483</u>

See independent auditors' report and accompanying notes to the financial statements.

**The Solutions Project Inc.  
Statement of Functional Expenses**

**For the Year Ended December 31, 2024**

	<u>Narative and Communications</u>	<u>Grantmaking</u>	<u>Fiscal Sponsorship</u>	<u>Total Program</u>	<u>Fundraising</u>	<u>General and Administrative</u>	<u>Total</u>
Grants, contracts, and direct assistance	\$ -	\$ 3,998,200	\$ 1,020,000	\$ 5,018,200	\$ -	\$ -	\$ 5,018,200
Salaries and benefits	901,300	760,447	-	1,661,747	273,440	362,607	2,297,794
Professional fees	553,330	256,259	40,000	849,589	88,565	135,780	1,073,934
Campaign and development	145,592	161	2,500	148,253	900	3,473	152,626
Advertising	20,908	-	-	20,908	-	800	21,708
Program event expenses	11,687	1,281	-	12,968	1,347	15,140	29,455
Travel	32,612	24,533	-	57,145	5,717	57,385	120,247
Rent expense	178	151	-	329	50	57	436
Equipment and accessories	429	234	-	663	58	72	793
Insurance	7,784	4,964	-	12,748	2,076	2,752	17,576
Software	36,291	43,817	-	80,108	3,382	4,767	88,257
Freight and delivery	312	130	-	442	107	1,094	1,643
Bank and credit card fees	39	33	-	72	1,989	1,195	3,256
Internet and communications	8,515	4,356	-	12,871	851	1,196	14,918
Meals and entertainment	4,191	1,415	-	5,606	483	8,921	15,010
Dues and subscriptions	-	60	-	60	418	373	851
Depreciation and amortization	-	-	10,000	10,000	-	4,801	14,801
Miscellaneous	2,760	747	-	3,507	441	2,751	6,699
Total expenses	<u>\$ 1,725,928</u>	<u>\$ 5,096,788</u>	<u>\$ 1,072,500</u>	<u>\$ 7,895,216</u>	<u>\$ 379,824</u>	<u>\$ 603,164</u>	<u>\$ 8,878,204</u>

See independent auditors' report and accompanying notes to the financial statements.

**The Solutions Project Inc.  
Statement of Functional Expenses**

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

	<u>Narative and Communications</u>	<u>Grantmaking</u>	<u>Fiscal Sponsorship</u>	<u>Total Program</u>	<u>Fundraising</u>	<u>General and administrative</u>	<u>Total</u>
Grants, contracts, and direct assistance	\$ 68,000	\$ 8,322,004	\$ 7,730,000	\$ 16,120,004	\$ -	\$ -	\$ 16,120,004
Salaries and benefits	727,403	479,680	-	1,207,083	352,336	284,717	1,844,136
Professional fees	662,655	338,773	282,474	1,283,902	53,915	153,143	1,490,960
Campaign and development	136,973	15,750	-	152,723	24,289	1,061	178,073
Advertising	12,101	-	-	12,101	-	-	12,101
Program event expenses	64,278	-	-	64,278	-	190	64,468
Travel	103,418	11,471	-	114,889	10,005	29,123	154,017
Rent expense	4,261	9	-	4,270	4	5	4,279
Equipment and accessories	2,955	597	-	3,552	348	344	4,244
Insurance	6,988	4,614	-	11,602	3,147	2,673	17,422
Software	32,150	26,374	-	58,524	4,016	3,676	66,216
Freight and delivery	809	494	-	1,303	229	1,135	2,667
Bank and credit card fees	70	100	-	170	32	5,486	5,688
Internet and communications	8,638	2,085	-	10,723	1,042	926	12,691
Meals and entertainment	3,826	864	-	4,690	571	6,692	11,953
Dues and subscriptions	292	799	-	1,091	447	163	1,701
Depreciation and amortization	5,511	-	3,333	8,844	5,510	10,161	24,515
Fiscal sponsorship fees	-	-	170,500	170,500	-	-	170,500
Miscellaneous	647	265	-	912	198	2,519	3,629
Total expenses	<u>\$ 1,840,975</u>	<u>\$ 9,203,879</u>	<u>\$ 8,186,307</u>	<u>\$ 19,231,161</u>	<u>\$ 456,089</u>	<u>\$ 502,014</u>	<u>\$ 20,189,264</u>

See independent auditors' report and accompanying notes to the financial statements.

**The Solutions Project Inc.  
Statements of Cash Flows**

**For the Years Ended December 31, 2024 and 2023**

	<b>2024</b>	<b>2023</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 43,167	\$ (832,672)
Adjustments to reconcile change in net assets cash provided by (used in) operating activities		
Unrealized and realized (gain) loss on investments	230	(7,138)
Depreciation and amortization	14,801	24,515
Loss on disposition of asset	-	1,371
Stock contributions	(81,148)	(75,428)
(Increase) decrease in operating assets:		
Grants receivable	818,801	(2,612,800)
Prepays and other current assets	99,118	(56,764)
Long-term grants receivable	848,065	(387,671)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	(1,327,557)	917,485
Pass-through funds	-	(4,977,317)
Net cash provided by (used in) operating activities	415,477	(8,006,419)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(3,754)	(54,158)
Proceeds from sale of investments	80,503	81,196
Purchase of investments	(64)	-
Net cash provided by (used in) investing activities	76,685	27,038
Net increase (decrease) in cash and cash equivalents	492,162	(7,979,381)
Cash and cash equivalents, beginning of year	24,357,906	32,337,287
Cash and cash equivalents, end of year	\$ 24,850,068	\$ 24,357,906

*See independent auditors' report and accompanying notes to the financial statements.*

**The Solutions Project Inc.**  
**Notes to Financial Statements**

**December 31, 2024 and 2023**

---

**NOTE 1 - NATURE OF OPERATIONS**

The Solutions Project Inc. (the Organization) is a 501(c)(3) public charity established in 2013. The organization accelerates climate action by centering the solutions, voices, and leadership of frontline communities. Its work contributes to building a just and equitable world where everyone has clean air, water, energy, and land. The organization operates as a national intermediary, funding the solutions of those most impacted by the climate crisis, including disinvested communities of color.

Since its founding, the Organization has awarded over \$55 million in grants to more than 360 high-impact grassroots organizations through its grantmaking program. In addition, the Organization's narrative & communications program leverages media, culture, and storytelling to elevate and build popular understanding of frontline climate solutions. The Organization's fiscal sponsorship program comprises ecosystem funds co-developed with movement partners to support innovation in the climate justice movement.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of accounting

The financial statements have been prepared on the accrual method of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). Under the accrual basis of accounting, revenue and support are recorded when earned and expenses when incurred and accordingly reflect all significant receivables, payables and other liabilities.

Basis of presentation

The Organization presents information regarding its financial position and activities according to two classes of net assets:

Net assets without donor restrictions consist of net assets that are for use in general operations and are not subject to donor (or certain grantor) restrictions. The governing board has designated amounts from net assets without donor restrictions.

Net assets with donor restrictions represent contributions whose use has imposed restrictions. The donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Donor imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource has been fulfilled, or both.

**The Solutions Project Inc.**  
**Notes to Financial Statements**

**December 31, 2024 and 2023**

---

Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents

Cash and cash equivalents consist of cash and money market funds. For purposes of reporting cash flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of 90 days or less at the date of purchase to be cash equivalents.

Grants receivable

Grants receivable consists of funds granted and contributions that will be received within one year. The Organization periodically assesses its methodologies for estimating uncollectible grants receivables in consideration of actual experience, trends, and changes in the overall economic environment. The allowance for uncollectible grants receivables as of December 31, 2024 and 2023 were \$0. Management believes all grants receivable as of December 31, 2024 and 2023 are collectible.

The grants receivable balance as of January 1, 2023 was \$1,425,000 and was fully collected during 2023.

Investments

Investment purchases are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statement of financial position. Net investment return (loss) is reported in the statement of activities and changes in net assets and consists of interest and dividend income, realized and unrealized capital gains and losses, net of investment expenses.

Fair value of financial instruments

Financial instruments included in the Organization's statements of financial position as of December 31, 2024 and 2023 include cash and cash equivalents, grants receivable, investments, and accounts payable and accrued expenses, for which the carrying amounts represent a reasonable estimate of the corresponding fair values.

Property and equipment

Property and equipment exceeding \$1,000 are recorded at cost if purchased or at estimated fair market value at date of gift, if donated. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets as follows:

Computer and printers	3 years
Website	3 years

**The Solutions Project Inc.**  
**Notes to Financial Statements**

**December 31, 2024 and 2023**

---

Prepays and other current assets

Prepaid expenses and other current assets consist of deposits, prepaid insurance and grants that are paid in advance of when due and are expected to be realized within one year.

Long-term grants receivable

In 2024 and 2023, long-term grant receivables are discounted to present value and are composed of grant receivables that will not be collected within one year.

Accounts payable and accrued expenses

Accounts payable and accrued expenses consist of amounts due for expenses incurred but not paid until the subsequent year as well as the accrual for wages and compensated absences.

Revenue recognition

*Contribution revenue* - The Organization records contributions, including unconditional promises to give as revenue at their fair value in the period the contribution or pledge is received. All contributed support is recognized as revenue without donor restrictions when received or un-conditionally promised. The Organization reports gifts of cash and other assets as restricted support if such gifts are received with donor stipulations that limit the use of the donated assets. When such restrictions expire, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported as net assets released from restrictions.

*Fiscal sponsorship* – The Organization is the fiscal sponsor of multiple individuals and organizations and charges an administrative fee of up to 5% and based on specific agreements with fiscally sponsored organizations.

Functional expense allocations

The costs of providing the various program and supporting services have been summarized on a functional basis in the statements of activities and changes in net assets and the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses applicable to more than one program are allocated based on usage and management's estimates.

Advertising expenses

There are expenses incurred to advertise the various program offerings, and are expensed as incurred. Advertising expenses for the years ended December 31, 2024 and 2023 were \$21,708 and \$12,101, respectively.

**The Solutions Project Inc.**  
**Notes to Financial Statements**

**December 31, 2024 and 2023**

---

Accounting for uncertainty for income taxes

The Organization evaluates its uncertain tax positions and will recognize a loss contingency when it is probable that a liability has been incurred as of the date of the financial statements and the amount of the loss can be reasonably estimated. The amount recognized is subject to estimate and management judgment with respect to the likely outcome of each uncertain tax position.

The amount that is ultimately sustained for an individual uncertain tax position or for all uncertain tax positions in the aggregate could differ from the amount recognized. As of December 31, 2024 and 2023, management did not identify any uncertain tax positions.

The Organization is subject to potential examination by taxing authorities for income tax returns filed in the U.S. federal jurisdiction and the State of California.

**NOTE 3 - GRANTS RECEIVABLE**

In 2024 and 2023, the Organization had grants receivable as follows:

	<u>2024</u>	<u>2023</u>
Due in one year	\$ 3,218,999	\$ 4,037,800
Due in two to five years		
Estimated payments	665,150	1,560,850
Discount to present value	(27,116)	(74,751)
Due in two to five years, net	<u>638,034</u>	<u>1,486,099</u>
Total grants receivable	<u>\$ 3,857,033</u>	<u>\$ 5,523,899</u>

At December 31, 2024 and 2023, discounted rates were 4.25 and 5.03 percent, respectively.

**NOTE 4 - INVESTMENTS**

The Organization reports investments at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs.

The basis for the carrying value of investments is from information provided by broker managed accounts. Fair value measurements of investment instruments are based on open actively traded securities markets as reported by investment account broker statements.

**The Solutions Project Inc.  
Notes to Financial Statements**

**December 31, 2024 and 2023**

The three levels of inputs that may be used to measure fair value:

- Level 1: Quoted prices in active markets for identical assets or liabilities.
- Level 2: Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in active markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3: Unobservable inputs that are supported by little to no market activity and that are significant to the fair value of the assets or liabilities.

When available, the Organization measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. In certain cases, where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy.

The Organization invests in mutual funds. The investments are recognized at fair value as of December 31, 2024:

	<b>2024</b>	<b>Quoted prices in active markets for identical assets (Level 1)</b>	<b>Significant other observable inputs (Level 2)</b>	<b>Significant other unobservable inputs (Level 3)</b>
Mutual funds	\$ 479	\$ 479	\$ -	\$ -
	\$ 479	\$ 479	\$ -	\$ -

**NOTE 5 - PROPERTY AND EQUIPMENT**

At December 31, 2024 and 2023, the value of the property and equipment and related accumulated depreciation is as follows:

	<b>2024</b>	<b>2023</b>
Computers and printers	\$ 43,611	\$ 39,858
Website	129,350	129,350
Less: accumulated depreciation and amortization	(130,464)	(115,664)
	\$ 42,497	\$ 53,544

Depreciation expense for the years ended December 31, 2024 and 2023 was \$14,801 and \$24,515 respectively.

**The Solutions Project Inc.  
Notes to Financial Statements**

**December 31, 2024 and 2023**

**NOTE 6 - NET ASSETS WITH RESTRICTIONS**

Donor-restricted net assets:

The Organization maintained several programs for which restricted funds were received. Management plans to use these funds to maintain operations in the coming years. The Organization operates two core programs: Narrative and Communications and Grantmaking.

Net assets with donor restrictions during the years ended December 31, 2024 and 2023 consisted of the following:

	<b>2023</b>	<b>Increases</b>	<b>Releases</b>	<b>2024</b>
Narrative and communications	\$ 855,148	\$ 339,741	\$ (994,889)	\$ 200,000
Grantmaking	5,517,099	3,513,090	(4,764,815)	4,265,374
Training event	-	6,000	-	6,000
Fiscal sponsorship projects	173,093	1,600,000	(1,113,500)	659,593
Time restricted	2,150,249	822,884	(2,150,450)	822,683
	\$ 8,695,589	\$ 6,281,715	\$ (9,023,654)	\$ 5,953,650
	<b>2022</b>	<b>Increases</b>	<b>Releases</b>	<b>2023</b>
Narrative and communications	\$ 42,551	\$ 1,665,994	\$ (853,397)	\$ 855,148
Grantmaking	9,784,038	4,366,338	(8,633,277)	5,517,099
Fiscal sponsorship projects	-	8,406,067	(8,232,974)	173,093
Time restricted	2,323,428	1,725,000	(1,898,179)	2,150,249
	\$ 12,150,017	\$ 16,163,399	\$ (19,617,827)	\$ 8,695,589

Board Designated net assets:

The Organization's Board of Directors authorized the creation of a reserve fund to ensure long-term financial stability. The changes in this account for the years ended December 31, 2024 and 2023, are as follows:

	<b>2023</b>	<b>Increases</b>	<b>Releases</b>	<b>2024</b>
Reserve fund	\$ 2,034,140	\$ 279,600	\$ -	\$ 2,313,740
	\$ 2,034,140	\$ 279,600	\$ -	\$ 2,313,740
	<b>2022</b>	<b>Increases</b>	<b>Releases</b>	<b>2023</b>
Reserve fund	\$ 2,005,918	\$ 28,222	\$ -	\$ 2,034,140
	\$ 2,005,918	\$ 28,222	\$ -	\$ 2,034,140

**The Solutions Project Inc.**  
**Notes to Financial Statements**

**December 31, 2024 and 2023**

---

**NOTE 7 - LIQUIDITY AND AVAILABILITY**

The Organization strives to maintain liquid financial assets sufficient to cover 90 days of general expenditures.

The Organization considers investment income without donor restrictions, appropriated earnings from donor-restricted and contributions without donor restrictions to be available to meet cash needs for general expenditures. General expenditures include administrative and general expenses, program expenses, and fundraising expenses to be paid in the subsequent year.

The Organization manages its cash available to meet general expenditures following three guiding principles:

- Operating within a prudent range of financial soundness and stability,
- Maintaining adequate liquid assets, and
- Maintaining sufficient reserves to provide reasonable assurance that mission fulfillment will continue to be met, ensuring the sustainability of the Organization.

The following table reflects the Organization's financial assets as of December 31, 2024 and 2023, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of contractual restrictions, internal board designations, or funds held on behalf of third party not-for-profit organizations. Amounts not available include board-designated special projects fund that is intended to fund special board initiatives not considered in the annual operating budget. In the event the need arises to utilize the board-designated funds for liquidity purposes, the reserves could be drawn upon through board resolution. Amounts not available to meet general expenditures within one year also include net assets with donor restrictions greater than one year and special projects outside of the Organization's core programs.

	<u>2024</u>	<u>2023</u>
Financial assets at year end:		
Cash and cash equivalents	\$ 24,850,068	\$ 24,357,906
Grants receivable	3,884,149	5,598,650
Less amounts not available to be used within one year:		
Net assets with donor restrictions greater than one year	(665,150)	(1,560,850)
Board designated	<u>(2,313,740)</u>	<u>(2,034,140)</u>
	<u>\$ 25,755,806</u>	<u>\$ 26,361,566</u>

**NOTE 8 - FUNCTIONAL EXPENSES**

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The Organization allocates all expenses based on a time allocation of the employees per month and this is done for all expense other than grant expense. Grant expense is directly allocated to grant making.

**The Solutions Project Inc.**  
**Notes to Financial Statements**

**December 31, 2024 and 2023**

---

**NOTE 9 - RETIREMENT PLAN**

Beginning in 2016, the Organization sponsored a defined contribution retirement plan which qualifies under section 403(b) of the Internal Revenue Code. Under the terms of the plan, contributions are invested at the discretion of the plan participant in an investment vehicle comprised of various funds. The Organization can elect to contribute 6% of gross salaries for qualified employees to the plan. The Organization contributed \$82,537 and \$62,588 for the years ended December 31, 2024 and 2023.

Beginning in 2022, the Organization established a 457(f) nonqualified deferred compensation plan (the Plan). The Plan was entered into for one highly compensated employee and stipulates that the Organization will make an initial nonelective contribution equal to 1.38% of the donations pledged by donors as a result of the employee's fundraising efforts from October 1, 2020 to December 31, 2021. The Organization contributed \$200,000 each year over three years totaling \$600,000 with \$396,899 accrued as of December 31, 2023. The accrued amount was paid out as of February 2024.

**NOTE 10 - CONCENTRATION OF RISK**

Financial instruments that potentially subject the Organization to credit risk consist primarily of cash, and receivables. The Organization maintains cash with commercial banks and other major financial institutions. At times, cash balances may be in excess of the Federal Deposit Insurance (FDIC) limits of \$250,000. As of December 31, 2024, the amount held at institutions in excess of insured limits is \$24,234,061.

The credit risk associated with receivables is mitigated by the fact that the receivables are due from Organization members, local donors and governments.

For the year ended December 31, 2024, three grants comprised 59% of the Organization's income and 19% of grants receivable. In 2023, three grants made up 42% of the Organization's income and 30% of grants receivable.

**NOTE 11 - LEASES**

The Organization leases office space for meetings and functions on an as needed basis. Lease expense for the years ended December 31, 2024 and 2023 was \$436 and \$4,279, respectively.

**NOTE 12 - SUBSEQUENT EVENTS**

Subsequent events are events or transactions that occur after the statement of financial position date but before the date the financial statements were available to be issued. The Organization recognizes in the financial statements, the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the statement of financial position, including the estimates inherent in the process of preparing the financial statements. The financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the statement of financial position but arose after the statement of financial position date and before financial statements are available to be issued.

Subsequent events have been evaluated through the date of the independent auditors' report, which is the date the financial statements were approved by the Organization and available to be issued.

No subsequent events require disclosure or recognition.