

Pacific Education Institute

Financial Report
Reviewed
December 31, 2013

Pacific
Education
Institute

**Financial
Report**

December 31
2013

Contents

Independent Accountant's Review Report	1
-----------------------------------------------------	----------

Financial Statements

Balance Sheets	2
----------------------	---

Statements of Activities and Changes in Net Assets	3
----------------------------------------------------------	---

Statements of Cash Flows	4
--------------------------------	---

Notes to Financial Statements	5-8
-------------------------------------	-----

Supplementary Information

Independent Accountant's Review Report on the Supplementary Information	9
-------------------------------------------------------------------------------	---

Schedule of Functional Expenses	10
---------------------------------------	----



Independent Accountant's Review Report

To the Board of Directors
Pacific Education Institute
Olympia, Washington

We have reviewed the accompanying balance sheets of **Pacific Education Institute** as of December 31, 2013 and 2012, and the related statements of activities and changes in net assets, and cash flows for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the Organization's management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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 designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the reviews in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe the results of our procedures provide a reasonable basis for our report.

Based on our reviews, we are not aware of any material modifications that should be made to the financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

McGladrey LLP

Olympia, Washington
May 19, 2014

**Financial
Statements**

Balance Sheets

Pacific Education Institute
December 31, 2013 and 2012

	2013	2012
Assets		
Current Assets		
Cash and cash equivalents	\$117,858	\$ 91,926
Certificates of deposit	125,000	75,000
Grants and pledges receivable	109,822	27,261
Accounts receivable	132	6,822
Prepaid expenses and other assets	993	1,006
Total assets	\$353,805	\$202,015
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 33,589	\$ 28,384
Net Assets		
Unrestricted	224,081	107,171
Temporarily restricted	96,135	66,460
Total net assets	320,216	173,631
Total liabilities and net assets	\$353,805	\$202,015

See notes to financial statements.
See independent accountant's review report.

Statements of Activities and Changes in Net Assets

Pacific Education Institute
 Years Ended December 31, 2013 and 2012

	Unrestricted		Temporarily Restricted		Total	
	2013	2012	2013	2012	2013	2012
Support and Revenue						
Contributions	\$404,914	\$237,964	\$240,387	\$169,941	\$645,301	\$407,905
Interest	217	277	--	--	217	277
Other	21,577	16,035	--	--	21,577	16,035
Released from restrictions	210,712	145,278	(210,712)	(145,278)	--	--
Total support and revenue	637,420	399,554	29,675	24,663	667,095	424,217
Expenses						
Programs	355,278	297,546	--	--	355,278	297,546
General and administrative	68,979	69,676	--	--	68,979	69,676
Fundraising	96,253	84,208	--	--	96,253	84,208
Total expenses	520,510	451,430	--	--	520,510	451,430
Changes in net assets	116,910	(51,876)	29,675	24,663	146,585	(27,213)
Net Assets						
Beginning of year	107,171	159,047	66,460	41,797	173,631	200,844
End of year	\$224,081	\$107,171	\$ 96,135	\$ 66,460	\$320,216	\$173,631

See notes to financial statements.
 See independent accountant's review report.

Statements of Cash Flows

Pacific Education Institute
Years Ended December 31, 2013 and 2012

	2013	2012
Cash Flows from Operating Activities		
Changes in net assets	\$146,585	(\$27,213)
Changes in assets and liabilities:		
(Increase) decrease in receivables	(75,871)	30,441
Decrease in prepaid expenses and other assets	13	27
Increase (decrease) in accounts payable	5,205	(28,907)
Net cash provided by (used in) operating activities	75,932	(25,652)
Cash Flows from Investing Activities		
(Purchase) sale of certificates of deposit	(50,000)	25,000
Net increase (decrease) in cash and cash equivalents	25,932	(652)
Cash and cash equivalents		
Beginning of year	91,926	92,578
End of year	\$117,858	\$91,926

See notes to financial statements.
See independent accountant's review report.

Notes to Financial Statements

Pacific Education Institute
December 31, 2013 and 2012

Note 1 - Nature of Activities and Summary of Significant Accounting Policies

Nature of Activities

Pacific Education Institute (the Organization) is a not-for-profit corporation, incorporated in March 2003 under the laws of the state of Washington. The Organization promotes, encourages and carries out, by means of scientific investigations, research and public education, the provision of information concerning the teaching, learning and assessment of integrated K-20 education programs founded in real world contexts. In addition, the Organization provides education and communications concerning responsible management of natural resources and agriculture.

A summary of the Organization's significant accounting policies follows:

Basis of Presentation

The accompanying financial statements are presented using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets and support and revenue in the accompanying financial statements are classified based on the existence or absence of donor-imposed restrictions. Accordingly, for reporting purposes, net assets of the Organization, and changes therein, are classified as follows:

Unrestricted net assets - net assets not subject to donor-imposed stipulations, which include certain amounts designated by the board of directors.

Temporarily restricted net assets - net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization or the passage of time.

Permanently restricted net assets - net assets subject to donor-imposed restrictions stipulating they be maintained permanently by the Organization.

The Organization reports gifts of cash and other assets as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported on the statements of activities and changes in net assets as released from restrictions. Restrictions met in the same year through satisfaction of purpose or time restrictions are also recorded as released from restriction in the accompanying financial statements. Temporarily restricted net assets totaled \$96,135 and \$66,460 at December 31, 2013 and 2012, respectively. The Organization had no permanently restricted net assets.

See independent accountant's review report.

Notes to Financial Statements

Pacific Education Institute
December 31, 2013 and 2012

Note 1 - Nature of Activities and Summary of Significant Accounting Policies *(continued)*

Use of Estimates

Preparation of financial statements prepared in accordance with accounting principles generally accepted in the United States of America 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 support and revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of reporting cash flows, the Organization considers money market funds purchased with an original maturity of three months or less to be cash equivalents. All certificates of deposit, regardless of maturity, are included in short-term investments.

Pledges and Grants Receivable

Pledges receivable are carried at the amount of the donor's unconditional promise to give. Accounts receivable are carried at signed contract amount or original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts on a monthly basis. Management determines the allowance for doubtful accounts by regularly evaluating individual customer receivables and considering a customer's financial condition, credit history and current economic conditions. Accounts receivable are written off when deemed uncollectible. Recoveries of receivables previously written off are recorded when received. Management has determined that no allowance is necessary for bad debt at December 31, 2013 and 2012.

Support and Revenue Recognition

Contributions, including unconditional promises to give, are recorded as revenue in the period received, less an allowance for uncollectible amounts, if any. Annual unrestricted contributions are recorded in the period confirmed. All contributions are available for unrestricted use unless specifically restricted by the donor. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Contributions received with donor-imposed restrictions are reported as restricted support unless the restriction is met in the same reporting period, in which case, the contribution is reported as unrestricted support. Conditional contributions and grants, where funds were received in advance, are shown as deferred revenue until the conditions have been met. The Organization had no deferred revenue for the years ended December 31, 2013 and 2012.

(continued)

See independent accountant's review report.

Notes to Financial Statements

Pacific Education Institute
December 31, 2013 and 2012

Note 1 - Nature of Activities and Summary of Significant Accounting Policies *(concluded)*

Federal Income Taxes

No provision for income taxes has been made in the financial statements since the Organization is exempt from federal income taxes under Internal Revenue Code, Section 501(c)(3). Additionally, the Organization has done an assessment of any uncertain tax positions and has determined it has no uncertain tax positions to record as a liability at December 31, 2013 and 2012.

Form 990, filed by the Organization, is subject to examinations by the Internal Revenue Service up to three years from the extended due date of each return. Generally, the Organization is no longer subject to income tax examinations by the U.S. federal, state and local tax authorities for years before 2010.

Functional Expenses

Expenses are charged to program or support services based on specific identification, where feasible. Certain expenses have been allocated among the various programs and support services based on the time devoted by staff members to each of the services.

Note 2 - Restrictions on Net Assets

Temporarily restricted net assets are as follows at December 31, 2013 and 2012:

	2013	2012
Purpose restrictions:		
School district program delivery - regional models	\$90,000	\$60,325
Curriculum and materials development	6,135	6,135
Total temporarily restricted net assets	\$96,135	\$66,460

During 2013 and 2012, net assets were released totaling \$210,712 and \$145,278, respectively, related to the allowed expenses associated with these purpose restrictions.

See independent accountant's review report.

Notes to Financial Statements

Pacific Education Institute
December 31, 2013 and 2012

Note 3 - Support from Related Party

The Organization was founded through the leadership of individuals involved in the Washington Forest Protection Association (the Association). The Organization values the Association as one of its partners, along with state agencies, school districts and other organizations, working toward achieving mutual educational goals. The Organization receives a significant percentage of its support from the Association. At the present time, the Organization's staff and significant organizational and program support are provided by direct and indirect financial support from the Association. The Association contributed approximately \$204,000 and \$176,000 of services and support to the Organization for the years ended December 31, 2013 and 2012, respectively, which are included in contributions on the accompanying statements of activities and changes in net assets. Cash contributions were approximately \$41,000 and \$45,000 for the years ended December 31, 2013 and 2012, of which \$23,500 and \$7,000 was in receivables due, respectively. The Association has notified the Organization of its intent to substantially decrease its level of funding incrementally over the next four years, though individual members of the Association will continue to provide support through direct contributions to the Organization.

Note 4 - Evaluation of Subsequent Events

Events that occurred subsequent to year-end have been evaluated by the Organization's management through May 19, 2014, which is the date the financial statements were available to be issued.

See independent accountant's review report.

**Supplementary
Information**



Independent Accountant's Review Report on the Supplementary Information

To the Board of Directors
Pacific Education Institute
Olympia, Washington

Our reviews were made for the purpose of expressing limited assurance that there are no material modifications that should be made to the basic financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America. The supplementary information which follows is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the inquiry and analytical procedures applied in the review of the financial statements, and we did not become aware of any material modifications that should be made to such information.

McGladrey LLP

Olympia, Washington
May 19, 2014

Schedule of Functional Expenses

Pacific Education Institute
 Year Ended December 31, 2013
 (With Comparative Totals for the Year Ended December 31, 2012)

	Programs				Total Programs	General and Administrative	Fundraising	Total Expenses	
	Curriculum Alignment and Training	Systemic Planning	Development of Student Learning	Educational Activities and Information				2013	2012
Consultants:									
Evaluation/documentation	\$ 2,100	\$ 5,658	\$ --	\$ --	\$ 7,758	\$ --	\$ --	\$ 7,758	\$ 9,610
Field investigations/inquiry	2,275	--	--	--	2,275	--	--	2,275	2,970
School districts curriculum development	43,081	2,093	26,119	--	71,293	--	--	71,293	77,232
Program planning and other services	7,758	135	1,246	--	9,139	--	--	9,139	7,282
Workshop expenses:									
Presenters/instructors	43,002	5,931	--	--	48,933	--	--	48,933	33,263
Facilities/meeting	9,681	2,745	--	--	12,426	--	--	12,426	5,037
Substitutes/educator stipends	31,783	--	--	--	31,783	--	--	31,783	28,196
Curriculum and materials	3,109	371	7,852	--	11,332	--	--	11,332	11,768
Conferences	--	--	--	3,394	3,394	--	1,111	4,505	7,399
School district and student project supplies and other	--	--	3,625	--	3,625	--	--	3,625	11,553
Special events/recognitions	--	--	--	--	--	--	2,753	2,753	881
Salaries and benefits	93,168	11,049	25,344	2,215	131,776	54,851	70,707	257,334	182,194
Meals and travel	3,639	432	990	87	5,148	753	1,667	7,568	7,287
Meetings	594	70	162	14	840	1,167	91	2,098	1,387
Professional services	1,024	121	278	1,521	2,944	6,052	9,793	18,789	30,725
Dues and contributions	158	19	43	4	224	--	205	429	1,034
Marketing and promotion	--	--	--	--	--	--	--	--	921
Printing, publications, website and communications	1,650	196	449	39	2,334	283	3,187	5,804	4,961
Rent	2,568	305	698	61	3,632	1,097	3,471	8,200	6,639
Office	3,757	446	1,022	89	5,314	1,132	2,727	9,173	9,476
General/miscellaneous	550	65	150	13	778	302	376	1,456	6,828
Insurance	233	28	63	6	330	1,768	165	2,263	4,165
Taxes and licenses	--	--	--	--	--	1,574	--	1,574	622
	\$250,130	\$29,664	\$68,041	\$7,443	\$355,278	\$68,979	\$96,253	\$520,510	\$451,430

See independent accountant's review report on the supplementary information.