



Financial Statements

Ceres, Inc.

October 31, 2023 and 2022



CERES, INC.

Financial Statements

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Independent Auditors' Report

Board of Directors
Ceres, Inc.
Boston, Massachusetts

Opinion

We have audited the financial statements of Ceres, Inc. ("Ceres"), which comprise the statements of financial position as of October 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 accompanying financial statements present fairly, in all material respects, the financial position of Ceres as of October 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 ("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 Ceres 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.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, effective November 1, 2022, Ceres adopted Accounting Standards Codification Topic 842, *Leases*, under the modified retrospective transition method. 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 Ceres' ability to continue as a going concern for one year after the date that the financial statements are available to be issued.



Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Ceres' 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 Ceres' 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.

Maye Hoffman McCann P.C.

Boston, Massachusetts
March 6, 2024

CERES, INC.

Statements of Financial Position

October 31,

	2023	2022
Assets		
Cash and cash equivalents	\$ 13,922,713	\$ 17,391,138
Accounts receivable, net (Note 3)	972,336	1,056,071
Grants receivable (Note 4)	17,960,144	13,917,137
Prepaid expenses and other assets	1,061,453	1,259,932
Investments (Note 1)	6,727,910	6,097,134
Right-of-use asset - operating lease (Note 1)	1,640,499	-
Property and equipment, net (Note 5)	<u>1,024,085</u>	<u>1,325,617</u>
Total assets	<u>\$ 43,309,140</u>	<u>\$ 41,047,029</u>
Liabilities and Net Assets		
Accounts payable and accrued expenses	\$ 3,521,454	\$ 4,477,534
Deferred revenue	773,881	791,495
Operating lease obligation (Note 8)	2,223,827	-
Deferred rent liability	<u>-</u>	<u>782,680</u>
Total liabilities	<u>6,519,162</u>	<u>6,051,709</u>
Net assets:		
Without donor restrictions (Note 9)	8,420,782	9,188,604
With donor restrictions (Note 9)	<u>28,369,196</u>	<u>25,806,716</u>
Total net assets	<u>36,789,978</u>	<u>34,995,320</u>
Total liabilities and net assets	<u>\$ 43,309,140</u>	<u>\$ 41,047,029</u>

See accompanying notes to the financial statements.

CERES, INC.

Statement of Activities

Year Ended October 31, 2023
(with comparative totals for 2022)

	2023			2022
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Revenues, gains and other support:				
Network member dues	\$ 4,079,408	\$ -	\$ 4,079,408	\$ 4,112,842
Grant revenue	313,010	33,970,331	34,283,341	23,263,833
Contributions	2,078,558	1,098,400	3,176,958	2,927,820
Conference and other event fees	1,255,990	-	1,255,990	870,020
Contributions of nonfinancial assets	1,176,110	-	1,176,110	343,825
Interest income	274,483	-	274,483	63,662
Realized loss on currency translation	(188,260)	-	(188,260)	(53,167)
Unrealized gain (loss) on currency translation	98,217	-	98,217	(848,916)
Other revenue	574,313	-	574,313	581,712
	9,661,829	35,068,731	44,730,560	31,261,631
Total revenues, gains and other support				
Net assets released from restrictions (Note 9):				
Satisfaction of program restrictions	32,506,251	(32,506,251)	-	-
	42,168,080	2,562,480	44,730,560	31,261,631
Net revenues, gains and other support				
Expenses:				
Program services	35,076,190	-	35,076,190	30,969,023
Management and general	5,081,722	-	5,081,722	3,489,572
Fundraising	2,777,990	-	2,777,990	2,494,691
	42,935,902	-	42,935,902	36,953,286
Total expenses				
Change in net assets	(767,822)	2,562,480	1,794,658	(5,691,655)
Net assets at beginning of year	9,188,604	25,806,716	34,995,320	40,686,975
Net assets at end of year	\$ 8,420,782	\$ 28,369,196	\$ 36,789,978	\$ 34,995,320

CERES, INC.

Statement of Activities

Year Ended October 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gains and other support:			
Network member dues	\$ 4,112,842	\$ -	\$ 4,112,842
Grant revenue	577,000	22,686,833	23,263,833
Contributions	1,832,422	1,095,398	2,927,820
Conference and other event fees	870,020	-	870,020
Contributions of nonfinancial assets	343,825	-	343,825
Interest income	63,662	-	63,662
Realized loss on currency translation	(53,167)	-	(53,167)
Unrealized loss on currency translation	(848,916)	-	(848,916)
Other revenue	581,712	-	581,712
	<hr/>	<hr/>	<hr/>
Total revenues, gains and other support	7,479,400	23,782,231	31,261,631
Net assets released from restrictions (Note 9):			
Satisfaction of program restrictions	28,566,740	(28,566,740)	-
	<hr/>	<hr/>	<hr/>
Net revenues, gains and other support	36,046,140	(4,784,509)	31,261,631
Expenses:			
Program services	30,969,023	-	30,969,023
Management and general	3,489,572	-	3,489,572
Fundraising	2,494,691	-	2,494,691
	<hr/>	<hr/>	<hr/>
Total expenses	36,953,286	-	36,953,286
Change in net assets	(907,146)	(4,784,509)	(5,691,655)
Net assets at beginning of year	10,095,750	30,591,225	40,686,975
	<hr/>	<hr/>	<hr/>
Net assets at end of year	\$ 9,188,604	\$ 25,806,716	\$ 34,995,320
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

CERES, INC.

Statement of Functional Expenses

Year Ended October 31, 2023
(with comparative totals for 2022)

	2023			2022	
	Program Services	Management and General	Fundraising	Total Expenses	Total Expenses
Salaries	\$ 16,848,775	\$ 2,879,208	\$ 1,764,959	\$ 21,492,942	\$ 17,762,235
Payroll taxes and fringe benefits (Note 7)	4,263,788	815,042	443,503	5,522,333	4,378,317
Professional fees	4,039,645	165,226	102,730	4,307,601	5,725,171
Conferences and meetings	1,258,754	19,398	171,462	1,449,614	687,896
Organizational sub-grants	5,098,907	-	-	5,098,907	4,209,897
Office supplies and expenses	1,104,197	149,276	109,513	1,362,986	1,367,931
Occupancy expense	729,308	87,443	49,027	865,778	856,781
Travel expenses	780,323	9,433	98,056	887,812	439,430
Depreciation	359,957	58,537	32,820	451,314	451,300
In-kind expenses	293,453	882,657	-	1,176,110	343,825
Advertising and paid media	299,083	-	5,920	305,003	712,615
Bad debt expense	-	15,502	-	15,502	17,888
	<u>\$ 35,076,190</u>	<u>\$ 5,081,722</u>	<u>\$ 2,777,990</u>	<u>\$ 42,935,902</u>	<u>\$ 36,953,286</u>

See accompanying notes to the financial statements.

CERES, INC.**Statement of Functional Expenses****Year Ended October 31, 2022**

	Program Services	Management and General	Fundraising	Total Expenses
Salaries	\$ 13,902,481	\$ 2,330,651	\$ 1,529,103	\$ 17,762,235
Payroll taxes and fringe benefits (Note 7)	3,403,000	602,514	372,803	4,378,317
Professional fees	5,416,184	192,716	116,271	5,725,171
Conferences and meetings	463,694	14,746	209,456	687,896
Organizational sub-grants	4,209,897	-	-	4,209,897
Office supplies and expenses	1,150,311	111,631	105,989	1,367,931
Occupancy expense	710,894	90,218	55,669	856,781
Travel expenses	383,728	6,990	48,712	439,430
Depreciation	353,288	60,612	37,400	451,300
In-kind expenses	275,731	61,606	6,488	343,825
Advertising and paid media	699,815	-	12,800	712,615
Bad debt expense	-	17,888	-	17,888
	<u>\$ 30,969,023</u>	<u>\$ 3,489,572</u>	<u>\$ 2,494,691</u>	<u>\$ 36,953,286</u>

CERES, INC.

Statements of Cash Flows

Years Ended October 31,

	2023	2022
Cash flows from operating activities:		
Change in net assets	\$ 1,794,658	\$ (5,691,655)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	451,314	451,300
Amortization of right-of-use asset - operating leases	703,066	-
Change in accounts receivable	83,735	(373,157)
Change in grants receivable	(4,043,007)	2,201,813
Change in prepaid expenses and other assets	198,479	578,507
Change in accounts payable and accrued expenses	(956,080)	1,728,520
Change in deferred revenue	(17,614)	(138,643)
Change in operating lease obligation	(902,418)	-
Change in deferred rent liability	-	(176,559)
	<u> </u>	<u> </u>
Total adjustments	<u>(4,482,525)</u>	<u>4,271,781</u>
	<u> </u>	<u> </u>
Net cash used in operating activities	<u>(2,687,867)</u>	<u>(1,419,874)</u>
Cash flows from investing activities:		
Proceeds from sale of investments	8,121,016	4,773,942
Purchase of investments	(8,751,792)	(4,890,229)
Purchase of property and equipment	(149,782)	(197,779)
	<u> </u>	<u> </u>
Net cash used in investing activities	<u>(780,558)</u>	<u>(314,066)</u>
Net decrease in cash and cash equivalents	<u>(3,468,425)</u>	<u>(1,733,940)</u>
Cash and cash equivalents, beginning of year	<u>17,391,138</u>	<u>19,125,078</u>
Cash and cash equivalents, end of year	<u>\$ 13,922,713</u>	<u>\$ 17,391,138</u>

CERES, INC.

Notes to Financial Statements

Note 1 - Nature of Activities and Significant Accounting Policies

Nature of Activities

Ceres' mission is transforming the economy to build a sustainable future for people and the planet.

Since 1989, Ceres, Inc. ("Ceres") has engaged investors, companies, labor, policymakers and public interest groups to integrate long-term sustainability challenges into corporate and investment practices. Through research, powerful networks and advocacy, Ceres tackles the world's biggest sustainability challenges, including climate change, water scarcity and pollution, and human rights abuses.

Ceres is known for its unique ability to convene and mobilize powerful market players and institutions with diverse interests to consider and develop positive solutions to complex issues. With cutting-edge research and high-level engagement, we inspire the most influential investors and companies to integrate environmental, social and governance practices into core business strategies and seize the opportunities embedded in the transition to a low-carbon economy. Ceres also mobilizes these leaders to support the corporate and government policies necessary to build a sustainable future for people and the planet.

Specifically, Ceres:

- Advances leading practices that ramp up global investments in clean energy and sustainable food and water.
- Sets the highest bar for sustainability leadership for Fortune 500 firms and other influential companies.
- Delivers cutting-edge research and innovative tools to educate and inspire leaders across every sector of the economy to take action.
- Mobilizes investor and company leaders to advocate for stronger climate, clean energy and water policies at the state and federal level.

Basis of Financial Statement Presentation

The accompanying financial statements have been prepared on the accrual basis and in accordance with accounting principles generally accepted in the United States of America which requires that Ceres report information regarding its financial position and activities based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for general use and not subject to donor restrictions. Net assets without donor restrictions include expendable funds available for support of Ceres, as well as funds invested in plant including property and equipment net of accumulated depreciation and amortization. Net assets without donor restrictions also include amounts designated by the Board of Directors (the "Board") for future use.

Net Assets With Donor Restrictions – Net assets subject to donor-imposed restrictions. Net assets with donor restrictions represent contributions and grants and other inflows of assets whose use by Ceres is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of Ceres pursuant to those stipulations.

CERES, INC.

Notes to Financial Statements

Note 1 - Nature of Activities and Significant Accounting Policies (Continued)

Fair Value Measurements

Ceres reports required types of financial instruments in accordance with the fair value standards of accounting. Fair value is defined as 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. These standards require an entity to maximize the use of observable inputs (such as quoted prices in active markets) and minimize the use of unobservable inputs (such as appraisals or valuation techniques) to determine fair value.

The fair value standards require that for each item carried at fair value that such be disclosed in accordance with the valuation methods used which fall into three categories as follows:

Level 1 – Inputs are quoted prices in active markets for identical assets or liabilities that Ceres has the ability to access at the measurement date.

Level 2 – Inputs are other than quoted prices included in Level 1 that are either directly or indirectly observable.

Level 3 – Inputs are derived from valuation methodologies, including pricing models, discounted cash flow models and similar techniques, and are not based on market, exchange, dealer, or broker-traded transactions. In addition, Level 3 valuations incorporate assumptions and projections that are not observable in the market and significant professional judgment is required in determining the fair value assigned to such assets or liabilities.

The level in the fair value hierarchy within which a fair value measurement in its entirety falls is based on the lowest level of input that is significant to the fair value measurement in its entirety.

Use of Estimates

The preparation of financial statements in conformity 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 revenue and expenses during the reporting period. Actual results could differ from those estimates and assumptions.

Cash and Cash Equivalents

Cash and cash equivalents are reported at cost plus accrued interest. Ceres defines cash equivalents to include highly liquid investments with an initial maturity of ninety days or less. Ceres maintains its cash in bank deposit accounts, which, at times, may exceed federally insured limits. Ceres monitors its exposure associated with cash and cash equivalents and has not experienced any losses in these accounts.

Investments and Investment Return

Ceres' investments consist of fixed-rate certificates of deposit that are valued at cost plus accrued interest. Certificates of deposit are held by financial institutions with maturities of three months to three years from fiscal year end. Investment return is reported as interest income on the statement of activities.

CERES, INC.

Notes to Financial Statements

Note 1 - Nature of Activities and Significant Accounting Policies (Continued)

Accounts Receivable

Accounts receivable are reported at the amount management expects to collect on balances outstanding at year end. Accounts receivable includes network member dues and sponsorships for Ceres' annual conference, Ceres' bi-annual Investor Summit and Ceres' fundraising events. Accounts receivable are carried at original invoice amount less an estimate made for doubtful accounts based on a review of all outstanding amounts on a monthly basis. Management determines the allowance for doubtful accounts by evaluating individual receivable balances and considering a member's financial condition and current economic conditions. Accounts receivable are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded as income when received. All receivables are expected to be collected within one year of the statement of financial position date.

Grants Receivable

Grants receivable, including unconditional promises to give, are recognized as receivables when verifiably committed at estimated net realizable value. Initial recording of contributions expected to be collected in one year or more utilizes a risk adjusted present value to account for the inherent risk associated with the expected future cash flows. The initially recorded value of pledges and grants is considered a Level 2 fair value approach.

Grants are assessed for collectability at periodic intervals and management has determined that it expects to collect substantially all amounts pledged and granted, and accordingly, no allowance has been provided over these amounts.

Property and Equipment

Property and equipment acquisitions are recorded at cost when such amounts are above management's threshold for capitalization and have a useful life of one year or more. Property and equipment donated for operations are recorded as additions at fair value at the date of receipt. Fair value of donated property and equipment is recorded using a Level 3 market approach. Depreciation is provided on the straight-line basis over the following estimated useful lives:

	Years
Furniture and fixtures	5-7
Leasehold improvements	Lesser of term of lease or life of asset
Computer equipment and software	3-5

Expenditures for major renewals and improvements are capitalized while expenditures for maintenance are expensed as incurred.

CERES, INC.

Notes to Financial Statements

Note 1 - Nature of Activities and Significant Accounting Policies (Continued)

Right-of-Use Assets and Obligations Under Leases

Ceres leases operating space and equipment under operating lease arrangements through 2026 for which expense is recognized on a straight-line basis over the lease term.

Effective November 1, 2022, Ceres adopted changes required in lease accounting on the modified retrospective method which requires that operating leases be included as operating lease right-of-use (ROU) assets, and operating lease liabilities on the accompanying statement of financial position as of the date of adoption. The effect of this change was an increase in right-of-use assets of approximately \$2,344,000 and a corresponding liability of approximately \$3,126,000 being recorded as of November 1, 2022. Excluded from ROU assets at inception were deferred rent. This change did not impact amounts recognized in the statement of activities.

ROU assets represent Ceres' right to use an underlying asset for the lease term and lease liabilities represent Ceres' obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As Ceres' leases do not provide an implicit rate, Ceres uses a risk-free rate based on the information available at commencement date in determining the present value of lease payments.

Ceres has included in its computations of its ROU assets and related obligations operating costs included in the base rent agreement of its office space as a single component as permitted under lease accounting standards. These costs are adjusted periodically based on actual period costs and are charged to lease expense as incurred. Lease expense was approximately \$875,700 and \$868,900 for the years ended October 31, 2023 and 2022, respectively.

Deferred Revenue

Deferred revenue is recognized as a liability and represents network member dues and conference and other event fees that are paid in advance of the membership period or event.

Revenue Recognition

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions as follows:

Earned Revenue

Earned revenues are recorded using a principles-based process that requires Ceres: 1) identify the contract with the customer; 2) identify the performance obligations in the contract; 3) determine the transaction price; 4) allocate the transaction price to the performance obligations; and 5) recognize revenue when (or as) performance obligations are satisfied. The following transactions are considered earned revenue:

Network member dues are earned over time on a ratable basis over twelve months from the date of receipt.

CERES, INC.

Notes to Financial Statements

Note 1 - Nature of Activities and Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

Earned Revenue (Continued)

Conference and other event fees and sponsorships are earned at a point in time which has been determined to be the first day of the event.

Contributed Support

Grant revenue and contributions, including unconditional promises to give, are recognized as revenues as either without or with donor restrictions in the period verifiably committed by the donor. Contributions of assets other than cash are recorded at their estimated fair value and per the fair value policies described elsewhere in these policies. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of the estimated future cash flows using a risk adjusted discount rate depending on the time period involved. Amortization of the discount is included in contribution revenue in accordance with the donor-imposed restrictions that can be met through the passage of time or upon the incurring of expenses consistent with the purposes and are recorded as net assets with donor restrictions and reclassified to net assets without donor restrictions when such time or purposes restriction has been satisfied.

In-Kind Contribution Revenue

Ceres receives certain donated services from various parties. Ceres recognizes these amounts as revenue and expenses when the recognition criteria are met for recordation at their estimated fair value.

Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of donor-imposed restrictions on net assets by fulfillment of the donor-stipulated purpose or by passage of the stipulated time period are reported as net assets released from restrictions between the classes of net assets.

Functional Allocation of Expenses

The costs of providing the various programs and activities and supporting services have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses have been allocated to functional classifications based on time and effort percentages.

Advertising

Ceres expenses advertising costs as incurred.

CERES, INC.

Notes to Financial Statements

Note 1 - Nature of Activities and Significant Accounting Policies (Continued)

Translation of Foreign Currency

All balances on the statements of financial position in foreign currencies are translated into U.S. Dollars at the translation rate as of year-end. Grant revenue transacted in foreign currencies is translated at the translation rate as of the date foreign currencies are received.

Income Tax Status

Ceres is a tax-exempt organization as described in Section 501(c)(3) of the Internal Revenue Code and is generally exempt from Federal and state income taxes on related income. Given the limited taxable activities, management has concluded that disclosures related to tax provisions are not necessary.

Uncertain Tax Positions

Ceres accounts for the effect of any uncertain tax positions based on a “more likely than not” threshold to the recognition of the tax positions being sustained based on the technical merits of the position under scrutiny by the applicable taxing authority. If a tax position or positions are deemed to result in uncertainties of those positions, the unrecognized tax benefit is estimated based on a “cumulative probability assessment” that aggregates the estimated tax liability for all uncertain tax positions. Ceres has identified its tax status as a tax-exempt entity and its determination as to what income is related and unrelated as its only significant tax positions; however, Ceres has determined that such tax positions do not result in an uncertainty requiring recognition. Ceres is not currently under examination by any taxing jurisdictions. Ceres’ Federal and state tax returns are generally open for examination for three years following the date filed.

Accounting Pronouncements Effective in Future Years

Management is aware of and currently evaluating pending accounting standards and expects that those standards will have limited impact.

Reclassifications

Certain amounts from the prior year financial statements have been reclassified in order to conform to the current year financial statements. There has been no impact on the change in net assets.

Subsequent Events

Ceres has evaluated subsequent events through March 6, 2024, the date the financial statements were authorized to be issued.

Note 2 - Liquidity and Availability of Resources

Ceres regularly monitors liquidity to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. Ceres has various sources of liquidity at its disposal, including cash and cash equivalents, certificates of deposit at varying maturities and a line of credit.

CERES, INC.

Notes to Financial Statements

Note 2 - Liquidity and Availability of Resources (Continued)

For purposes of analyzing resources available to meet general expenditures over a 12-month period, Ceres considers all expenditures related to its ongoing activities as well as the conduct of services undertaken to support those activities to be general expenditures.

In addition to the financial assets available to meet general expenditures over the next 12 months, Ceres seeks to operate with, at minimum, a balanced budget and anticipates collecting sufficient revenue to cover general expenditures.

The following table shows financial assets held by Ceres that are available within one year of the statement of financial position date to meet general expenditures as of October 31:

	2023	2022
Financial assets available to meet general expenditures over the next 12 months:		
Cash and cash equivalents	\$ 13,922,713	\$ 17,391,138
Investments	5,881,631	3,507,115
Accounts receivable	972,336	1,056,071
Grants receivable	<u>11,391,926</u>	<u>10,354,659</u>
Total financial assets at year end	<u>\$ 32,168,606</u>	<u>\$ 32,308,983</u>

Cash and cash equivalents include \$4,700,000 of board designated funds for the years ended October 31, 2023 and 2022.

Note 3 - Accounts Receivable

Accounts receivable consisted of the following at October 31:

	2023	2022
Network member dues	\$ 755,288	\$ 600,900
Sponsorships	35,000	135,000
Other	<u>198,288</u>	<u>355,859</u>
	988,576	1,091,759
Less: allowance	<u>(16,240)</u>	<u>(35,688)</u>
Accounts receivable, net	<u>\$ 972,336</u>	<u>\$ 1,056,071</u>

CERES, INC.

Notes to Financial Statements

Note 4 - Grants Receivable

Following is a summary of grants receivable at October 31:

	2023	2022
Amounts due in:		
Less than one year	\$ 11,391,926	\$ 10,354,659
One to two years	5,233,706	2,341,084
Two to three years	<u>1,730,426</u>	<u>1,415,767</u>
Total due	18,356,058	14,111,510
Less: unamortized discount	<u>395,914</u>	<u>194,373</u>
Grants receivable, net	<u>\$ 17,960,144</u>	<u>\$ 13,917,137</u>

Note 5 - Property and Equipment

Following is a summary of property and equipment at October 31:

	2023	2022
Furniture and fixtures	\$ 716,055	\$ 716,056
Leasehold improvements	2,506,522	2,506,522
Computer equipment and software	<u>798,235</u>	<u>770,807</u>
	4,020,812	3,993,385
Less: accumulated depreciation	<u>(2,996,727)</u>	<u>(2,667,768)</u>
Net property and equipment	<u>\$ 1,024,085</u>	<u>\$ 1,325,617</u>

Note 6 - Line of Credit

Ceres has a revolving line of credit agreement with a bank in the amount of \$750,000 which is due on demand. The line is secured by all of Ceres' assets. The line bears interest at the bank's prime lending rate, which was 8.50% and 6.25% as of October 31, 2023 and 2022, respectively. Ceres had no outstanding balance and the line was not utilized during the years ended October 31, 2023 and 2022.

CERES, INC.

Notes to Financial Statements

Note 7 - Retirement Benefits

Ceres maintains a qualified defined contribution retirement benefit plan under Section 403(b) of the Internal Revenue Code. This plan covers all eligible employees. Total expense under the plan was \$773,602 and \$620,995 for the years ended October 31, 2023 and 2022, respectively.

Note 8 - Leases

Ceres' leases are considered operating and have the following summary attributes at October 31, 2023:

Cash paid for amounts included in the measurement of lease liabilities	\$ 1,008,100
Weighted average remaining lease term	2.53 years
Weighted average discount rate	4.39%

Annual minimum non-cancelable rental payments under operating leases are as follows for the years ending October 31:

2024	\$ 931,064
2025	894,531
2026	<u>526,209</u>
Total future minimum lease payments	2,351,804
Less imputed interest	<u>(127,977)</u>
Total	<u><u>\$ 2,223,827</u></u>

Commencing August 1, 2021, Ceres subleased a portion of their Boston office space to a tenant which expires on December 31, 2024. Total income recorded by Ceres related to this sublease was \$314,864 and \$176,515 for the years ended October 31, 2023 and 2022, respectively.

Minimum future rental income under the sublease as of October 31, 2023 is as follows:

<i>Fiscal Year Ending October 31,</i>	<i>Amount</i>
2024	\$ 314,864
2025	<u>52,477</u>
	<u><u>\$ 367,341</u></u>

CERES, INC.

Notes to Financial Statements

Note 9 - Net Assets

The following is a breakdown of net assets as of October 31:

Detail of Net Assets	2023		Total
	Without Donor Restrictions	With Donor Restrictions	
Operating funds:			
Available for operations	\$ 3,155,757	\$ -	\$ 3,155,757
Net investment in property and equipment	565,025	-	565,025
Board designated	4,700,000	-	4,700,000
Donor-restricted funds:			
Sustainable Business Strategies	-	180,174	180,174
Sustainable Capital Markets	-	12,468,269	12,468,269
Climate and Energy	-	2,004,434	2,004,434
Policy	-	2,295,970	2,295,970
Water	-	534,983	534,983
Food	-	6,780,715	6,780,715
General purpose grants with time restrictions	-	4,104,651	4,104,651
Total donor-restricted funds	-	28,369,196	28,369,196
Total net assets	\$ 8,420,782	\$ 28,369,196	\$ 36,789,978

Detail of Net Assets	2022		Total
	Without Donor Restrictions	With Donor Restrictions	
Operating funds:			
Available for operations	\$ 3,570,683	\$ -	\$ 3,570,683
Net investment in property and equipment	917,921	-	917,921
Board designated	4,700,000	-	4,700,000
Donor-restricted funds:			
Sustainable Business Strategies	-	454,408	454,408
Sustainable Capital Markets	-	8,681,719	8,681,719
Climate and Energy	-	3,446,393	3,446,393
Policy	-	3,083,387	3,083,387
Water	-	2,344,912	2,344,912
Food	-	4,627,167	4,627,167
General purpose grants with time restrictions	-	3,168,730	3,168,730
Total donor-restricted funds	-	25,806,716	25,806,716
Total net assets	\$ 9,188,604	\$ 25,806,716	\$ 34,995,320

CERES, INC.

Notes to Financial Statements

Note 9 - Net Assets (Continued)

Net assets released from restrictions include grant expenditures in accordance with the restricted purposes of Ceres' program initiatives for the years ended October 31:

	2023	2022
Sustainable Business Strategies	\$ 311,884	\$ 213,869
Sustainable Capital Markets	13,699,381	13,278,527
Climate and Energy	4,300,691	3,448,692
Policy	4,784,003	3,020,814
Water	2,191,224	1,921,021
Food	3,250,494	3,087,474
General purpose grants with time restrictions	<u>3,968,574</u>	<u>3,596,343</u>
Total releases from restriction	<u>\$ 32,506,251</u>	<u>\$ 28,566,740</u>

Note 10 - Contingencies

In conducting its activities, Ceres, from time to time, is the subject of various legal claims. Management believes that the ultimate resolution of such legal claims will not have a material effect on the financial statements of Ceres.

During the years ended October 31, 2023 and 2022, four and two grantors contributed 58% and 35% of grant revenue, respectively.

Note 11 - Contributions of Nonfinancial Assets

The following contributed nonfinancial assets were recognized within the statement of activities for the years ended October 31:

	2023	2022
Professional services	\$ 971,640	\$ 237,337
Advertising	<u>204,470</u>	<u>106,488</u>
Total contributed nonfinancial assets	<u>\$ 1,176,110</u>	<u>\$ 343,825</u>

Ceres recognized contributed nonfinancial assets within revenue, including professional services and advertising used primarily for program services.

CERES, INC.

Notes to Financial Statements

Note 11 - Contributions of Nonfinancial Assets (Continued)

Professional services recognized comprise of legal fees from attorneys advising Ceres on various administrative legal matters. These services are valued and reported at the estimated fair value in the financial statements based on current rates for similar legal services.

Advertising recognized is comprised of sponsored internet media services. These services are valued and reported at the estimated fair value in the financial statements based on current rates for similar services.