Wildflowers Institute

Financial Statements and Independent Auditors' Report

Years Ended December 31, 2023 and 2022

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Wildflowers Institute

Opinion

We have audited the accompanying financial statements of Wildflowers Institute (the "Institute"), which comprise the statements of financial position as of December 31, 2023 and 2022, 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 the Institute as of December 31, 2023 and 2022, 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 the Institute and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Institute's ability to continue as a going concern within 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, including omissions, 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 the Institute's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Institute'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 audits, significant audit findings, and certain internal control related matters that we identified during the audits.

Fontanello, Duffield & Otake, LLP

September 11, 2024

Wildflowers Institute
Statements of Financial Position

December 31,	*2023*	*2022*
Assets		
Cash and cash equivalents	$ 491,424	$ 444,360
Investments, at fair value	798,661	542,107
Property & equipment, net	-	2,543
Total assets	$ 1,290,085	$ 989,010
Liabilities		
Accounts payable	$ 1,352	$ 359
Accrued vacation	29,827	24,675
Grants payable	-	25,000
Total liabilities	31,179	50,034
Net Assets		
Net assets without donor restrictions	1,019,949	796,789
Net assets with donor restrictions	238,957	142,187
Total net assets	1,258,906	938,976
Total liabilities and net assets	$ 1,290,085	$ 989,010

The accompanying notes are integral to this statement.

Wildflowers Institute
Statement of Activities

Year Ended December 31,			*2023*
	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Support and Revenue:			
Grants and contributions - cash	$ 160,644	$ 125,000	$ 285,644
Interest and dividends	11,800	-	11,800
Unrealized gains on investments	256,554	-	256,554
	428,998	125,000	553,998
Net assets released from restrictions	28,230	(28,230)	-
Total support and revenue	457,228	96,770	553,998
Expenses:			
Program	223,413	-	223,413
Management and general	6,950	-	6,950
Fundraising	3,705	-	3,705
Total expenses	234,068	-	234,068
Change in net assets	223,160	96,770	319,930
Net assets at beginning of year	796,789	142,187	938,976
Net assets at end of year	$ 1,019,949	$ 238,957	$ 1,258,906

The accompanying notes are integral to this statement.

Wildflowers Institute
Statement of Activities

Year Ended December 31, *2022*

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Totals
Support and Revenue:			
Grants and contributions - cash	$ 166,803	$ -	$ 166,803
Interest and dividends	3,981	-	3,981
Unrealized loss on investments	(202,975)	-	(202,975)
	(32,191)		(32,191)
Net assets released from restrictions	116,588	(116,588)	-
Total support and revenue	84,397	(116,588)	(32,191)
Expenses:			
Program	201,052	-	201,052
Management and general	607	-	607
Fundraising	62	-	62
Total expenses	201,721	-	201,721
Change in net assets	(117,324)	(116,588)	(233,912)
Net assets at beginning of year	914,113	258,775	1,172,888
Net assets at end of year	$ 796,789	$ 142,187	$ 938,976

The accompanying notes are integral to this statement.

Wildflowers Institute
Statement of Functional Expenses

Year Ended December 31				*2023*
	Program	**General & Administration**	**Fundraising**	**Totals**
Salaries, wages, and benefits	$ 139,931	$ 5,875	$ 905	$ 146,711
Professional fees	32,211	604	2,530	35,345
Facilities and equipment	18,034	134	104	18,272
Other expenses	15,946	363	18	16,327
Travel & meals	6,502	2	-	6,504
Telecommunication	5,109	-	-	5,109
Insurance	3,222	7	141	3,370
Awards	2,075	(38)	-	2,037
Office expenses	383	3	7	393
Total expenses	$ 223,413	$ 6,950	$ 3,705	$ 234,068

The accompanying notes are integral to this statement.

Wildflowers Institute
Statement of Functional Expenses

Year Ended December 31 *2022*

	Program	General & Administration	Fundraising	Totals
Salaries, wages, and benefits	$ 136,770	$ -	$ -	$ 136,770
Facilities and equipment	15,215	140	22	15,377
Awards	14,000	-	-	14,000
Telecommunication	10,669	-	-	10,669
Professional fees	10,186	41	12	10,239
Other expenses	5,448	-	-	5,448
Travel & meals	3,995	-	-	3,995
Insurance	3,332	20	-	3,352
Office expenses	1,437	406	28	1,871
Total expenses	$ 201,052	$ 607	$ 62	$ 201,721

The accompanying notes are integral to this statement.

Wildflowers Institute
Statements of Cash Flows

Years Ended December 31,	*2023*	*2022*
Cash flows from operating activities		
Change in net assets	$ 319,930	$ (233,912)
Adjustments to reconcile change in net assets to cash provided by/(used in) operating activities:		
Unrealized (gain)/loss on investments	(256,554)	202,975
Depreciation	2,543	-
Changes in operating assets and liabilities:		
Pledges receivable	-	1,750
Grants payable	(25,000)	(34,500)
Accounts payable	993	(1,520)
Accrued vacation	5,152	(1,356)
Net cash provided by/(used in) operating activities	47,064	(66,563)
Net change in cash and cash equivalents	47,064	(66,563)
Cash and cash equivalents at beginning of year	444,360	510,923
Cash and cash equivalents at end of year	$ 491,424	$ 444,360

The accompanying notes are integral to this statement.

1. Description of Organization

Wildflowers Institute (the "Institute"), a California non-profit organization, is dedicated to advancing the sustainability of populations in the grassroots.

The institute upholds a deep belief in the innate power of people to maintain continuity from their history and culture and to adapt to new challenges they face. The institute offers a framework for community sustainability and processes and tools that illuminate stories of self-determination and transformation and of empowering the community. We go beneath the surface, uncovering how social assets are organized and for what purposes. We reveal the underlying premise that unites formal and informal organizations and fosters a dynamic balance between what is working and what is changing.

One of the inherent strengths that we have noted in our studies of immigrant communities is the value they place on intergenerational family members working together as one social unit, a family incubator. The extended family is a deep talent pool that gleans from the past and the present as members of the family struggle with challenges, learning, and growing. Family members, young and old, converge what they know to solve the problems that they face. We highlight and support productive and meaningful relationships among caring and thoughtful individuals and groups.

At the heart of our work is bringing differences together when possible and healing the family, the clan, and the community-at-large. We aim to improve existing village structures of different racial and ethnic populations from the ground-up and inside-out.

The Community Survey identifies community-driven solutions that address two or three critical issues affecting the activities that deepen relationships in the extended family and social groups. These solutions are assessed and vetted by a panel of experts inside and outside the neighborhood. And the proposed projects are presented at a meeting of the community-at-large where a community member will be given a $25 gift to contribute to the project she/he decides to support. In effect, the entire community is learning about the work of philanthropy—identifying deeply rooted problems, deciding on which projects to support, and observing social outcomes over time. The start-up funds for the projects are the sum of gifts given to each project. Project leaders and community members are invited to build 3-D maps—symbolic representations of the community's narrative and the strategies for leveraging intrinsic assets in community building—for all to see and learn from.

The Wildflowers Fellows are community or neighborhood volunteers who know the way things really get done. They are the unofficial leaders, the quiet and insightful resident artists, the informal mediators in family and social disputes, the caring businesspeople, the wise elders and coaches whom others go to for advice and direction, the informal healers who voluntarily attend to the injured and the suffering, and the protectors of the people, the land, the air, and the water of the village. The fellows know how their people and groups are organized and how they cope with the disruption and problems facing them. Through their efforts, a social fabric is being mended and repaired.

The Hidden Gems Project invites residents to create art and share a story about the community and what is important to them. Viewed through the lens of a myriad of art, one or more common threads surface to reveal how people and organizations have consciously and unconsciously come together around a shared reality.

1. Description of Organization (continued)

Local stories give voice to this community's way of life. The narratives uncover individual preferences and common activities that contribute to the social fabric and the sustainability of the individual, the family, and the community-at-large. Community voices also make explicit the salient public, private, and nonprofit resources of the neighborhood, such as affordable housing, grocery stores, libraries, schools, health and social services, and parks and social spaces, which foster a connection to local history and culture and the community's unique identity and characteristics.

Our Social Investments are a different form of community philanthropy. Instead of a few individuals saying yes or no to requests and proposals, members of the community make collective funding decisions. This year, the institute launched the Dao Fund to support the community's direction (the Dao) and its undiscovered treasures. Residents and community members take on the responsibility of gathering information (community surveys); deciding which community-driven solutions to support through small grants; and reflecting on lessons learned about the direction and the way of life of the community. One hundred percent of the Dao Fund goes to advancing intrinsic resources.

This investment strategy is an outgrowth of Marion R. Weber's Flow Funding Circle, an innovative approach to democratizing philanthropy formed by lessons learned from trusted relationships with her grantees over thirty years.

2. Summary of Significant Accounting Policies

Basis of Presentation

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

Net assets without donor restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary purpose of the Institute. These net assets may be used at the discretion of the Institute's management and Board of Directors.

Net assets with donor restrictions – Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by the actions of the Institute, or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Cash and Cash Equivalents

Cash and cash equivalents consist of checking, savings and money market accounts. For purposes of the statements of cash flows, all highly liquid instruments with original maturities of three months or less are considered to be cash equivalents.

2. Summary of Significant Accounting Policies (continued)

Investments

Publicly traded securities are presented at estimated fair market value. Unrealized gains and losses are included in the statement of activities. Securities listed on a national exchange are valued at the closing prices as of the valuation date.

Fair Value of Financial Instruments

Financial instruments included in the statements of financial position include cash and cash equivalents, investments, grants payable, and accounts payable. The carrying amounts of cash and cash equivalents, grants payable, and accounts payable represent a reasonable estimate of the corresponding fair values.

Investments are reflected in the accompanying statement of financial position at their estimated fair value.

Grants Payable

Grants payable at December 31, 2022 are expected to be paid out within one year of the grant date.

Contributions

All contributions are considered to be available for unrestricted use unless restricted by the donor. Amounts received that are designated for future periods or designated by the donor for specific purposes are reported as contributions with donor restrictions. When a temporary restriction expires, nets 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. Restricted contributions received and spent in the same year are classified as without donor restrictions.

Functional Allocation of Expenses

Expenses that apply to more than one functional category have been allocated between program, management and general, and fundraising based on the time spent on these functions by specific employees as estimated by senior management. The remaining costs are charged directly to the appropriate functional category.

Reclassification

Certain items in the prior year's financial statements have been reclassified for comparative purposes to conform to the presentation in the current year's financial statements.

Income Taxes

The Institute is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code and is generally not subject to federal or state income

2. Summary of Significant Accounting Policies (continued)

taxes. However, the Institute is subject to income taxes on any net income that is derived from a trade or business, regularly carried on, and not in furtherance of the purposes for which it was granted exemption.

No income tax provision has been recorded as net income, if any, from any unrelated trade or business, in the opinion of management, is not material to the financial statements taken as a whole.

The Institute believes that it has appropriate support for the tax position taken and, as such, does not have any uncertain tax positions that result in a material impact on the Institute's statement of position or statement of activities.

Use of Estimates

The preparation of financial statements in conformity with U.S. 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.

3. Investments

Investments are summarized as follows at December 31, 2023 and 2022, respectively:

	2023		2022	
	Cost	Market	Cost	Market
Publicly Traded Stocks	$ 299,837	$ 798,661	$ 296,012	$ 542,107
	$ 299,837	$ 798,661	$ 296,012	$ 542,107

4. Fair Value Measurements

According to authoritative guidance, assets and liabilities measured and reported at fair value on a recurring basis should be classified and disclosed in a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The objective of a fair value measurement is to determine the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price).

Level 1 Quoted prices are available in active markets for identical investments as of the reporting date. Level 1 includes common stock. At December 31, 2023 and 2022, the Institute's only investments are publicly traded stocks categorized as Level 1.

Level 2 Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the asset or liability. The Institute has no Level 2 investments.

Level 3 Pricing inputs are unobservable and include situations where there is little, if any market activity of the investment. Fair value for these investments is determined using valuation methodologies that consider a range of factors, including but not limited to the price at which the investment was acquired, the nature of the investment, local market conditions, current and projected operating performance, and financing transactions subsequent to the acquisition of the investment. The inputs into the determination of fair value require significant management judgment. Due to the inherent uncertainty of these estimates, these values may differ materially from the values that would have been used had a ready market for these investments existed. The Institute has no Level 3 assets.

5. Availability and Liquidity of Financial Assets

The following table reflects the Institute's financial assets as of December 31, 2023 and 2022, reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year, or because the Board of Directors has set aside funds as a contingency reserve.

	2023	2022
Financial assets:		
Cash and cash equivalents	$ 491,424	$ 444,360
Investments, at fair value	798,661	542,107
Total financial assets	1,290,085	986,467
Less amounts not available to be used within one year:	197,522	74,598
Financial assets available to meet general expenditures over the next twelve months	$ 1,092,563	$ 911,869

The Institute has a policy to manage its liquidity and reserves following three guiding principles: operating within a prudent range of financial stability, maintaining adequate liquidity to fund near-term operations, and maintaining sufficient reserves to provide reasonable assurance that long term obligations will be discharged.

6. Net Assets with Donor Restrictions

The Institute's net assets with donor restrictions include the following:

	2023	2022
Contributions designated for the following specific purpose:		
Salaries and related payroll expenses	$ 34,798	$ 34,798
Program restricted	6,637	32,791
Social investment fund	197,522	74,598
Total assets with donor restrictions	$ 238,957	$ 142,187

6. Net Assets with Donor Restrictions (continued)

For the years ending December 31, 2023 and 2022 net assets were released from donor restriction as follows:

	2023	2022
Contributions designated for the following specific purpose:		
Salaries and related payroll expenses	$ -	$ 84,048
Other program expenses	26,155	18,540
Social investments	2,075	14,000
Total net assets released from restrictions	$ 28,230	$ 116,588

7. Concentrations of Risk

The Institute maintains its cash at credit worthy, high-quality financial institutions that at times may exceed federally insured limits. The Institute has not experienced any losses in such accounts. As of December 31, 2023 and 2022, the Institute's cash exceeded FDIC limits by approximately $457,481 and $276,664 respectively.

The Institute's investment portfolio is concentrated on a single publicly traded stock. For the year ended December 31, 2023, this stock comprised 97.34% of the Institute's investments. For the year ended December 31, 2022, this stock comprised 96.29% of the Institute's investments.

For the year ended December 31, 2023, two donors provided 79% of the Institute's contributed support. For the year ended December 31, 2022, three donors provided 68% of the Institute's contributed support.

8. Related Party Transactions

The Institute rents office space from an officer of the Institute. During the years ended December 31, 2023 and 2022, the Institute paid rent to this officer in the amount of $6,000 for each year.

The President also donated $100,000 in cash to the Institute for each of the years ended December 31, 2023 and 2022, respectively.

The Vice-President of the Institute donated $10,357 and $13,927 in cash to the Institute during the years ended December 31, 2023 and 2022, respectively.

9. Tax-Deferred Retirement Plan

The Institute has a tax-deferred retirement plan (the "Plan") qualified under Section 403(b) of the Internal Revenue Code, as well as a Section 457(b) deferred compensation plan. The Plans cover all employees who, on a voluntary basis, may participate in the Plan starting on their date of hire. The Institute does not make matching contributions.

10. Subsequent Events

The Institute has reviewed the results of operations for the period of time from December 31, 2023 through September 11, 2024, the date the financial statements were available to be issued. Management has determined that no adjustments are necessary to the amounts reported in the accompanying financial statements. Other than the event referenced in the above paragraph, no additional subsequent events have occurred which would require disclosure.