

STOCKHOLM ENVIRONMENT INSTITUTE U.S., INC.

FINANCIAL STATEMENTS

with

INDEPENDENT AUDITORS' REPORT

YEARS ENDED DECEMBER 31, 2024 AND 2023

Smith  Sullivan
& Brown PC

CERTIFIED PUBLIC ACCOUNTANTS

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STOCKHOLM ENVIRONMENT INSTITUTE U.S., INC.

REPORT ON FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2024 AND 2023



Mission Statement

Stockholm Environment Institute is an international nonprofit research and policy organization that tackles environment and development challenges.

STOCKHOLM ENVIRONMENT INSTITUTE U.S., INC.

REPORT ON FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2024 AND 2023

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Stockholm Environment Institute U.S., Inc.
Somerville, Massachusetts

Opinion

We have audited the accompanying financial statements of Stockholm Environment Institute U.S., Inc. (a Massachusetts nonprofit organization), which comprise the statements of financial position as of December 31, 2024 and 2023 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 Stockholm Environment Institute U.S., 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 Stockholm Environment Institute U.S., 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 ("GAAP"), 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 Stockholm Environment Institute U.S., Inc.'s ability to continue as a going concern within 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.

To the Board of Directors
Stockholm Environment Institute U.S., Inc.

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 Stockholm Environment Institute U.S., 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 Stockholm Environment Institute U.S., 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.

Smith, Sullivan & Brown, PC.

Westborough, Massachusetts
June 12, 2025

STOCKHOLM ENVIRONMENT INSTITUTE U.S., INC.

STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2024 AND 2023

| <u>ASSETS</u> | <u>2024</u> | <u>2023</u> |
|---|---------------------|---------------------|
| <u>CURRENT ASSETS:</u> | | |
| Cash | \$ 292,813 | \$ 673,625 |
| Short-Term Investments | 2,006,147 | 1,623,684 |
| Contracts Receivable | 1,071,045 | 1,165,340 |
| Grants Receivable | 273,312 | 882,236 |
| Prepaid Expenses | 32,225 | 31,567 |
| Security Deposits | 16,012 | 8,967 |
| Total Current Assets | <u>3,691,554</u> | <u>4,385,419</u> |
| <u>NON-CURRENT ASSETS:</u> | | |
| Board Designated Operating Reserve | 863,182 | 913,000 |
| Operating Right-of-Use Asset | 219,850 | 343,242 |
| Total Non-Current Assets | <u>1,083,032</u> | <u>1,256,242</u> |
| <u>TOTAL ASSETS</u> | <u>\$ 4,774,586</u> | <u>\$ 5,641,661</u> |
| <u>LIABILITIES AND NET ASSETS</u> | | |
| <u>CURRENT LIABILITIES:</u> | | |
| Accounts Payable and Accrued Expenses | \$ 151,362 | \$ 224,928 |
| Accrued Payroll and Fringe Benefits | 224,883 | 188,594 |
| Accrued Vacation | 290,674 | 313,426 |
| Deferred Revenue | 596,579 | 564,269 |
| Operating Lease Liability, Short-Term | 120,404 | 124,249 |
| Total Current Liabilities | <u>1,383,902</u> | <u>1,415,466</u> |
| <u>NON-CURRENT LIABILITIES:</u> | | |
| Operating Lease Liability, Long-Term | 113,288 | 233,692 |
| Total Non-Current Liabilities | <u>113,288</u> | <u>233,692</u> |
| <u>TOTAL LIABILITIES</u> | <u>1,497,190</u> | <u>1,649,158</u> |
| <u>NET ASSETS:</u> | | |
| Net Assets Without Donor Restrictions: | | |
| Board Designated Operating Reserve | 863,182 | 913,000 |
| Operating | <u>1,865,342</u> | <u>2,265,408</u> |
| Total Net Assets Without Donor Restrictions | 2,728,524 | 3,178,408 |
| Net Assets With Donor Restrictions | <u>548,872</u> | <u>814,095</u> |
| Total Net Assets | <u>3,277,396</u> | <u>3,992,503</u> |
| <u>TOTAL LIABILITIES AND NET ASSETS</u> | <u>\$ 4,774,586</u> | <u>\$ 5,641,661</u> |

STOCKHOLM ENVIRONMENT INSTITUTE U.S., INC.

STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

| | 2024 | | | 2023 | | |
|---|---|--|----------------------------|---|--|----------------------------|
| | <u>WITHOUT</u> <u>DONOR</u> <u>RESTRICTIONS</u> | <u>WITH</u> <u>DONOR</u> <u>RESTRICTIONS</u> | <u>TOTAL</u> | <u>WITHOUT</u> <u>DONOR</u> <u>RESTRICTIONS</u> | <u>WITH</u> <u>DONOR</u> <u>RESTRICTIONS</u> | <u>TOTAL</u> |
| <u>SUPPORT, REVENUES AND RECLASSIFICATIONS:</u> | | | | | | |
| <i>Support and Revenues:</i> | | | | | | |
| Contract Revenue | \$ 3,182,400 | \$ - | \$ 3,182,400 | \$ 3,004,325 | \$ - | \$ 3,004,325 |
| Grant Revenue | 842,350 | 928,511 | 1,770,861 | 1,564,454 | 1,922,467 | 3,486,921 |
| License Revenue | 423,436 | - | 423,436 | 498,140 | - | 498,140 |
| Investment and Interest Income | 132,749 | - | 132,749 | 98,612 | - | 98,612 |
| Sublease Income | 47,109 | - | 47,109 | 36,333 | - | 36,333 |
| Miscellaneous Income | 2,925 | - | 2,925 | 15,435 | - | 15,435 |
| Total Support and Revenues | <u>4,630,969</u> | <u>928,511</u> | <u>5,559,480</u> | <u>5,217,299</u> | <u>1,922,467</u> | <u>7,139,766</u> |
| <i>Reclassification of Net Assets - Released from Restrictions:</i> | | | | | | |
| Satisfaction of Time and Purpose Restrictions | 1,193,734 | (1,193,734) | - | 1,697,987 | (1,697,987) | - |
| <u>TOTAL SUPPORT, REVENUES AND RECLASSIFICATIONS</u> | <u>5,824,703</u> | <u>(265,223)</u> | <u>5,559,480</u> | <u>6,915,286</u> | <u>224,480</u> | <u>7,139,766</u> |
| <u>FUNCTIONAL EXPENSES AND LOSSES:</u> | | | | | | |
| <i>Functional Expenses:</i> | | | | | | |
| Program Services | 4,790,096 | - | 4,790,096 | 5,244,583 | - | 5,244,583 |
| Administrative | 931,901 | - | 931,901 | 758,779 | - | 758,779 |
| Development | 546,384 | - | 546,384 | 558,516 | - | 558,516 |
| Total Functional Expenses | <u>6,268,381</u> | <u>-</u> | <u>6,268,381</u> | <u>6,561,878</u> | <u>-</u> | <u>6,561,878</u> |
| <i>Losses:</i> | | | | | | |
| Foreign Currency Translation Loss | 6,206 | - | 6,206 | 47,393 | - | 47,393 |
| <u>TOTAL FUNCTIONAL EXPENSES AND LOSSES</u> | <u>6,274,587</u> | <u>-</u> | <u>6,274,587</u> | <u>6,609,271</u> | <u>-</u> | <u>6,609,271</u> |
| <u>CHANGE IN NET ASSETS</u> | <u>(449,884)</u> | <u>(265,223)</u> | <u>(715,107)</u> | <u>306,015</u> | <u>224,480</u> | <u>530,495</u> |
| <u>NET ASSETS - BEGINNING OF YEAR</u> | <u>3,178,408</u> | <u>814,095</u> | <u>3,992,503</u> | <u>2,872,393</u> | <u>589,615</u> | <u>3,462,008</u> |
| <u>NET ASSETS - END OF YEAR</u> | <u>\$ 2,728,524</u> | <u>\$ 548,872</u> | <u>\$ 3,277,396</u> | <u>\$ 3,178,408</u> | <u>\$ 814,095</u> | <u>\$ 3,992,503</u> |

STOCKHOLM ENVIRONMENT INSTITUTE U.S., INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2024

(With Summarized Comparative Totals for 2023)

| | <u>PROGRAM</u> <u>SERVICES</u> | <u>ADMIN-</u> <u>ISTRATIVE</u> | <u>DEVELOPMENT</u> | <u>TOTAL</u> <u>FUNCTIONAL EXPENSES</u> | |
|--|-----------------------------------|-----------------------------------|--------------------------|--|----------------------------|
| | | | | <u>2024</u> | <u>2023</u> |
| SEI Operating Expenses: | | | | | |
| <i><u>Personnel and Related Expenses :</u></i> | | | | | |
| Salaries and Wages | \$ 2,601,719 | \$ 595,463 | \$ 416,200 | \$ 3,613,382 | \$ 3,724,152 |
| Payroll Taxes | 200,700 | 45,935 | 32,106 | 278,741 | 298,136 |
| Employee Benefits | 444,583 | 101,753 | 71,121 | 617,457 | 612,797 |
| Total Personnel and Related Expenses | <u>3,247,002</u> | <u>743,151</u> | <u>519,427</u> | <u>4,509,580</u> | <u>4,635,085</u> |
| <i><u>Operating Expenses :</u></i> | | | | | |
| Professional and Consulting Fees | 43,658 | 66,606 | 6,000 | 116,264 | 187,809 |
| Travel | 71,733 | 8,523 | - | 80,256 | 48,883 |
| Occupancy | 131,005 | 29,983 | 20,957 | 181,945 | 178,393 |
| Professional Development | 14,948 | 60 | - | 15,008 | 6,420 |
| Insurance | - | 26,231 | - | 26,231 | 26,536 |
| Internet Services and Telecommunications | 482 | 22,754 | - | 23,236 | 27,187 |
| Software, Computer Supplies and Other Office Costs | 45,126 | 32,441 | - | 77,567 | 58,955 |
| Miscellaneous | 5,683 | 2,152 | - | 7,835 | 22,898 |
| Total Operating Expenses | <u>312,635</u> | <u>188,750</u> | <u>26,957</u> | <u>528,342</u> | <u>557,081</u> |
| Total SEI Operating Expenses | <u>3,559,637</u> | <u>931,901</u> | <u>546,384</u> | <u>5,037,922</u> | <u>5,192,166</u> |
| Reimbursed Contract and Grant Costs: | | | | | |
| Subcontracted Services | 1,049,690 | - | - | 1,049,690 | 1,060,063 |
| Travel, Lodging and Meals | 141,606 | - | - | 141,606 | 213,650 |
| Other Direct Project Reimbursable Costs | 39,163 | - | - | 39,163 | 95,999 |
| Total Reimbursed Contract and Grant Costs | <u>1,230,459</u> | <u>-</u> | <u>-</u> | <u>1,230,459</u> | <u>1,369,712</u> |
| Total Functional Expenses | <u>\$ 4,790,096</u> | <u>\$ 931,901</u> | <u>\$ 546,384</u> | <u>\$ 6,268,381</u> | <u>\$ 6,561,878</u> |

STOCKHOLM ENVIRONMENT INSTITUTE U.S., INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023

| | <u>PROGRAM</u> <u>SERVICES</u> | <u>ADMIN-</u> <u>ISTRATIVE</u> | <u>DEVELOPMENT</u> | <u>TOTAL</u> <u>FUNCTIONAL</u> <u>EXPENSES</u> |
|--|-----------------------------------|-----------------------------------|------------------------------|--|
| SEI Operating Expenses: | | | | |
| <i>Personnel and Related Expenses :</i> | | | | |
| Salaries and Wages | \$ 2,846,010 | \$ 454,533 | \$ 423,609 | \$ 3,724,152 |
| Payroll Taxes | 227,837 | 36,387 | 33,912 | 298,136 |
| Employee Benefits | <u>468,302</u> | <u>74,792</u> | <u>69,703</u> | <u>612,797</u> |
| Total Personnel and Related Expenses | <u>3,542,149</u> | <u>565,712</u> | <u>527,224</u> | <u>4,635,085</u> |
| <i>Operating Expenses :</i> | | | | |
| Professional and Consulting Fees | 105,031 | 71,778 | 11,000 | 187,809 |
| Travel | 42,814 | 6,069 | - | 48,883 |
| Occupancy | 136,328 | 21,773 | 20,292 | 178,393 |
| Professional Development | 6,360 | 60 | - | 6,420 |
| Insurance | - | 26,536 | - | 26,536 |
| Internet Services and Telecommunications | 482 | 26,705 | - | 27,187 |
| Software, Computer Supplies and Other Office Costs | 30,219 | 28,736 | - | 58,955 |
| Miscellaneous | <u>11,488</u> | <u>11,410</u> | <u>-</u> | <u>22,898</u> |
| Total Operating Expenses | <u>332,722</u> | <u>193,067</u> | <u>31,292</u> | <u>557,081</u> |
| Total SEI Operating Expenses | <u>3,874,871</u> | <u>758,779</u> | <u>558,516</u> | <u>5,192,166</u> |
| Reimbursed Contract and Grant Costs: | | | | |
| Subcontracted Services | 1,060,063 | - | - | 1,060,063 |
| Travel, Lodging and Meals | 213,650 | - | - | 213,650 |
| Other Direct Project Reimbursable Costs | <u>95,999</u> | <u>-</u> | <u>-</u> | <u>95,999</u> |
| Total Reimbursed Contract and Grant Costs | <u>1,369,712</u> | <u>-</u> | <u>-</u> | <u>1,369,712</u> |
| Total Functional Expenses | <u>\$ 5,244,583</u> | <u>\$ 758,779</u> | <u>\$ 558,516</u> | <u>\$ 6,561,878</u> |

STOCKHOLM ENVIRONMENT INSTITUTE U.S., INC.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

| | <u>2024</u> | <u>2023</u> |
|--|--------------------------|--------------------------|
| <u>CASH FLOWS FROM OPERATING ACTIVITIES:</u> | | |
| Change in Net Assets | \$ (715,107) | \$ 530,495 |
| <i>Adjustments to Reconcile the Above to Net Cash</i> | | |
| <i>Used by Operating Activities:</i> | | |
| Investment Income | (132,645) | (97,388) |
| <i>(Increase) Decrease in Current Assets:</i> | | |
| Contracts Receivable | 74,711 | (301,172) |
| Grants Receivable | 628,508 | (319,490) |
| Security Deposits | (658) | 8,923 |
| Prepaid Expenses | (7,045) | 36,691 |
| <i>Increase (Decrease) in Current Liabilities:</i> | | |
| Accounts Payable and Accrued Expenses | (73,566) | 19,393 |
| Accrued Payroll and Fringe Benefits | 36,289 | (9,683) |
| Accrued Vacation | (22,752) | (20,565) |
| Deferred Revenue | 32,310 | (332,110) |
| Operating Lease Liability, Short-Term | (3,845) | (24,789) |
| <i>(Increase) Decrease in Non-Current Assets:</i> | | |
| Operating Right-of-Use Asset | 123,392 | 148,530 |
| <i>Increase (Decrease) in Non-Current Liabilities:</i> | | |
| Operating Lease Liability, Long-Term | (120,404) | (124,250) |
| Net Adjustment | <u>534,295</u> | <u>(1,015,910)</u> |
| <u>NET CASH USED BY OPERATING ACTIVITIES</u> | <u>(180,812)</u> | <u>(485,415)</u> |
| <u>CASH FLOWS FROM INVESTING ACTIVITIES:</u> | | |
| Investment Purchases | (400,000) | (975,000) |
| Proceeds from Sale of Investments | <u>200,000</u> | <u>600,000</u> |
| Net Cash Flows from Investing Activities | <u>(200,000)</u> | <u>(375,000)</u> |
| <u>NET DECREASE IN CASH BALANCES</u> | <u>(380,812)</u> | <u>(860,415)</u> |
| <u>CASH BALANCES - BEGINNING OF YEAR</u> | <u>673,625</u> | <u>1,534,040</u> |
| <u>CASH BALANCES - END OF YEAR</u> | <u>\$ 292,813</u> | <u>\$ 673,625</u> |

STOCKHOLM ENVIRONMENT INSTITUTE U.S., INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

NOTE 1 ORGANIZATION AND AFFILIATIONS

Organization:

Stockholm Environment Institute U.S., Inc. (the “Center,” “SEI US” or “SEI”) is a nonprofit organization that conducts research and engages with decision-makers on energy, water and climate policy. SEI US was incorporated in 2006 under the provisions of Massachusetts General Laws Chapter 180 and qualifies as a tax-exempt nonprofit corporation under Section 501(c)(3) of the Internal Revenue Code (“IRC”). Stockholm Environmental Institute U.S., Inc. is not classified as a private foundation under IRC Section 509(a); accordingly, contributions made to this Center qualify for the maximum charitable deduction for federal income tax purposes.

Affiliations:

SEI US is an affiliate of the Stockholm Environment Institute, a nonprofit organization based in Stockholm, Sweden, referred to in these financial statements as SEI Global. SEI Global has seven centers around the world in the UK, the US, Thailand, Kenya, Estonia and Colombia. The headquarters are located in Sweden.

All Centers of SEI Global are dedicated to providing scientifically-based policy analysis, decision support and capacity development on issues related to environmental sustainability.

The Executive Director of SEI Global serves as the Chair of the Board of Directors of SEI US.

SEI US is an independent research affiliate of Tufts University (“Tufts”). SEI US and Tufts collaborate on research, publications and events.

NOTE 2 PROGRAM SERVICES

SEI US has offices in Somerville, Massachusetts; Davis, California; and Seattle, Washington. The Center conducts research and engages with decision-makers and civil society on energy, water, and climate policy as well as on broader dimensions of development, sustainability, and equity. It builds capacity through training and collaboration, and its decision-support tools are used widely around the globe.

SEI US supports decision-making and inducing change toward sustainable development around the world by providing knowledge that bridges science and policy in the fields of environment and development, and by conducting innovative, integrated applied systems research, which forms the basis for policy advice, capacity building, decision support and policy implementation.

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting:

The financial statements of the Stockholm Environmental Institute U.S., Inc. have been prepared on the accrual basis of accounting in conformity with GAAP and accordingly, reflect all significant receivables, payables and other liabilities.

STOCKHOLM ENVIRONMENT INSTITUTE U.S., INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

(Continued)

NOTE 3 (Continued)

Estimates:

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates; however, adherence to generally accepted accounting principles, has in management's opinion, resulted in reliable and consistent financial reporting by the Center.

Fair Value of Financial Instruments:

The Center reports its fair value measures by using a three-level hierarchy that prioritizes the inputs used to measure fair value. This hierarchy, established by GAAP, requires that entities maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The three levels of inputs used to measure fair value are defined as follows:

- Level 1 - Quoted prices for identical assets or liabilities in active markets to which the Center has access at the measurement date.
- Level 2 - Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets in markets that are not active; observable inputs other than quoted prices for the asset or liability (for example, interest rate and yield curves); and inputs derived principally from, or corroborated by, observable market data by correlation or by other means.
- Level 3 - Unobservable inputs for the asset or liability. Unobservable inputs should be used to measure the fair value to the extent that observable inputs are not available.

The primary use of fair value measures in the Center's financial statements is the initial and recurring measurement of its investments.

Financial Statement Presentation:

The Center reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. These classifications are related to the existence or absence of donor-imposed restrictions as defined below.

Net Assets Without Donor Restrictions - Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. In addition, net assets within this classification include funds which represent resources designated by the Board of Directors for specific purposes.

STOCKHOLM ENVIRONMENT INSTITUTE U.S., INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

(Continued)

NOTE 3 (Continued)

Net Assets With Donor Restrictions - Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature, such as those that are restricted by a donor that the resources be maintained in perpetuity. As of December 31, 2024 and 2023, the Center has no net assets that are required to be maintained in perpetuity. The Center's unspent contributions are reported in net assets with donor restrictions if the donor limited their use, as are promised contributions that are not yet due. Contributions of property and equipment or cash restricted to acquisition of property and equipment are reported as net assets with donor restrictions if the donor has restricted the use of the property or equipment to a particular program. These restrictions expire when the assets are placed in service.

Investments:

The Center maintains an investment portfolio that consists of money market funds, U.S. Treasury Bills and brokered certificates of deposit. 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 consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses. Cash held in brokerage accounts is reported as investments for purposes of these financial statements. Investments are classified as either short-term or long-term, depending upon the underlying intentions.

Contracts and Grants Receivable:

Contracts Receivable represents earned contract revenues invoiced and due from contracts, as well as amounts recognized as revenue but not yet billed under the terms of the contract ("Unbilled Contract Revenue"). SEI US carries its *Contracts Receivable* at net realizable value. The Center uses historical loss information based on the aging of receivables as the basis to determine expected credit losses for those receivables. The composition of receivables at year-end is consistent with historical conditions as terms, practices and funders have not changed significantly. SEI US considers all of its funders, with many of whom the Center has ongoing relationships, to be stable and creditworthy. Therefore, SEI US considers the receivables to be fully collectible.

The following table summarizes the beginning and ending balances of unbilled revenue from contract agreements for the years ended December 31, 2024 and 2023:

| | <u>2024</u> | <u>2023</u> | <u>2022</u> |
|----------------------|------------------|------------------|------------------|
| Unbilled Receivables | <u>\$284,393</u> | <u>\$236,344</u> | <u>\$208,200</u> |

Grants Receivable reflect the balance due on grant commitments which represent unconditional promises to give. The portion of grants receivable which is scheduled for payment in the coming year is classified as current, while commitments that exceed one year are classified as non-current. As of December 31, 2024 and 2023, all grants receivable were classified as current and are reported at net realizable value. Management considers these grant commitments to be fully collectible and therefore, has not established a reserve for uncollectible grants. For the years presented, the Center did not report any losses on unpaid grant commitments.

STOCKHOLM ENVIRONMENT INSTITUTE U.S., INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

(Continued)

NOTE 3 (Continued)

Property and Equipment:

The Center records all property and equipment at cost, if purchased (exceeding \$5,000), or if donated, at the fair value on the date of receipt. Expenditures for maintenance, repairs and renewals are charged to expense as incurred, whereas major improvements are capitalized as additions to property and equipment. Depreciation is computed using the straight-line method, and is charged against activities over the estimated useful lives of the assets, which is typically three to five years. For the years presented, property and equipment consists of fully depreciated equipment and furnishings with an original cost of \$237,423.

Leases:

The Center determines if an arrangement is a lease at inception. Operating leases are included in *Operating Right-of-Use Asset* ("ROU assets"), *Operating Lease Liability, Short-Term* and *Operating Lease Liability, Long-Term* in the Statements of Financial Position. ROU assets represent the right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term, using a weighted-average discount rate. The Center has elected the practical expedient to not separate lease and non-lease components for its operating leases.

The operating lease ROU asset includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Center will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

The Center has applied the weighted average risk-free rate option for all leases which are subject to the standard.

The Center has elected the short-term lease exemption for all leases with a term of 12 months or less for both existing and ongoing operating leases to not recognize the asset and liability for these leases. Lease payments for short-term leases are recognized on straight-line basis.

Revenue Recognition:

Revenue from grants and contracts is recognized as eligible expenditures are incurred or as deliverable services are provided under the terms of the grant or contract. Services provided but not yet invoiced under the terms of the contract are included in *Contracts Receivable*, an asset in the accompanying Statements of Financial Position. Under the provisions of certain grants and contracts, the Center may receive payments in advance of services rendered and/or costs incurred. Funds received in excess of amounts earned are recorded as *Deferred Revenue*, a contract liability in the accompanying Statements of Financial Position.

Performance obligations are either satisfied over time or at a point in time, in accordance with the contract terms and conditions. Revenue for performance obligations satisfied over time is recognized ratably over the period based on time elapsed. The Center believes this method provides a faithful depiction of the transfer of services over the term of the performance obligation. Revenue for performance obligations satisfied at a point in time is generally recognized when deliverables, milestones, or tasks are achieved. For the years presented, the Center's revenue from contracts was recognized over a period of time that coincides with the corresponding service delivery.

STOCKHOLM ENVIRONMENT INSTITUTE U.S., INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

(Continued)

NOTE 3 (Continued)

The Center determines the transaction price based on rates for services provided as defined in the contract. The Center's revenue streams do not have significant financing components or contract costs.

Future performance obligations are the estimated future amounts not yet invoiced for a contract with a client. As of December 31, 2024, management has estimated the aggregate future performance obligation research contracts to be approximately \$4,571,674, substantially all of which are anticipated to occur within 2025.

SEI US is party to a contract with United Nations Environment Programme ("UNEP"), an international inter-governmental organization established by the General Assembly of the United Nations. The project (23-027-UG-22-002) is entitled "Uganda – Support for integrated national clean cooking strategy." The maximum contract value is \$75,000 and the period of performance is November 22, 2023 through March 31, 2025. For the years ended December 31, 2024 and 2023, \$55,185 and \$2,338, respectively, has been recognized as project completion and *Contract Revenue* within the accompanying Statements of Activities. As of December 31, 2024 and 2023, \$6,244 and \$35,172, respectively, is reported within *Deferred Revenue*, a contract liability in the Statements of Financial Position.

Gifts, Grants and Contributions:

The Center is the beneficiary of contributions in the form of grants from other organizations and governmental agencies. Contributions, including promises to give, without donor conditions are recognized as revenue at their estimated fair value at the date of donation and classified as either with or without donor restrictions depending on the donor's stipulations or lack thereof. Unconditional, multi-year commitments are recognized in the year during which the initial commitment is made at the amount that the Center reasonably expects to collect. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risk involved when such amounts are considered material. Amounts receivable from donors are evaluated yearly for collectability and an allowance for uncollectible pledges is recorded as necessary.

Conditional donations are those that have a measurable performance or other barrier and include a right of return of the assets or right of release of the donor from further obligation if the conditions are not met. Conditional donations are not recognized until the associated barriers are met. Any cash received before the conditions or barriers are met is reported as a refundable grant advance. When the conditions are met the revenue is reported as contributions without donor restrictions unless there are further restrictions over and above those associated with the donor conditions.

Support that is restricted by the donor is reported as an increase in net assets with donor restrictions until the restrictions are met, at which time the net assets are reclassified to net assets without donor restrictions.

Functional Expenses:

The Center allocates its expenses on a functional basis among various programs and support services. Expenses that can be identified with a specific program and support service are reported according to their natural expense classification. Other expenses that are common to several functions are allocated using formulas derived from the level of effort worked. For the years presented, *Salaries and Wages*, *Payroll Taxes*, *Employee Benefits* and *Occupancy* are allocated based on employee time and effort.

STOCKHOLM ENVIRONMENT INSTITUTE U.S., INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

(Continued)

NOTE 3 (Continued)

Program expenses include the cost of program implementation and the related planning and project management. Supporting services are those costs related to operating and managing the Center as well as those costs related to procuring contracts and grants.

Supporting services have been sub-classified as follows:

Administrative - includes all activities related to the Center's finance department, contract management, human resources, information technology, legal, board governance, office management and Center leadership.

Development - includes time spent by program staff related to responding to requests for proposals, and other similar activities related to the procurement of funds.

NOTE 4 INVESTMENTS

Investments are intended to provide short-term liquidity and working capital as well as long-term stability. Consistent with the intentions of management, the investments are presented as both short-term and long-term in the accompanying Statements of Financial Position as summarized below. As of December 31, 2024 and 2023, investments consisted of the following components, which are without donor restrictions:

| <u>Investment Type</u> | <u>December 31, 2024</u> | |
|------------------------------|--------------------------|--|
| | <u>Total</u> | <u>Significant Other Observable Inputs (Level 2)</u> |
| Money Market Funds | \$ 521,265 | \$ - |
| United States Treasury Bills | 997,389 | 997,389 |
| Certificates of Deposit | <u>1,350,675</u> | <u>1,350,675</u> |
| Total | <u>\$2,869,329</u> | <u>\$2,348,064</u> |

| <u>Investment Type</u> | <u>December 31, 2023</u> | |
|------------------------------|--------------------------|--|
| | <u>Total</u> | <u>Significant Other Observable Inputs (Level 2)</u> |
| Money Market Funds | \$ 581,167 | \$ - |
| United States Treasury Bills | 504,900 | 504,900 |
| Certificates of Deposit | <u>1,450,617</u> | <u>1,450,617</u> |
| Total | <u>\$2,536,684</u> | <u>\$1,955,517</u> |

The Center uses the following ways to determine the fair value of its investments:

United States Treasury Bills: Valued at the market quotations provided by brokers and dealers who used quotations for similar securities in active markets, which represents a market approach.

STOCKHOLM ENVIRONMENT INSTITUTE U.S., INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

(Continued)

NOTE 4 (Continued)

Certificates of Deposit (“CDs”): The Center invests in CDs traded in financial markets. Those CDs are valued by the custodians of the securities using pricing models based on credit quality, time to maturity, stated interest rates, and market-rate assumptions.

The Center has reported the investments within the following classifications in the accompanying Statements of Financial Position as of December 31, 2024 and 2023:

| | <u>2024</u> | <u>2023</u> |
|------------------------------------|--------------------|--------------------|
| Short-Term Investments | \$2,006,147 | \$1,623,684 |
| Board Designated Operating Reserve | <u>863,182</u> | <u>913,000</u> |
| Total | <u>\$2,869,329</u> | <u>\$2,536,684</u> |

NOTE 5 DEFERRED REVENUE FROM CONTRACTS AND LICENSE AGREEMENTS

The following table summarizes the beginning and ending balances of deferred revenue from contracts and WEAP and LEAP license agreements for the years ended December 31, 2024 and 2023:

| | <u>2024</u> | <u>2023</u> | <u>2022</u> |
|---------------------------|------------------|------------------|------------------|
| Unearned Contract Revenue | \$275,835 | \$212,600 | \$439,270 |
| Deferred License Revenue: | | | |
| WEAP | 118,715 | 132,722 | 116,735 |
| LEAP | <u>202,029</u> | <u>218,947</u> | <u>340,374</u> |
| Total Deferred Revenue | <u>\$596,579</u> | <u>\$564,269</u> | <u>\$896,379</u> |

NOTE 6 NET ASSETS

Net Assets with Donor Restrictions:

As of December 31, 2024 and 2023, net assets with donor restrictions consists of unexpended donor designated grants and contributions for specific research programs and projects in the aggregate amount of \$548,872 and \$814,095, respectively.

Net assets released from restrictions by incurring expenses for research programs and projects which satisfied the purposes or by occurrence of events specified by the donors totaled \$1,193,734 and \$1,697,987, respectively, for the years ended December 31, 2024 and 2023.

Board Designated Operating Reserve:

The Board of Directors approved an Operating Reserve Policy to ensure an adequate level of net assets without donor restrictions to support the Center’s day-to-day administrative costs in the event of unforeseen financial shortfalls, including temporary cash flow shortages that may result from delayed payments from funders. The amount of the reserve is adjusted annually, based upon management’s projection of a sixty day modified cashflow requirement. The reserve may also be used for one-time, nonrecurring expenses that build the Center’s long-term capacity. As of December 31, 2024 and 2023, the *Board Designated Operating Reserve* balance was \$863,182 and \$913,000, respectively.

STOCKHOLM ENVIRONMENT INSTITUTE U.S., INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

(Continued)

NOTE 7 LEASE COMMITMENTS

The Center leases three facilities under rental agreements in Seattle, Washington; Somerville, Massachusetts; and Davis, California that expire January 2025, November 2025 and November 2027, respectively. Pursuant to the guidance, the Center did not include options to extend its Seattle office in the calculation of the lease asset and obligation. The lease cost and other information related to the Center's operating leases for the years ended December 31, 2024 and 2023 is as follows:

| | <u>2024</u> | <u>2023</u> |
|---|-------------|-------------|
| Total Operating Lease Cost Included in <i>Occupancy</i> | \$134,183 | \$134,183 |
| <u>Other Operating Lease Information:</u> | | |
| Cash Paid for Amounts Included in the Measurement of Lease Liabilities | \$135,040 | \$129,668 |
| Remaining Lease Term in Years | 3.9 | 2.9 |
| Discount Rate | 3.79% | 3.79% |

The future minimum financial obligation arising from these commitments is scheduled below:

| <u>Year Ending</u> | <u>Amount</u> |
|-----------------------------------|------------------|
| December 31, 2025 | \$126,411 |
| December 31, 2026 | 60,338 |
| December 31, 2027 | <u>56,827</u> |
| Total Undiscounted Cash Flows | 243,576 |
| Less: Present Value Discount | <u>(9,884)</u> |
| Present Value of Lease Obligation | <u>\$233,692</u> |

In December 2022, the Center entered into a sublease agreement to lease space to Massachusetts Rivers Alliance at its Somerville, Massachusetts office pursuant to a sublease agreement that commences February 1, 2023 and expires November 14, 2025. The annual base rent is \$20,000, subject to 5% annual increases.

The Center also subleases space to Clean Energy Transition Institute at its Seattle, Washington office pursuant to a sublease agreement that expires January 31, 2025. For the years presented, monthly rental payments ranged from \$1,500 - \$2,375.

The sublease rental income is presented as *Sublease Income* in the accompanying Statements of Activities. The future minimum sublease payments due under the above sublease agreements is \$21,581 in 2025.

NOTE 8 RETIREMENT PLAN

The Center has a defined contribution plan under the IRC Section 403(b) and substantially all employees of the Center may participate in this plan. The Center provides a maximum matching contribution of up to 5% of gross salary invested in the plan by a participant. For the years ended December 31, 2024 and 2023, the Center made contributions to the plan totaling \$172,082 and \$168,546, respectively. The amount is included in the *Employee Benefits* line on the Statements of Functional Expenses.

STOCKHOLM ENVIRONMENT INSTITUTE U.S., INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

(Continued)

NOTE 9 FOREIGN CURRENCY TRANSACTIONS

The Center receives payments on grants and contracts from SEI Global and other funders in currencies other than the U.S. Dollar, the Center's functional currency. For stable budget management, the Center budgets and records expenses on each grant or contract using an exchange rate based on when the agreement was established. Differences resulting from fluctuations in the exchange rate are recognized as gains and losses on foreign currency and are included in the Statement of Activities for the period. As reported in the accompanying Statements of Activities, foreign currency exchange losses totaled \$6,206 and \$47,393 for the years ended December 31, 2024 and 2023, respectively.

NOTE 10 CONDITIONAL GRANTS

The Center is party to several conditional grant commitments from various foundations. Amounts paid to SEI US and recognized as revenue under these grants totaled \$47,150 and \$226,200 for the years ended December 31, 2024 and 2023, respectively, and are reported as *Grant Revenue* in the accompanying Statements of Activities. As of December 31, 2024, these conditional grant commitments were fully received and there are no remaining installments.

NOTE 11 CONCENTRATIONS

Cash:

The Center maintains several bank accounts at Cambridge Savings Banks and an account at Fidelity Investments. Cambridge Savings Bank is insured by the Federal Deposit Insurance Corporation ("FDIC") up to the federally insured limit of \$250,000. The Center had \$42,030 and \$421,574 in excess of federally insured limits as of December 31, 2024 and 2023 respectively. The Center has not experienced any losses on uninsured cash balances.

Revenue and Receivables:

Revenue agreements with two donors represent approximately 28% of total *Support and Revenues* and 87% and 74% of *Grants Receivable* as of and for the years ended December 31, 2024 and 2023, respectively.

NOTE 12 CONTINGENCIES

The Center receives funding under cost-reimbursement agreements that are subject to audit by the appropriate governmental agency. In the opinion of management, the results of such audits, if any, will not have a significant impact on the financial position of the Center as of December 31, 2024 and 2023, or its changes in net assets for the years then ended.

NOTE 13 RELATED PARTY TRANSACTIONS

Due to its research affiliation with SEI Global, SEI US often collaborates with SEI Global on projects. Usually, SEI Global is the contract administrator, but sometimes it is SEI US. For the years ended December 31, 2024 and 2023, *Grant Revenue* includes \$961,863 and \$1,348,186, respectively, from SEI Global of which amount, \$237,930 and \$329,224, respectively, is included in *Grants Receivable*. For the years ended December 31, 2024 and 2023, *Total Operating Expenses* includes agreements with SEI Global totaling \$87,645 and \$188,957, respectively, of which amount, \$32,643 and \$74,539, respectively, is included within *Accounts Payable and Accrued Expenses*.

STOCKHOLM ENVIRONMENT INSTITUTE U.S., INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

(Continued)

NOTE 14 LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following table reflects the Center's financial assets as of December 31, 2024 and 2023, reduced by amounts which are not available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year of the Statements of Financial Position date or because the governing board has set aside the funds for a specific contingency reserve or a long-term investment.

| | <u>2024</u> | <u>2023</u> |
|--|--------------------|--------------------|
| Financial Assets: | | |
| Cash | \$ 292,813 | \$ 673,625 |
| Investments | 2,869,329 | 2,536,684 |
| Contracts Receivable | 1,071,045 | 1,165,340 |
| Grants Receivable | <u>273,312</u> | <u>882,236</u> |
| Total Financial Assets | 4,506,499 | 5,257,885 |
| Less Amounts Not Available To Be Used Within One Year: | | |
| Board Designated Operating Reserve | <u>(863,182)</u> | <u>(913,000)</u> |
| Total Financial Assets Available To Meet General Expenditures Within One Year | <u>\$3,643,317</u> | <u>\$4,344,885</u> |

As part of the Center's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. To help manage unanticipated liquidity needs, the Center has Board-Designated reserve funds that, while the Center does not intend to spend these for general operating purposes within the next year, these amounts could be made available for current operations, if necessary.

For purposes of analyzing resources available to meet general expenditures over a twelve-month period, the Center considers all expenditures related to its ongoing activities of research programs as well as the conduct of services undertaken to support those activities to be general expenditures.

NOTE 15 SUBSEQUENT EVENTS

Management is required to consider events subsequent to the financial statement date for potential adjustment to or disclosure in the financial statements. Therefore, Management has evaluated subsequent events through June 12, 2025, the date which the financial statements were available for issue, and noted no events which met the criteria for recognition or disclosure.