CALIFORNIA COUNCIL ON SCIENCE & TECHNOLOGY

FINANCIAL STATEMENTS

AND INDEPENDENT AUDITOR'S REPORT

DECEMBER 31, 2022 AND 2021

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
California Council on Science and Technology
Sacramento, California

Opinion

We have audited the accompanying financial statements of California Council on Science and Technology (CCST) (a nonprofit organization), which comprise the statements of financial position as of December 31, 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 CCST as of December 31, 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 Audit of the Financial Statements section of our report. We are required to be independent of CCST 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.

Emphasis of Matter

As discussed in Note 1 to the financial statements, in 2022 CCST adopted FASB ASC 842, *Leases*. Our opinion is not modified with respect to this matter.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

Sacramento, California
May 1, 2023

CALIFORNIA COUNCIL ON SCIENCE AND TECHNOLOGY
STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2022 AND 2021

	2022	2021
ASSETS		
Current Assets		
Cash and cash equivalents (Note 3)	$ 1,876,515	$ 6,514,081
Investments (Note 4)	29,432,082	17,958,684
Accounts receivable	33,488	3,003
Contributions receivable	37,582	2,251,000
Prepaid expenses	47,203	22,362
Deposits	15,900	15,900
Total Current Assets	31,442,770	26,765,030
Non-Current Assets		
Property and equipment (Note 6)	12,289	-
Right of use asset, premises (Note 7)	355,099	-
Total Non-Current Assets	367,388	-
Total Assets	$ 31,810,158	$ 26,765,030
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	$ 45,937	$ 48,263
Accrued expenses	81,672	45,120
Lease liability - current portion (Note 7)	183,504	-
Total Current Liabilities	311,113	93,383
Non-Current Liabilities		
Lease liability - net of current portion (Note 7)	204,428	-
Total Non-Current Liabilities	204,428	-
Total Liabilities	515,541	93,383
Net Assets		
With donor restrictions (Note 10)	24,632,950	17,263,157
Without donor restrictions (Note 11)	6,661,667	9,408,490
Total Net Assets	31,294,617	26,671,647
Total Liabilities and Net Assets	$ 31,810,158	$ 26,765,030

The accompanying notes are an integral part of these financial statements.

CALIFORNIA COUNCIL ON SCIENCE AND TECHNOLOGY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenues			
Government contributions	$ -	$ 10,000,000	$ 10,000,000
Partner contributions	873,708	-	873,708
Program grants	9,000	8,333	17,333
Investment income (loss)	(2,039,822)	(742,382)	(2,782,204)
Donations	192,235	209,407	401,642
Other income	68,575	-	68,575
Total Support and Revenues	(896,304)	9,475,358	8,579,054
Net assets released from restrictions	2,105,565	(2,105,565)	-
Total Revenues	1,209,261	7,369,793	8,579,054
Expenses			
Program services	2,604,365	-	2,604,365
Fundraising	262,473	-	262,473
Management and general	1,089,246	-	1,089,246
Total Expenses	3,956,084	-	3,956,084
Change in Net Assets	(2,746,823)	7,369,793	4,622,970
Net Assets - January 1, 2022	9,408,490	17,263,157	26,671,647
Net Assets - December 31, 2022	$ 6,661,667	$ 24,632,950	$ 31,294,617

The accompanying notes are an integral part of these financial statements.

CALIFORNIA COUNCIL ON SCIENCE AND TECHNOLOGY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenues			
Government contributions	$ 5,000,000	$ -	$ 5,000,000
Partner contributions	804,350	-	804,350
Investment income	1,294,786	415,504	1,710,290
Donations	97,589	526,694	624,283
Other Income	21	-	21
Total Support and Revenues	7,196,746	942,198	8,138,944
Net assets released from restrictions	1,969,188	(1,969,188)	-
Total Revenues	9,165,934	(1,026,990)	8,138,944
Expenses			
Program services	2,302,642	-	2,302,642
Fundraising	318,186	-	318,186
Management and general	661,861	-	661,861
Total Expenses	3,282,689	-	3,282,689
Change in Net Assets	5,883,245	(1,026,990)	4,856,255
Net Assets - January 1, 2021	3,525,245	18,290,147	21,815,392
Net Assets - December 31, 2021	$ 9,408,490	$ 17,263,157	$ 26,671,647

The accompanying notes are an integral part of these financial statements.

CALIFORNIA COUNCIL ON SCIENCE AND TECHNOLOGY
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	Program Services				
	S & T Policy Fellows	**Science Services**	**Fundraising**	**Management and General**	**Total 2022**
Salaries and benefits	$ 1,541,074	$ 588,412	$ 164,226	$ 832,197	$ 3,125,909
Dues and subscriptions	8,479	6,905	2,081	5,634	23,099
Events and meetings	12,492	5,250	153	10,355	28,250
Expensed equipment and furniture	-	-	-	29,505	29,505
Information technology	297	15,703	2,018	14,133	32,151
Insurance	3,182	6,212	621	2,484	12,499
Office supplies and expenses	3,143	10,758	1,086	9,716	24,703
Printing/reprographics	512	744	407	1,796	3,459
Professional development	11,384	-	138	2,068	13,590
Professional services	115,434	66,229	40,502	155,736	377,901
Relocation expenses	28,385	-	-	2,000	30,385
Rent	50,284	100,569	50,284	-	201,137
Telecommunication	1,990	4,272	427	3,845	10,534
Travel	18,837	3,818	530	19,604	42,789
Miscellaneous	-	-	-	173	173
Total Expenses	$ 1,795,493	$ 808,872	$ 262,473	$ 1,089,246	$ 3,956,084

	Program Services				
	S & T Policy Fellows	**Science Services**	**Fundraising**	**Management and General**	**Total 2021**
Salaries and benefits	$ 1,417,673	$ 528,827	$ 167,243	$ 513,063	$ 2,626,806
Dues and subscriptions	11,214	1,050	1,833	8,587	22,684
Events and meetings	4,622	214	52	1,691	6,579
Expensed equipment and furniture	2,136	453	110	15,884	18,583
Information technology	7,278	1,908	863	12,926	22,975
Insurance	1,247	368	89	3,601	5,305
Office supplies and expenses	4,913	393	150	4,063	9,519
Printing/reprographics	29	-	585	-	614
Professional development	13,685	1,012	264	13,057	28,018
Professional services	188,106	37,196	146,637	79,520	451,459
Relocation expenses	73,366	283	-	923	74,572
Telecommunication	3,678	764	186	6,207	10,835
Travel	833	152	37	699	1,721
Miscellaneous	959	283	137	1,640	3,019
Total Expenses	$ 1,729,739	$ 572,903	$ 318,186	$ 661,861	$ 3,282,689

The accompanying notes are an integral part of these financial statements.

CALIFORNIA COUNCIL ON SCIENCE AND TECHNOLOGY
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022	2021
Cash Flows from Operating Activities		
Change in net assets	$ 4,622,970	$ 4,856,255
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Realized and unrealized (gain) loss on investments	3,963,005	(693,831)
Amortization of right of use asset	197,211	-
(Increase) decrease in:		
Accounts receivable	(30,485)	104,997
Contributions receivable	2,213,418	174,000
Prepaid expenses	(24,841)	(22,362)
Deposits	-	(15,900)
Increase (decrease) in:		
Accounts payable	(2,326)	(61,707)
Accrued expenses	36,552	(4,890)
Lease liability	(164,378)	-
Net Cash Provided by Operating Activities	10,811,126	4,336,562
Cash Flows from Investing Activities		
Acquisition of property and equipment	(12,289)	-
Proceeds from sales and maturities of investments	6,106,702	3,341,841
Purchase of investments	(21,543,105)	(2,645,464)
Net Cash (Used for) Provided by Investing Activities	(15,448,692)	696,377
(Decrease) Increase in Cash and Cash Equivalents	(4,637,566)	5,032,939
Cash and Cash Equivalents, Beginning of Year	6,514,081	1,481,142
Cash and Cash Equivalents, End of Year	$ 1,876,515	$ 6,514,081

The accompanying notes are an integral part of these financial statements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Activities

California Council on Science and Technology ("CCST") is a non-partisan, nonprofit organization that exists to make California's policies stronger with science and technology. Established via the California State Legislature in 1988 and incorporated on September 20, 1990, under the non-profit laws of the State of California to provide objective advice from California's scientists and research institutions, CCST responds to the Governor, the Legislature, and other state entities who request independent assessment of public policy issues affecting the State of California relating to science and technology.

CCST is modeled after the National Academies of Sciences, Engineering, and Medicine - the official scholarly body serving the United States of America - to provide the State of California with a parallel network of institutional and individual advisors. Following this model, CCST operates in partnership with, as well as receives financial support from, a network of public and private higher-education institutions and Federally funded research institutions:

NASA Ames Research Center	University of California
NASA Jet Propulsion Laboratory	The California State University
Lawrence Berkeley National Laboratory	California Community Colleges
Lawrence Livermore National Laboratory	California Institute of Technology
Sandia National Laboratories	Stanford University
SLAC National Accelerator Laboratory	University of Southern California

Basis of Presentation and Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of CCST and changes therein are classified and reported as follows:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed restrictions and are available for general operations.

Net assets with donor restrictions - Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature that may or will be met, either by actions of CCST and/or the passage of time. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Cash and Cash Equivalents

For the purpose of the Statement of Cash Flows, CCST considers as cash equivalents all highly liquid investments, which can be converted into known amounts of cash and have original maturities of three months or less.

Investments

CCST's Board of Directors created an investment management committee (IMC) and hired a registered investment advisor to create and implement investment and spending policies that attempt to provide a primary long-term financial objective to preserve the real (e.g. inflation - adjusted) purchasing power of CCST net of annual distributions for expenses. The investment strategy is designed to produce a total portfolio with long-term real return. Consequently, prudent risk-taking is warranted within the context of the overall portfolio. CCST's invested assets are managed by the IMC with formal approval by the CCST Board of Directors. All of CCST's investments are held by Charles Schwab.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments are carried at estimated fair market value on the statement of financial position. Fair values are estimated based upon quoted market prices, when available, estimates of fair value determined by quoted prices for similar instruments, or model-based valuation techniques for which all significant assumptions are observable or can be corroborated by observable market data. Changes in estimated fair values are recognized as gains or losses in the statement of activities as part of realized and unrealized gain on investments. Investment securities held by a broker who is a member of the Securities Investor Protection Corporation (SIPC), are insured up to $500,000 for the purpose of the third party safekeeping, but not for losses of investment values.

Contributions Receivable

Contributions receivable represent amounts due from private funders. Management believes all contributions receivable are collectible and therefore has not recorded an allowance against these receivables.

Property and Equipment

Property and equipment are stated at cost, if purchased, or at estimated fair value at the date of the gift, if donated. Use of funds without donor restrictions for property and equipment acquisitions are capitalized in the year of acquisition. Items with a cost in excess of $1,000 and an estimated economic life in excess of one year are capitalized. Depreciation is computed under the straight-line method over the economic life of the assets ranging from 5 to 7 years. Maintenance and repairs are charged to expenses as incurred.

Compensated Absences

CCST accrues the cost of unpaid vacation leave. Accrued sick leave is not accrued, as CCST does not have a legal obligation to pay such benefits upon termination. At December 31, 2022 and 2021, CCST had a liability of $60,911 and $39,755, respectively, associated with compensated absences that is included in accrued expenses.

Revenue Recognition

Contributions are recognized in full when received or unconditionally promised. All contributions are considered available for CCST's general programs unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor are reported as restricted support and increase the respective class of net assets. Contributions received with restrictions that are met in the same reporting period are reported as support without donor restrictions and increase net assets without donor restrictions. Investment income that is limited to specific uses by donor restrictions is reported as increases in net assets without donor restrictions if the restrictions are met in the same reporting period as the income is recognized.

Functional Expense Allocation

The costs of providing program, fundraising, and supporting services have been summarized on a functional basis in the statement of activities and statement of functional expenses. Costs are charged as program, management and general, or fundraising expenses directly based on the nature of the expense when identifiable and possible. Accordingly, certain costs have been allocated among the programs and supporting services based on estimates of the employee's time incurred and usage of resources.

Income Taxes

CCST, pursuant to a determination letter from the Internal Revenue Service, is exempt from Federal and State income taxes under Section 501(c)(3) of the Internal Revenue code and Section 23701(d) of the California Revenue and Taxation Code.

FASB ASC 740-10 prescribes a recognition threshold and measurement standard for financial statement recognition and measurement of an income tax position taken or expected to be taken in a tax return. In addition, FASB ASC 740-10 provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosures, and transition. The provisions of FASB ASC 740-10 have been applied to all tax positions of CCST and it did not have a material impact on CCST's financial position, results of operations, or cash flows.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

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

Reclassifications

Certain amounts presented in the prior year data have been reclassified in order to be consistent with current year's presentation.

Change in Accounting Principle

Effective January 1, 2022, CCST adopted FASB ASC 842, *Leases*. CCST determines if an arrangement contains a lease at inception based on whether CCST has the right to control the asset during the contract period and other facts and circumstances. CCST elected the package of practical expedients permitted under the transition guidance within the new standard, which among other things, allowed it to carry forward the historical lease classification.

The adoption of ASC 842 resulted in the recognition of right-of-use assets, net of prepaid lease payments and lease incentives, of $522,634 and operating lease liabilities of $552,311 as of January 1, 2022. Results for periods beginning prior to January 1, 2022 continue to be reported in accordance with our historical accounting treatment. The adoption of ASC 842 did not have a material impact on CCST's results of operations or cash flows. See Note 7.

Recently Adopted Accounting Pronouncements

ASU 2020-07 – Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets (Topic 958)

Under the new guidance, not-for-profit entities that receive contributed nonfinancial assets will be required to provide enhanced presentation and disclosures regarding the type and valuation of the receipts of nonfinancial assets. The requirements in the ASU require presentation of the receipt of nonfinancial assets as a separate line item in the statement of activities. The ASU also requires additional disclosures regarding qualitative information about the monetization or utilization of the nonfinancial assets, any donor-imposed restrictions on the use of the nonfinancial assets, and a description of the valuation techniques and inputs used to determine the fair value on the date the nonfinancial assets were received. CCST adopted this new accounting guidance for its December 31, 2022 year-end. There was no impact to CCST's financial statements as a result of adopting this standard.

NOTE 2: LIQUIDITY AND AVAILABILITY

CCST manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged.

NOTE 2: LIQUIDITY AND AVAILABILITY (CONTINUED)

CCST's financial assets available within one year of the statement of financial position date for general expenditures are as follows:

	December 31, 2022	December 31, 2021
Cash and cash equivalents	$ 1,876,515	$ 6,514,081
Investments	29,432,082	17,958,684
Accounts receivable	33,488	3,003
Contributions receivable	37,582	2,251,000
Total	31,379,667	26,726,768
Less amounts unavailable for general expenditure within one year due to:		
Restricted by donors with purpose restrictions	19,536,263	11,432,016
Restricted by donors into perpetuity	5,096,687	5,831,141
Total financial assets available to management for general expenditure within one year	$ 6,746,717	$ 9,463,611

NOTE 3: CASH AND CASH EQUIVALENTS

As of December 31, 2022, CCST's total balance in financial institutions was $1,876,515, of which $500,000 was insured by the Federal Deposit Insurance Corporation (FDIC) and $1,376,515 was uninsured. At December 31, 2021, CCST's total bank balance was $6,389,031, of which $500,000 was insured by the FDIC and $5,889,031 was uninsured. CCST has not experienced any losses in such accounts and management believes CCST is not exposed to any significant credit risk related to cash and cash equivalents.

NOTE 4: INVESTMENTS

As of December 31, 2022 and 2021, CCST held the following investments:

Investment Type	2022 Fair Value	2021 Fair Value
Mutual funds	$ 29,397,650	$ 17,847,359
Exchange traded funds	34,432	111,325
Total Investments	$ 29,432,082	$ 17,958,684

NOTE 5: FAIR VALUE MEASUREMENTS

*FASB Accounting Standards Codification 820, Fair Value Measurement*s *and Disclosures*, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that CCST has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the assets or liabilities;
- Inputs that are derived principally from or corroborated by observable market data correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets and liabilities measured at fair value on a recurring basis and recognized in the accompanying statements of financial position, as well as the general classification of such assets pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the year ended December 31, 2022. CCST had no assets or liabilities measured at fair value on a nonrecurring basis.

Mutual funds and exchange-traded funds: Fair value is based on quoted market prices in an active market, resulting in a Level 1 valuation.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while CCST believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, CCST's investments at fair value as of December 31, 2022:

Investment Type	Level 1	Level 2	Level 3	Total
Mutual funds	$ 29,397,650	$ -	$ -	$ 29,397,650
Exchange traded funds	34,432	-	-	34,432
Total investments at fair value	$ 29,432,082	$ -	$ -	$ 29,432,082

NOTE 5: FAIR VALUE MEASUREMENTS (CONTINUED)

The following table sets forth by level, within the fair value hierarchy, CCST's investments at fair value as of December 31, 2021:

Investment Type	Level 1	Level 2	Level 3	Total
Mutual funds	$ 17,847,359	$ -	$ -	$ 17,847,359
Exchange traded funds	111,325	-	-	111,325
Total investments at fair value	$ 17,958,684	$ -	$ -	$ 17,958,684

NOTE 6: PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of December 31:

	December 31, 2022	**December 31, 2021**
Furniture and equipment	$ 12,289	$ -
Total property and equipment	$ 12,289	$ -

There was no depreciation expense for the years ended December 31, 2022 and 2021.

NOTE 7: LEASE COMMITMENTS

CCST leases its office space in Sacramento under an operating lease agreement with an expiration date of January 31, 2025. As of December 31, 2022, the lease requires combined monthly rental payments ranging from $15,300 to $15,564.

In accordance with ASU 2016-02, *Leases*, CCST reflects the present value of future operating lease payments (discounted at an appropriate borrowing rate) as a "Right of Use" asset and a corresponding lease liability. As of December 31, 2022, CCST has recorded a total lease liability in the amount of $387,932 for its office space (split between the current amount of $183,504 and noncurrent amount of $204,428) and a corresponding right of use asset for the premises in the amount of $355,099. The weighted average discount rate associated with the calculation of the present value of the future lease payments as of December 31, 2022 was 1.04%, which represents an estimate of CCST's incremental borrowing rate.

Maturities of operating lease liabilities are as follows:

Year Ending December 31:	Lease Payments
2023	$ 186,507
2024	189,672
2025	15,828
Total lease payments	392,007
Less: interest	(4,075)
Present value of lease liabilities	$ 387,932

Operating lease cost totaled $201,137 for the year ended December 31, 2022.

NOTE 8: EMPLOYEE RETIREMENT PLAN

CCST has established a salary deferral plan under the Internal Revenue Code Section 403(b) covering all employees. Matching contributions to the plan are made at the discretion of CCST's Board of Directors and are based on salary subject to a maximum limit allowable per year under the Internal Revenue Code. CCST contributions to the retirement plan totaled $44,115 and $45,925 for the years ended December 31, 2022 and 2021, respectively.

NOTE 9: CONCENTRATIONS OF REVENUE

CCST is primarily supported by partner contributions, government contributions, and donations. During the year ended December 31, 2022, CCST received 100% of government contribution revenue from one government source and 73% of donation revenue from three private donors. In addition, all partner contribution revenue listed on the statement of activities is received from related parties, CCST's partners.

During the year ended December 31, 2021, CCST received 100% of government contribution revenue from one government source and 87% of donation revenue from four private donors. In addition, all partner contribution revenue listed on the statement of activities is received from related parties, CCST's partners.

NOTE 10: NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following:

	December 31, 2022	December 31, 2021
Subject to expenditure for a specified purpose:		
Fellows program	$ 4,252,516	$ 5,830,526
Fellows endowment	15,000,000	5,000,000
Endowment campaign	198,011	266,743
Vannevar Bush	62,828	79,676
Wildfires	11,640	-
Board development	11,268	11,268
Disaster resilience	-	243,803
Total funds restricted by purpose	19,536,263	11,432,016
Endowment:		
Perpetual in nature:		
Philanthropy	5,096,687	5,831,141
Total funds perpetual in nature	5,096,687	5,831,141
Total	$ 24,632,950	$ 17,263,157

NOTE 10: NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

Net assets were released from restrictions by incurring expenses satisfying the purpose restrictions as follows:

	December 31, 2022	December 31, 2021
Fellows program	$ 1,773,807	$ 1,704,726
Endowment campaign	68,731	233,257
Vannevar Bush	16,848	10,500
Wildfires	6,693	-
Landscape analysis	-	13,700
Disaster resilience	232,047	-
Other	7,439	7,005
Net assets released from restrictions	$ 2,105,565	$ 1,969,188

NOTE 11: NET ASSETS WITHOUT DONOR RESTRICTIONS

Net assets without donor restrictions are comprised of the following:

	December 31, 2022	December 31, 2021
Without donor restrictions:		
Designated by the Board for:		
Fellows endowment	$ 322,906	$ 1,359,909
Fellows operations	229,156	1,051,774
Emergency reserve	1,000,000	1,000,000
DRI Reserve	393,635	-
FO Reserve	299,645	-
Disaster resilience	4,008,089	4,483,105
Designated total	6,253,431	7,894,788
Undesignated	408,236	1,513,702
Net assets without donor restrictions	$ 6,661,667	$ 9,408,490

NOTE 12: ENDOWMENTS

CCST has one donor restricted endowment for the fellows program. From time to time, the fair value of assets associated with donor-restricted endowment funds may fall below the level that the donor or the Uniform Prudent Management of Institutional Funds Act (UPMIFA) requires CCST to maintain as a fund of perpetual duration (underwater endowment). At December 31, 2022 and 2021, CCST did not have any endowments that were considered to be underwater.

NOTE 12: ENDOWMENTS (CONTINUED)

Changes in endowment net assets are as follows:

	December 31, 2022		
	Without Donor Restrictions	With Donor Restrictions	Total Endowment Net Assets
Endowment net assets, beginning of year	$ -	$ 5,831,141	$ 5,831,141
Investment return, net	-	(734,454)	(734,454)
Endowment net assets, end of year	$ -	$ 5,096,687	$ 5,096,687

	December 31, 2021		
	Without Donor Restrictions	With Donor Restrictions	Total Endowment Net Assets
Endowment net assets, beginning of year	$ -	$ 5,422,642	$ 5,422,642
Contributions	-	408,499	408,499
Endowment net assets, end of year	$ -	$ 5,831,141	$ 5,831,141

NOTE 13: GOVERNMENT CONTRIBUTION REVENUE

On June 27, 2022, the Governor approved Senate Bill No. 154, which authorized the California State University to provide funding for CCST under (g) in Section 2.7. For the year ended December 31, 2022, CCST recorded the $10 million funding received as government contribution revenue in the statement of activities. The $10 million will be used to sustain the CCST Policy Fellowships Program.

NOTE 14: SUBSEQUENT EVENTS

Subsequent events have been evaluated through May 1, 2023, which is the date the financial statements were available to be issued.