THE ENERGY FOUNDATION

building a new energy future

Financial Statements

Years Ended December 31, 2023 and 2022

P&B

PISENTI & BRINKER LLP

Certified Public Accountants & Advisors

Table of Contents

P&B PISENTI & BRINKER LLP
Certified Public Accountants & Advisors

3562 Round Barn Circle, Suite 200
Santa Rosa, CA 95403
(707) 542-3343 • Office
(707) 527-5608 • Fax
pbllp.com

Independent Auditor's Report

To The Board of Directors
The Energy Foundation

Opinion

We have audited the financial statements of The Energy Foundation (the "Foundation"), 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 (collectively, the financial statements).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as of December 31, 2023 and 2022, and the results of its operations 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation 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 Foundation's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

Independent Auditor's Report (continued)

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 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 audits.
- 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 audits 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 Foundation'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 Foundation'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 audits.

Pisenti & Brinker LLP

Santa Rosa, California
July 12, 2024

December 31,	2023	2022
Assets		
Current assets		
Cash and cash equivalents	$ 57,014,419	$ 62,700,455
Investments	47,447,760	30,138,268
Contributions receivable	2,505,000	5,650,000
Prepaid expenses and other assets	87,359	100,949
Total current assets	107,054,538	98,589,672
Deposits	255,711	255,711
Equipment and improvements, net	294,953	288,196
Right-of-use asset for operating leases, net	2,156,368	3,043,897
Total assets	$ 109,761,570	$ 102,177,476
Liabilities and net assets		
Current liabilities		
Accounts payable and accrued expenses	$ 1,899,870	$ 1,693,180
Current obligations of grants payable	13,593,747	15,062,102
Due to related party	430,500	335,338
Foundation-initiated projects payable	409,467	145,152
Operating lease liability	834,777	838,462
Total current liabilities	17,168,361	18,074,234
Grants payable, net of discount and current obligations	581,162	472,128
Operating lease liability	1,145,177	2,037,622
Total liabilities	18,894,700	20,583,984
Net assets		
Without donor restriction	40,720,728	20,449,380
With donor restriction	50,146,142	61,144,112
Total net assets	90,866,870	81,593,492
Total liabilities and net assets	$ 109,761,570	$ 102,177,476

See accompanying notes.

Year Ended December 31, 2023

	Without donor restriction	With donor restriction	Total
Revenue and other support:			
Contributions	$ 4,505,000	$ 78,338,968	$ 82,843,968
Investment income	3,639,730	-	3,639,730
Other income	34,988	-	34,988
Total revenue and other support	8,179,718	78,338,968	86,518,686
Reclassification, net assets released from restrictions	89,336,938	(89,336,938)	-
Expenses:			
Grant programs	72,111,655	-	72,111,655
Management and general	3,494,022	-	3,494,022
Development	1,734,213	-	1,734,213
Total expenses	77,339,890	-	77,339,890
Change in net assets before other changes	20,176,766	(10,997,970)	9,178,796
Other changes in net assets			
Gain on foreign currency translation	94,582	-	94,582
Change in net assets	20,271,348	(10,997,970)	9,273,378
Net assets at beginning of year	20,449,380	61,144,112	81,593,492
Net assets at end of year	$ 40,720,728	$ 50,146,142	$ 90,866,870

See accompanying notes.

Year Ended December 31, 2022

	Without donor restriction	With donor restriction	Total
Revenue and other support:			
Contributions	$ 265,000	$ 56,481,087	$ 56,746,087
Investment income	800,424	-	800,424
Other income	54,124	-	54,124
Total revenue and other support	1,119,548	56,481,087	57,600,635
Reclassification, net assets released from restrictions	66,903,188	(66,903,188)	-
Expenses:			
Grant programs	63,658,580	-	63,658,580
Management and general	3,044,729	-	3,044,729
Development	1,579,864	-	1,579,864
Total expenses	68,283,173	-	68,283,173
Change in net assets before other changes	(260,437)	(10,422,101)	(10,682,538)
Other changes in net assets			
Gain on foreign currency translation	52,641	-	52,641
Change in net assets	(207,796)	(10,422,101)	(10,629,897)
Net assets at beginning of year	20,657,176	71,566,213	92,223,389
Net assets at end of year	$ 20,449,380	$ 61,144,112	$ 81,593,492

See accompanying notes.

Year Ended December 31, 2023

		Supporting Services			
	Grant programs	Management and general	Development	Total supporting services	Total
Grants and awards	$ 55,870,482	$ 42,484	$ 14,620	$ 57,104	$ 55,927,586
Salaries and employee benefits	7,288,389	1,932,577	1,269,352	3,201,929	10,490,318
Contract and professional services	5,204,545	939,543	254,033	1,193,576	6,398,121
Travel and meetings	2,517,103	257,975	109,844	367,819	2,884,922
Rent, utilities and maintenance	789,445	185,173	53,491	238,664	1,028,109
Printing, postage and supplies	349,827	97,325	16,582	113,907	463,734
Depreciation and amortization	38,928	26,805	13,105	39,910	78,838
Telecommunication	52,936	9,235	3,176	12,411	65,347
Other expenses	-	2,905	10	2,915	2,915
	$ 72,111,655	$ 3,494,022	$ 1,734,213	$ 5,228,235	$ 77,339,890

See accompanying notes.

Year Ended December 31, 2022

		Supporting Services			
	Grant programs	Management and general	Development	Total supporting services	Total
Grants and awards	$ 50,940,194	$ -	$ -	$ -	$ 50,940,194
Salaries and employee benefits	6,194,548	1,802,627	1,055,090	2,857,717	9,052,265
Contract and professional services	4,633,067	875,347	304,143	1,179,490	5,812,557
Rent, utilities and maintenance	800,273	183,493	37,789	221,282	1,021,555
Travel and meetings	626,673	37,285	52,051	89,336	716,009
Printing, postage and supplies	413,853	106,031	118,150	224,181	638,034
Depreciation and amortization	17,874	22,802	11,311	34,113	51,987
Telecommunication	32,098	6,855	1,182	8,037	40,135
Other expenses	-	10,289	148	10,437	10,437
	$ 63,658,580	$ 3,044,729	$ 1,579,864	$ 4,624,593	$ 68,283,173

See accompanying notes.

Year Ended December 31,	2023	2022
	Increase (decrease) in cash and cash equivalents	
Cash flows from operating activities		
Change in net assets	$ 9,273,378	$ (10,629,897)
Adjustments to reconcile change in net assets to net cash and cash equivalents provided by operating activities:		
Depreciation and amortization	78,838	51,987
Discount on long-term contributions receivable	-	(7,770)
Discount on long-term grants payable	(5,506)	(22,332)
Right-of-use asset for operating lease amortization	887,529	684,971
Foreign exchange gain on translation of lease liabilities	(78,668)	(196,704)
Net realized and unrealized gains on investments	(2,103,232)	-
Decrease (increase) in operating assets:		
Contributions receivable	3,145,000	16,134,999
Prepaid expenses and other assets	13,590	27,849
Deposits	-	(40,381)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	206,690	126,953
Grants payable	(1,353,815)	1,619,046
Due to related party	95,162	193,579
Foundation-initiated projects payable	264,315	(264,386)
Operating lease liability	(817,462)	(656,080)
Net cash and cash equivalents provided by operating activities	9,605,819	7,021,834
Cash flows from investing activities		
Acquisition of equipment and improvements	(85,595)	(197,123)
Purchase of investments	(15,000,000)	-
Reinvestment of dividends and interest	(206,260)	(359,144)
Net cash and cash equivalents used in investing activities	(15,291,855)	(556,267)
Net (decrease) increase in cash and cash equivalents	(5,686,036)	6,465,567
Cash and cash equivalents at beginning of year	62,700,455	56,234,888
Cash and cash equivalents at end of year	$ 57,014,419	$ 62,700,455
Supplemental disclosure of cash flow information		
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash outflows—payments on operating leases	$ 874,959	$ 712,676
Noncash investing and financing activities		
Right-of-use assets obtained in exchange for operating lease obligations	$ -	$ 3,728,868

See accompanying notes.

Note A. Nature of the Foundation

The Energy Foundation (the "Foundation") was incorporated in the State of California for the purpose of raising and distributing funds to achieve prosperity and a safe climate through sustainable energy. The Foundation functions primarily as a grant-maker, but when it determines there is an unmet need in the field, it may convene workshops, commission papers, or take other direct initiatives ("Foundation-Initiated Projects"). The Foundation's program grants are made in the areas of Clean Power, Environmental Management, Industry, Low Carbon Cities, Low Carbon Economic Growth, Opportunities, Strategic Communications, Strategy and Planning, and Transportation.

The Foundation is headquartered in San Francisco, California and has operations in Beijing, the People's Republic of China ("PRC"). The functional currency of the PRC is the renminbi. Due to a change in Chinese law which governs foreign non-governmental organizations, the responsibility of grantmaking to grantees in the PRC was transferred to the Foundation's Beijing office in 2017.

Note B. Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Cash and Cash Equivalents

The Foundation considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents, except when a restriction is imposed that limits the investment's use to long-term. Cash and cash equivalents include cash in banks and money market accounts, and balances may exceed the federally insured amounts during the year.

Investments

The Foundation's investments include money market accounts with maturities greater than three months and government securities carried at fair value. Unrealized gains and losses, dividends, and interest on investments are included in the statements of activities as investment income. Investment earnings restricted by a donor are reported as increases in net assets without donor restriction if the restrictions are met (either by passage of time or by use) in the reporting period in which the earnings are recognized.

Contributions Receivable

Contributions receivable represent funds due from commitments made by individuals and foundations. Contributions receivable is stated at the amount management expects to collect from outstanding balances. The Foundation uses the allowance method to determine uncollectible receivables. The allowance is based on experience from prior years and management's analysis of outstanding receivables at year end. As of December 31, 2023 and 2022, management determined that no allowance was necessary.

Note B. Summary of Significant Accounting Policies (continued)

Contributions Receivable (continued)

Long-term receivables are recorded at the present value of their estimated cash flows. The discounts on those amounts are computed using the market rate applicable in the year in which those promises were made.

Equipment and Improvements

Equipment and improvements are stated at cost less accumulated depreciation and amortization. Depreciation is computed on the straight-line method over the estimated useful lives ranging from three to ten years. Leasehold improvements are amortized over the life of the lease or the estimated useful life of the asset, whichever is shorter. Physical assets acquired with unit costs in excess of $5,000 are capitalized as equipment and improvements. Items with unit costs below $5,000 shall be expensed in the year purchased.

Leases

In February 2016, the Financial Accounting Standards Board issued Accounting Standards Codification ("ASC") 2016-02, *Leases* ("Topic 842"), to increase transparency and comparability among organizations related to their leasing arrangements. The update requires lessees to recognize most leases on the balance sheet as a right-of-use ("ROU") asset representing the right to use an underlying asset and a lease liability representing the obligation to make lease payments over the lease term, measured on a discounted basis. For nonpublic companies the new guidance is required for annual reporting periods beginning after December 15, 2021, and interim and annual reporting periods after those reporting periods. The Foundation adopted Topic 842 effective January 1, 2022, using the optional transition method to the modified retrospective approach, which eliminates the requirement to restate the prior period financial statements. Under this transition provision, the Foundation has applied Topic 842 to reporting periods beginning on January 1, 2022.

The Foundation elected the "package of practical expedients" under the transition guidance within Topic 842, in which the Foundation does not reassess (1) the historical lease classification, (2) whether any existing contracts at transition are or contain leases, or (3) the initial direct costs for any existing leases. The Foundation has also elected to adopt the "hindsight" practical expedient, and therefore will measure the ROU asset and lease liability using the remaining portion of the lease term upon adoption of Topic 842 as of January 1, 2022.

The Foundation determines if an arrangement is or contains a lease at inception, which is the date on which the terms of the contract are agreed to, and the agreement creates enforceable rights and obligations. A contract is or contains a lease when (i) explicitly or implicitly identified assets have been deployed in the contract and (ii) the Foundation obtains substantially all of the economic benefits from the use of that underlying asset and directs how and for what purpose the asset is used during the term of the contract. The Foundation also considers whether its service arrangements include the right to control the use of an asset.

Note B. Summary of Significant Accounting Policies (continued)

Leases (continued)

The Foundation made an accounting policy election available under Topic 842 not to recognize ROU assets and lease liabilities for leases with a term of 12 months or less. For all other leases, ROU assets and lease liabilities are measured based on the present value of future lease payments over the lease term at the commencement date of the lease (or January 1, 2022, for existing leases upon the adoption of Topic 842). The ROU assets also include any initial direct costs incurred and lease payments made at or before the commencement date and are reduced by any lease incentives. To determine the present value of lease payments, the Foundation made an accounting policy election available to non-public companies to utilize an incremental borrowing rate, which is aligned with the lease term at the lease commencement date (or remaining term for leases existing upon the adoption of Topic 842).

Future lease payments may include fixed rent escalation clauses or payments that depend on an index (such as the consumer price index), which is initially measured using the index or rate at lease commencement. Subsequent changes of an index and other periodic market-rate adjustments to base rent are recorded in variable lease expense in the period incurred. Residual value guarantees or payments for terminating the lease are included in the lease payments only when it is probable they will be incurred.

The Foundation has made an accounting policy election to account for lease and non-lease components in its contracts as a single lease component for its equipment and improvement asset classes. The non-lease components typically represent additional services transferred to the Foundation, such as common area maintenance for real estate, which are variable in nature and recorded in variable lease expense in the period incurred.

Adoption of Topic 842 resulted in the recording of ROU assets and lease liabilities related to the Foundation's operating leases of $1,403,970 at January 1, 2022. The adoption of the standard did not result in a cumulative-effect adjustment to the opening balance of retained earnings.

Grants and Grants Payable

Grants are made to tax-exempt organizations or equivalent with objectives consistent with the mission of the Foundation and are reviewed and approved by management based on initiatives approved by the Board of Directors. Grants are recorded as an expense when the Foundation makes an unconditional promise to give. Conditional promises to give are recognized as grant expense in the period in which the recipient meets the terms of the condition. Grant cancellations or unspent funds are recorded in the year cancelled or the funds returned.

Long term grant payables are recorded at the present value of their estimated cash flows. The discounts on those amounts are computed using the market rate applicable in the year in which those promises were made.

Note B. Summary of Significant Accounting Policies (continued)

Revenue Recognition

Contributions, including unconditional promises to give, are recognized when received. All contributions are reported as increases in net assets without donor restriction unless use of the contributed asset is specifically restricted by the donor. The Foundation reports gifts and other assets as 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, net assets with donor restriction are reclassified to net assets without donor restriction and reported in the statement of activities as net assets released from restrictions.

Multi-year conditional grants are recorded in the amount of the initial payment received. Conditional promises collected in advance of meeting the conditions are recorded as deferred revenue and are not recognized until all conditions on which they depend are substantially met.

Net Assets

Net assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

Without Donor Restriction – Net assets that are not subject to donor-imposed restrictions. These also may be designated for specific purposes by action of the Board of Directors.

With Donor Restriction – Net assets subject to donor-imposed stipulations that may or will be met by actions of the Foundation to meet the stipulations or that become unrestricted at the date specified by the donor or net assets subject to donor-imposed stipulations that are maintained permanently by the Foundation. The income from these assets is available for either general operations or specific programs as specified by the donor.

Net Assets Released From Restriction – Net assets with donor-restriction are released to net assets without donor restriction when the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed.

Foundation-Initiated Projects

The Foundation may pursue direct programmatic expenses when it is more efficacious than grantmaking. In these situations, the Foundation may convene meetings, conduct research, contract with consultants, or take other direct efforts in achieving its mission. These charges are recorded as an expense in the period when services were provided.

As of December 31, 2023 and 2022, estimated future payments to be made on these contracts was approximately $3,431,316, and $5,481,520, respectively.

Note B. Summary of Significant Accounting Policies (continued)

Functional Expense Allocation

The Foundation allocates operational costs between program, general and administration, and development based on an adopted cost allocation policy, reviewed by management annually. The Foundation applies several methods for allocating costs. Expenses that can be identified with a program are charged directly to that program as direct costs. Expenses related to more than one function are charged to a shared cost pool and allocated using an average staff time allocation. General and administration expenses include those costs that are not directly identifiable with any program but provide for the overall support and direction of the Foundation.

Income Taxes

The Foundation is a not-for-profit organization and is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code. However, the Foundation 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, commonly referred to as unrelated business income. No income tax provision has been recorded for the years ended December 31, 2023 and 2022, as management determined that the Foundation had no unrelated business income.

The Foundation is subject to *Accounting for Uncertainty in Income Taxes*, under ASC 740, *Income Taxes.* ASC 740 requires the evaluation of tax positions taken or expected to be taken in the Foundation's tax returns and does not allow recognition of tax positions that do not meet a "more-likely-than-not" threshold of being sustained by the applicable tax authority. The Foundation does not believe it has taken any tax positions that would not meet this threshold. The Foundation's policy is to reflect interest and penalties related to uncertain tax positions as part of income tax expense, when and if they become applicable. The Foundation's federal and state income tax returns are subject to possible examination by the taxing authorities until the expiration of the related statutes of limitations on those tax returns. In general, federal income tax returns have a three-year statute of limitations, and state income tax returns have a four-year statute of limitations.

Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions based on management's knowledge and experience. Those estimates affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenue, support, and expenses. The use of management’s estimates primarily relates to the valuation of lease right-of-use assets and liabilities, allowances for doubtful accounts, and the allocation of expenses by program and function. Actual results could differ from those estimates.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

Note C. Conditional Promises to Give

Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met. The following is a roll-forward of conditional grants where future payments are contingent upon meeting specific milestones and incurring expenses related to the projects:

Balance as of December 31, 2021	$ 18,200,000
Conditional grants awarded	8,500,000
Payments received and earned	(6,200,000)
Balance as of December 31, 2022	20,500,000
Conditional grants awarded	16,850,000
Payments received and earned	(15,990,000)
Balance as of December 31, 2023	$ 21,360,000

Note D. Fair Value Measurements

Fair value is defined as the exchange price that would be received for an asset or paid to transfer liability ("exit price") in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. GAAP requires the Foundation to maximize the use of observable inputs and minimize the use of unobservable inputs to determine the exit price. The Foundation categorizes its financial instruments, based on the priority of inputs to the valuation technique, into a three-level hierarchy, as follows:

Level 1	Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the entity has the ability to access.
Level 2	Inputs to the valuation methodology include: • quoted prices for similar assets or liabilities in active markets; • quoted prices for identical or similar assets or liabilities in inactive markets; • inputs other than quoted prices that are observable for the asset or liability; • inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.
Level 3	Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The Foundation invests in money market accounts for which fair value is determined based upon quoted prices for identical instruments in active markets. Investments in government securities are valued using independent pricing services for those U.S. Treasury securities to include benchmark yields, reported trades, broker/dealer quotes, issuer spreads, benchmark securities, bids, offers, and reference data including market research publications and are reported as a Level 2 measurement.

Note D. Fair Value Measurements (continued)

The preceding methods described may produce fair value calculations that may not be indicative of net realizable value or reflective of future fair values. There have been no changes in the methodologies used during the years ended December 31, 2023 and 2022.

The following table sets forth by level within the fair value hierarchy, the Foundation's assets measured at fair value as of December 31, 2023:

	Level 1	Level 2	Level 3	Total
Money market accounts	$ 114,984	$ -	$ -	$ 114,984
Government securities	-	47,332,776	-	47,332,776
Investments at fair value	$ 114,984	$ 47,332,776	$ -	$ 47,447,760

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

	Level 1	Level 2	Level 3	Total
Money market accounts	$ 30,138,268	$ -	$ -	$ 30,138,268
Investments at fair value	$ 30,138,268	$ -	$ -	$ 30,138,268

The categorization of an investment within the hierarchy is based on the pricing transparency of the investment and does not necessarily correspond to the Foundation's perceived risk of that investment.

Note E. Equipment and Improvements

Equipment and improvements consist of the following:

December 31,	2023	2022
Furniture and fixtures	$ 45,077	$ 45,077
Computer equipment and software	543,129	519,149
Leasehold improvement	467,273	405,658
	1,055,479	969,884
Accumulated depreciation and amortization	(760,526)	(681,688)
	$ 294,953	$ 288,196

Depreciation and amortization expense amounted to $78,838 and $51,987 for the years ended December 31, 2023 and 2022, respectively.

Note F. Leases

The Foundation leases two office facilities in the PRC under operating leases that have original terms through April 2024. These leases include one or more options to renew, generally at the Foundation's sole discretion. In addition, certain leases contain termination options, where the rights to terminate are held by either the Foundation, the lessor, or both parties. These options to extend or terminate a lease are included in the lease terms when it is reasonably certain that the Foundation will exercise that option. The Foundation's operating leases generally do not contain any material restrictive covenants or residual value guarantees.

Operating lease cost is recognized on a straight-line basis over the lease term. The components of lease expense are as follows for the year ended December 31, 2023:

Year Ended December 31,	2023	2022
Operating lease cost	$ 945,054	$ 741,539
Short-term lease cost	8,573	222,510
Total lease costs	$ 953,627	$ 964,049

The weighted-average remaining lease term for operating leases was 2.3 years and the weighted-average discount rate was 2.45% as of December 31, 2023.

Future undiscounted cash flows on an annual basis through the remaining lease terms and a reconciliation to the lease liability recognized on the statement of financial position are as follows as of December 31, 2023:

Year Ending December 31,	
2024	$ 872,058
2025	872,058
2026	290,686
Total lease payments on operating leases	2,034,802
Less: imputed interest	(54,848)
Total present value of operating lease liabilities	1,979,954
Less: current maturities of operating lease liability	(834,777)
Operating lease liability, net of current maturities	$ 1,145,177

Note G. Grants Payable

Grants payable are due as follows:

Year Ending December 31,	
2024	$ 13,593,747
2025	609,000
	14,202,747
Discount	(27,838)
Total present value of grants payable	14,174,909
Less: current obligations of grants payable	(13,593,747)
Grants payable, net of discount and current obligations	$ 581,162

Note H. Net Asset Classifications

Net assets without donor restriction are those net resources that bear no external restrictions and are generally available for use by the Foundation. The Board of Directors has designated reserves of $8,431,819 and $8,846,393 in net assets as of December 31, 2023 and 2022, respectively. These funds are to provide for six months of operations and the amount is included in net assets without donor restriction on the statement of financial position.

Net assets with donor restriction represent amounts received or committed with donor restriction, which have not been expended for their designated purpose (purpose restricted), amounts for general use in future periods (time restricted), or both.

Net assets with donor restriction consisted of the following:

December 31,	2023	2022
Subject to expenditure for specified purpose:		
Industry	$ 1,514,013	$ 3,888,442
Low carbon cities	1,196,250	3,188,305
Low carbon economic growth	15,317,583	19,679,620
Opportunity fund	401,617	2,364,049
Strategic communications	2,354,065	1,831,353
Transportation	21,562,614	26,567,343
Subject to expenditure during a specified time	7,800,000	3,625,000
Total net assets with donor restrictions	$ 50,146,142	$ 61,144,112

Note H. Net Asset Classifications (continued)

Net assets were released from donor restriction by incurring expenses that satisfy the restricted purpose, through the passage of time, or both, or by the occurrence of other events specified by the donors as follows:

Year Ended December 31,	2023	2022
Satisfaction of purpose restrictions:		
Industry	$ 11,874,429	$ 5,568,622
Low carbon cities	5,822,055	1,935,065
Low carbon economic growth	26,197,038	21,100,357
Opportunity fund	2,962,432	1,367,424
Strategic communication	2,102,287	3,285,347
Transportation	21,578,697	10,646,373
Satisfaction of time restrictions	18,800,000	23,000,000
Total net assets released from restrictions	$ 89,336,938	$ 66,903,188

Net assets released from donor restrictions include the Foundation's general and administrative fees allocated to supplement operations.

Note I. Grants and Awards

Grant expenses by program were as follows:

Year Ended December 31,	2023	2022
Clean power	$ 10,873,323	$ 8,788,808
Environmental management	780,000	1,508,829
Industry	9,805,084	7,330,559
Low carbon cities	1,517,500	1,891,651
Low carbon economic growth	11,010,249	11,012,445
Opportunity fund	1,456,677	1,339,858
Strategic communications	2,459,644	3,721,410
Strategy and planning	2,659,618	1,300,816
Transportation	15,365,491	14,045,818
	$ 55,927,586	$ 50,940,194

Note J. Liquidity

The following table reflects the Foundation's financial assets as of December 31, 2023, reduced by amounts not available for general use within one year. Financial assets are considered unavailable due to donor-imposed restrictions or internal designations made by the governing board. The Foundation operates with a balanced budget and manages its liquidity and cash flow requirements by investing its excess cash in short-term investments, including money market accounts.

December 31,	2023	2022
Cash and cash equivalents	$ 57,014,419	$ 62,700,455
Investments	47,447,760	30,138,268
Contributions receivable	2,505,000	5,650,000
	106,967,179	98,488,723
Less: funds unavailable for general expenditure within one year due to:		
Donor imposed purpose restrictions	(42,346,142)	(57,519,112)
Donor imposed time restrictions	(7,800,000)	(3,625,000)
Add new assets with restrictions to be met in less than one year	50,146,141	51,792,477
Funds available to meet expenditures within one year	$ 106,967,178	$ 89,137,088
Less: funds unavailable to management without the Board's approval	(8,431,819)	(8,846,393)
Funds available to management to meet expenditures within one year	$ 98,535,359	$ 80,290,695

Note K. Related Party Transactions

Consulting Agreements

On occasion, the Foundation enters into agreements with members of its Board of Directors to provide consulting services to the Foundation. These agreements are necessitated by the unique expertise available from members of the Board. During the years ended December 31, 2023 and 2022, there were no material agreements in place.

Relationship with Grantees

Certain members of the Foundation's Board of Directors serve as employees of the Foundation's grantees. The grants the Foundation makes to these organizations are similar in nature and amount to grants made to the Foundation's other grantees. Board members recuse themselves from decisions regarding the grantees on which they also serve. During the year ended December 31, 2023, 31 grants totaling $5,424,950 were awarded to these entities. During the year ended December 31, 2022, seven grants totaling $1,390,000 were awarded to these entities.

Note K. Related Party Transactions (continued)

Affiliate Organization

On January 1, 2020, the United States Energy Foundation ("U.S. EF") was formed to separate operations in the United States of America from operations in the PRC. U.S. EF provides administrative services to the Foundation. The organizations executed a memorandum of understanding between the boards of the Foundation and U.S. EF for the sharing of certain operational services for which the Foundation reimburses U.S. EF. The Foundation has a cost-sharing agreement for several employees from U.S. EF. U.S. EF has a defined contribution retirement plan and contributes 5% of participants' salary and matches participant contributions up to another 5% of participants' salary, as defined in the plan agreement. The Foundation reimburses U.S. EF's costs for these employees. The total amount expensed as part of the cost-sharing agreement for the years ended December 31, 2023 and 2022, was approximately $1,659,000 and $1,387,000, respectively. As of December 31, 2023 and 2022, $430,500 and $335,338 payable to U.S. EF was reflected in the statements of financial position as due to related party.

Note L. Concentrations

Deposit Risk

At various times during the years ended December 31, 2023 and 2022, the Foundation had on deposit with financial institutions amounts in excess of the $250,000 Federal Deposit Insurance Corporation (“FDIC”) insurance limit. As of December 31, 2023 and 2022, the Foundation had approximately $53.3 million and $59.9 million, respectively, on deposit in excess of the FDIC insured amount. Management has not experienced any losses related to these balances and believes the risk to be minimal.

Market Risk

Investment securities are exposed to various risks, such as interest rate, market rate and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in risk in the near term would materially affect the Foundation’s investment balance reported in the statements of financial position.

Funding Sources

Contributions are received primarily from private foundations and major individual contributors. The Foundation received contributions from four contributors that totaled approximately 71% and 84% of the Foundation's contributions for the years ended December 31, 2023 and 2022, respectively. The Foundation had two donors that made up 100% and 94% of total contributions receivable as of December 31, 2023 and 2022, respectively.

Note M. Subsequent Events

The Foundation has evaluated subsequent events through July 12, 2024, the date which the financial statements were available to be issued.