

# **The Solutions Project Inc.**

Financial Statements  
and  
Independent Auditors' Report

For the Years Ended  
December 31, 2025 and 2024



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

**December 31, 2025 and 2024**

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|                                                    | 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                      | 9-17     |



## **Independent Auditors' Report**

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

### **Opinion**

We have audited the financial statements of The Solutions Project Inc., which comprise the statements of financial position as of December 31, 2025 and 2024, 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, 2025 and 2024, 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 3, 2026

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

**December 31, 2025 and 2024**

|                                             | <b>2025</b>          | <b>2024</b>          |
|---------------------------------------------|----------------------|----------------------|
| <b>ASSETS</b>                               |                      |                      |
| Current assets                              |                      |                      |
| Cash                                        | \$ 76,598,756        | \$ 24,850,068        |
| Grants receivable                           | 1,006,300            | 3,218,999            |
| Investments                                 | 552                  | 479                  |
| Prepays and other current assets            | 78,049               | 41,164               |
| Total current assets                        | 77,683,657           | 28,110,710           |
| Long-term grants receivable, net            | 186,810              | 638,034              |
| Property and equipment, net                 | 6,800                | 42,497               |
| Total assets                                | <u>\$ 77,877,267</u> | <u>\$ 28,791,241</u> |
| <b>LIABILITIES AND NET ASSETS</b>           |                      |                      |
| Current liabilities                         |                      |                      |
| Accounts payable and accrued expenses       | \$ 456,074           | \$ 439,591           |
| Total current liabilities                   | 456,074              | 439,591              |
| Total liabilities                           | 456,074              | 439,591              |
| Net assets                                  |                      |                      |
| Without donor restrictions                  |                      |                      |
| Undesignated                                | 71,187,837           | 20,084,260           |
| Board-designated                            | 3,044,846            | 2,313,740            |
| Total net assets without donor restrictions | 74,232,683           | 22,398,000           |
| With donor restrictions                     | 3,188,510            | 5,953,650            |
| Total net assets                            | 77,421,193           | 28,351,650           |
| Total liabilities and net assets            | <u>\$ 77,877,267</u> | <u>\$ 28,791,241</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, 2025**

|                                                                        | <b>Without Donor<br/>Restrictions</b> | <b>With Donor<br/>Restrictions</b> | <b>Total</b>         |
|------------------------------------------------------------------------|---------------------------------------|------------------------------------|----------------------|
| <b>REVENUE AND SUPPORT</b>                                             |                                       |                                    |                      |
| Contributions of financial assets and grants                           | \$ 53,454,977                         | \$ 2,141,810                       | \$ 55,596,787        |
| Fiscal sponsorship contributions                                       | -                                     | 1,050,000                          | 1,050,000            |
| Total revenue and support                                              | 53,454,977                            | 3,191,810                          | 56,646,787           |
| Net assets released from restrictions                                  | 5,956,950                             | (5,956,950)                        | -                    |
| Total revenue and support and<br>net assets released from restrictions | 59,411,927                            | (2,765,140)                        | 56,646,787           |
| <b>EXPENSES</b>                                                        |                                       |                                    |                      |
| Program services                                                       | 7,729,061                             | -                                  | 7,729,061            |
| Fundraising                                                            | 312,631                               | -                                  | 312,631              |
| General and administrative                                             | 523,894                               | -                                  | 523,894              |
| Total expenses                                                         | 8,565,586                             | -                                  | 8,565,586            |
| <b>OTHER INCOME (EXPENSES)</b>                                         |                                       |                                    |                      |
| Interest and dividend income                                           | 1,016,106                             | -                                  | 1,016,106            |
| Unrealized and realized gain (loss)                                    | (1,097)                               | -                                  | (1,097)              |
| Loss on the impairment of website                                      | (26,667)                              | -                                  | (26,667)             |
| Total other income (expenses)                                          | 988,342                               | -                                  | 988,342              |
| Total change in net assets                                             | 51,834,683                            | (2,765,140)                        | 49,069,543           |
| Net assets, beginning of year                                          | 22,398,000                            | 5,953,650                          | 28,351,650           |
| Net assets, end of year                                                | <u>\$ 74,232,683</u>                  | <u>\$ 3,188,510</u>                | <u>\$ 77,421,193</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, 2024**

|                                                                        | <b>Without Donor<br/>Restrictions</b> | <b>With Donor<br/>Restrictions</b> | <b>Total</b>         |
|------------------------------------------------------------------------|---------------------------------------|------------------------------------|----------------------|
| <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 revenue and support and<br>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 (expenses)                                          | 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 Functional Expenses**

**For the Year Ended December 31, 2025**

|                                             | <u>Narrative and<br/>Communications</u> | <u>Grantmaking</u>  | <u>Fiscal<br/>Sponsorship</u> | <u>Total<br/>Program</u> | <u>Fundraising</u> | <u>General and<br/>Administrative</u> | <u>Total</u>        |
|---------------------------------------------|-----------------------------------------|---------------------|-------------------------------|--------------------------|--------------------|---------------------------------------|---------------------|
| Grants, contracts, and<br>direct assistance | \$ -                                    | \$ 3,424,450        | \$ 1,679,971                  | \$ 5,104,421             | \$ -               | \$ -                                  | \$ 5,104,421        |
| Salaries and benefits                       | 915,292                                 | 896,369             | -                             | 1,811,661                | 254,746            | 348,150                               | 2,414,557           |
| Professional fees                           | 174,735                                 | 258,777             | -                             | 433,512                  | 26,174             | 58,642                                | 518,328             |
| Campaign and development                    | 162,761                                 | 1,485               | -                             | 164,246                  | 8,023              | 8,574                                 | 180,843             |
| Advertising                                 | 17,102                                  | -                   | -                             | 17,102                   | -                  | 3,948                                 | 21,050              |
| Program event expenses                      | 13,992                                  | 4,537               | -                             | 18,529                   | -                  | 3,480                                 | 22,009              |
| Travel                                      | 19,708                                  | 28,258              | -                             | 47,966                   | 10,386             | 59,925                                | 118,277             |
| Rent expense                                | 357                                     | 389                 | -                             | 746                      | 111                | 162                                   | 1,019               |
| Equipment and accessories                   | 320                                     | 458                 | -                             | 778                      | 94                 | 132                                   | 1,004               |
| Insurance                                   | 7,503                                   | 7,579               | -                             | 15,082                   | 2,132              | 2,875                                 | 20,089              |
| Software                                    | 43,790                                  | 27,827              | -                             | 71,617                   | 4,840              | 6,664                                 | 83,121              |
| Freight and delivery                        | 489                                     | 504                 | -                             | 993                      | 183                | 808                                   | 1,984               |
| Bank and credit card fees                   | 35                                      | 835                 | -                             | 870                      | 2,297              | 3,703                                 | 6,870               |
| Internet and communications                 | 9,263                                   | 5,573               | -                             | 14,836                   | 854                | 1,168                                 | 16,858              |
| Meals and entertainment                     | 3,917                                   | 6,863               | -                             | 10,780                   | 1,753              | 8,647                                 | 21,180              |
| Dues and subscriptions                      | 1,011                                   | 2,806               | -                             | 3,817                    | 130                | 29                                    | 3,976               |
| Depreciation and amortization               | -                                       | -                   | 10,000                        | 10,000                   | -                  | 3,941                                 | 13,941              |
| Miscellaneous                               | 1,346                                   | 759                 | -                             | 2,105                    | 908                | 13,046                                | 16,059              |
| Total expenses                              | <u>\$ 1,371,621</u>                     | <u>\$ 4,667,469</u> | <u>\$ 1,689,971</u>           | <u>\$ 7,729,061</u>      | <u>\$ 312,631</u>  | <u>\$ 523,894</u>                     | <u>\$ 8,565,586</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**

|                                          | <b><u>Narrative and<br/>Communications</u></b> | <b><u>Grantmaking</u></b> | <b><u>Fiscal<br/>Sponsorship</u></b> | <b><u>Total<br/>Program</u></b> | <b><u>Fundraising</u></b> | <b><u>General and<br/>administrative</u></b> | <b><u>Total</u></b> |
|------------------------------------------|------------------------------------------------|---------------------------|--------------------------------------|---------------------------------|---------------------------|----------------------------------------------|---------------------|
| 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.  
Statements of Cash Flows**

**For the Years Ended December 31, 2025 and 2024**

|                                                                                                  | <b>2025</b>   | <b>2024</b>   |
|--------------------------------------------------------------------------------------------------|---------------|---------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                                                      |               |               |
| Change in net assets                                                                             | \$ 49,069,543 | \$ 43,167     |
| Adjustments to reconcile change in net assets to cash provided by (used in) operating activities |               |               |
| Unrealized and realized (gain) loss on investments                                               | 1,097         | 230           |
| Depreciation and amortization                                                                    | 13,941        | 14,801        |
| Stock contributions                                                                              | (200,368)     | (81,148)      |
| Loss on the impairment of website                                                                | 26,667        | -             |
| (Increase) decrease in operating assets:                                                         |               |               |
| Grants receivable                                                                                | 2,212,699     | 818,801       |
| Prepays and other current assets                                                                 | (36,885)      | 99,118        |
| Long-term grants receivable                                                                      | 451,224       | 848,065       |
| Increase (decrease) in operating liabilities:                                                    |               |               |
| Accounts payable and accrued expenses                                                            | 16,483        | (1,327,557)   |
| Net cash provided by (used in) operating activities                                              | 51,554,401    | 415,477       |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                                                      |               |               |
| Purchase of property and equipment                                                               | (4,911)       | (3,754)       |
| Proceeds from sale of investments                                                                | 199,198       | 80,503        |
| Purchase of investments                                                                          | -             | (64)          |
| Net cash provided by (used in) investing activities                                              | 194,287       | 76,685        |
| Net increase (decrease) in cash                                                                  | 51,748,688    | 492,162       |
| Cash, beginning of year                                                                          | 24,850,068    | 24,357,906    |
| Cash, end of year                                                                                | \$ 76,598,756 | \$ 24,850,068 |

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

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

**December 31, 2025 and 2024**

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**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 \$60 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.

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.

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

**December 31, 2025 and 2024**

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Cash

Cash consists of deposits held at multiple institutions. 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 consist of funds granted and contributions that will be received within one year. The Organization initially records grants receivable that are expected to be collected within one year at net realizable value. Grants receivable expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in grant revenue in the statements of activities and changes in net assets. Grants receivable are written off when deemed uncollectible. At December 31, 2025 and 2024, no allowance for uncollectible grants receivable has been recorded.

The grants receivable balance as of January 1, 2024 was \$4,037,800 and was fully collected during 2024.

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 statements of financial position. Net investment return (loss) is reported in the statements 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, 2025 and 2024 include cash, 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:

|                        |         |
|------------------------|---------|
| Computers and printers | 3 years |
| Website                | 3 years |

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.

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

**December 31, 2025 and 2024**

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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 unconditionally 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% 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

Advertising expenses are incurred to promote the various program offerings and are expensed as incurred. Advertising expenses for the years ended December 31, 2025 and 2024 were \$21,050 and \$21,708, respectively.

Accounting for uncertainty for income taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and from state income taxes under Section 23701(d) of the California Revenue and Taxation Code. Accordingly, no provision for income taxes has been included in the accompanying financial statements. In accordance with GAAP and Accounting Standard Codification 740, Income Taxes, the Organization evaluates its uncertain tax positions and recognizes the financial statement effect of a tax position 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 management's judgment and estimates regarding the outcome of each tax position, and the ultimate resolution of such matters could differ from the amounts recorded.

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

**December 31, 2025 and 2024**

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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. Management concluded that the Organization had maintained its tax-exempt status and had not identified any uncertain tax positions that required recognition or disclosure in the financial statements and no interest or penalties related to income taxes were recorded as of December 31, 2025 and 2024.

The Organization is subject to 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 2025 and 2024, the Organization had grants receivable as follows:

|                               | <u>2025</u>                | <u>2024</u>                |
|-------------------------------|----------------------------|----------------------------|
| Due in one year               | \$ 1,006,300               | \$ 3,218,999               |
| Due in two to five years      |                            |                            |
| Estimated payments            | 200,000                    | 665,150                    |
| Discount to present value     | <u>(13,190)</u>            | <u>(27,116)</u>            |
| Due in two to five years, net | <u>186,810</u>             | <u>638,034</u>             |
| Total grants receivable       | <u><u>\$ 1,193,110</u></u> | <u><u>\$ 3,857,033</u></u> |

At December 31, 2025 and 2024, discount rates were 3.47% and 4.25%, 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 Solutions Project Inc.**  
**Notes to Financial Statements**

**December 31, 2025 and 2024**

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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 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.

*Common stock:* Valued at the closing price reported on the active market on which the individual securities are traded. These securities are traded on national exchanges and are deemed to be actively traded.

*Mutual funds:* Valued at the daily closing net asset value (NAV) as reported by the fund. Mutual funds held by the Organization are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily NAV and to transact at that price. Accordingly, such investments are deemed to be actively traded.

The investments are recognized at fair value as of December 31, 2025 and 2024:

|              | <u><b>2025</b></u> | <u><b>Level 1</b></u> | <u><b>Level 2</b></u> | <u><b>Level 3</b></u> |
|--------------|--------------------|-----------------------|-----------------------|-----------------------|
| Common stock | \$ 552             | \$ 552                | \$ -                  | \$ -                  |
|              |                    |                       |                       |                       |
|              | <u><b>2024</b></u> | <u><b>Level 1</b></u> | <u><b>Level 2</b></u> | <u><b>Level 3</b></u> |
| Mutual funds | \$ 479             | \$ 479                | \$ -                  | \$ -                  |

Fair value measurements for Level 1 investments are based on quoted prices in active markets, while Level 2 investments are valued using observable market inputs. The Organization did not have any Level 3 fair value measurements or transfers between levels during the period.

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

**December 31, 2025 and 2024**

**NOTE 5 - PROPERTY AND EQUIPMENT**

At December 31, 2025 and 2024, the value of the property and equipment and related accumulated depreciation is as follows:

|                                                 | <b>2025</b>     | <b>2024</b>      |
|-------------------------------------------------|-----------------|------------------|
| Computers and printers                          | \$ 47,303       | \$ 43,611        |
| Website                                         | 79,350          | 129,350          |
| Less: accumulated depreciation and amortization | (119,853)       | (130,464)        |
|                                                 | <u>\$ 6,800</u> | <u>\$ 42,497</u> |

Depreciation and amortization expense for the years ended December 31, 2025 and 2024 was \$13,941 and \$14,801, respectively. As of December 31, 2025, the Organization reported a \$26,667 loss following the disposal of a website as a result of ending the related program.

**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, 2025 and 2024 consisted of the following:

|                              | <b>2024</b>         | <b>Increases</b>    | <b>Releases</b>       | <b>2025</b>         |
|------------------------------|---------------------|---------------------|-----------------------|---------------------|
| Narrative and Communications | \$ 200,000          | \$ 431,662          | \$ (446,854)          | \$ 184,808          |
| Grantmaking                  | 4,265,374           | 1,098,338           | (2,771,820)           | 2,591,892           |
| Training event               | 6,000               | -                   | (6,000)               | -                   |
| Fiscal sponsorship projects  | 659,593             | 1,050,000           | (1,709,593)           | -                   |
| Time restricted              | 822,683             | 611,810             | (1,022,683)           | 411,810             |
|                              | <u>\$ 5,953,650</u> | <u>\$ 3,191,810</u> | <u>\$ (5,956,950)</u> | <u>\$ 3,188,510</u> |

  

|                              | <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             |
|                              | <u>\$ 8,695,589</u> | <u>\$ 6,281,715</u> | <u>\$ (9,023,654)</u> | <u>\$ 5,953,650</u> |

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

**December 31, 2025 and 2024**

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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, 2025 and 2024, are as follows:

|              | <b>2024</b>         | <b>Increases</b>  | <b>Releases</b> | <b>2025</b>         |
|--------------|---------------------|-------------------|-----------------|---------------------|
| Reserve fund | <u>\$ 2,313,740</u> | <u>\$ 731,106</u> | <u>\$ -</u>     | <u>\$ 3,044,846</u> |
|              | <b>2023</b>         | <b>Increases</b>  | <b>Releases</b> | <b>2024</b>         |
| Reserve fund | <u>\$ 2,034,140</u> | <u>\$ 279,600</u> | <u>\$ -</u>     | <u>\$ 2,313,740</u> |

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

**December 31, 2025 and 2024**

The following table reflects the Organization's financial assets as of December 31, 2025 and 2024, 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 project funds 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><b>2025</b></u>          | <u><b>2024</b></u>          |
|----------------------------------------------------------|-----------------------------|-----------------------------|
| Financial assets at year end:                            |                             |                             |
| Cash                                                     | \$ 76,598,756               | \$ 24,850,068               |
| Investments                                              | 552                         | 479                         |
| Grants receivable                                        | 1,206,300                   | 3,884,149                   |
| Less amounts not available to be used within one year:   |                             |                             |
| Net assets with donor restrictions greater than one year | (200,000)                   | (665,150)                   |
| Board-designated                                         | <u>(3,044,846)</u>          | <u>(2,313,740)</u>          |
|                                                          | <u><u>\$ 74,560,762</u></u> | <u><u>\$ 25,755,806</u></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 expenses other than grant expense. Grant expense is directly allocated to grantmaking.

**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 \$100,834 and \$82,537 for the years ended December 31, 2025 and 2024, respectively.

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

**December 31, 2025 and 2024**

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**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 Corporation (FDIC) limits of \$250,000. As of December 31, 2025 and 2024, the amounts held at institutions in excess of insured limits were \$8,096,894 and \$24,234,061, respectively.

For the year ended December 31, 2025, one grant comprised 88% of the Organization's income and 0% of grants receivable. In 2024, three grants made up 59% of the Organization's income and 30% of grants receivable.

The credit risk associated with receivables is mitigated by the fact that the receivables are due from local donors.

**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, 2025 and 2024 was \$1,019 and \$436, 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.