



# THE ENERGY FOUNDATION

building a new energy future

*Financial Statements*

*Years Ended December 31, 2024 and 2023*

**KOSMATKA DONNELLY & CO., LLP**

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## 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, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements (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, 2024 and 2023, 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.

*Kosmatka, Donnelly & Co., LLP*

Santa Rosa, California  
June 26, 2025

**The Energy Foundation**  
**Statements of Financial Position**

<b>December 31,</b>	<b>2024</b>	<b>2023</b>
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 49,525,226	\$ 57,129,403
Investments	85,474,542	47,332,776
Contributions receivable	4,686,667	2,505,000
Prepaid expenses and other assets	272,476	87,359
<b>Total current assets</b>	<b>139,958,911</b>	<b>107,054,538</b>
<b>Deposits</b>	<b>292,929</b>	<b>255,711</b>
<b>Equipment and improvements, net</b>	<b>196,290</b>	<b>294,953</b>
<b>Right-of-use asset for operating leases, net</b>	<b>1,152,368</b>	<b>2,156,368</b>
<b>Total assets</b>	<b>\$ 141,600,498</b>	<b>\$ 109,761,570</b>
<b>Liabilities and net assets</b>		
<b>Current liabilities</b>		
Accounts payable	\$ 157,742	\$ 97,165
Accrued compensation and accrued expenses	2,225,398	1,802,705
Current obligations of grants payable	15,102,354	11,747,752
Due to related party	1,195,265	2,276,495
Foundation-initiated projects payable	88,489	409,467
Operating lease liability	849,269	834,777
<b>Total current liabilities</b>	<b>19,618,517</b>	<b>17,168,361</b>
<b>Grants payable, net of discount and current obligations</b>	<b>778,798</b>	<b>478,162</b>
<b>Due to related party</b>	<b>82,000</b>	<b>103,000</b>
<b>Operating lease liability</b>	<b>294,685</b>	<b>1,145,177</b>
<b>Total liabilities</b>	<b>20,774,000</b>	<b>18,894,700</b>
<b>Net assets</b>		
Without donor restriction	67,992,138	40,720,728
With donor restriction	52,834,360	50,146,142
<b>Total net assets</b>	<b>120,826,498</b>	<b>90,866,870</b>
<b>Total liabilities and net assets</b>	<b>\$ 141,600,498</b>	<b>\$ 109,761,570</b>

See accompanying notes.

**The Energy Foundation  
Statement of Activities**

**Year Ended December 31, 2024**

	<b>Without donor restriction</b>	<b>With donor restriction</b>	<b>Total</b>
<b>Revenue and other support:</b>			
Contributions	\$ 37,570,000	\$ 69,807,432	\$ 107,377,432
Investment income	5,442,516	-	5,442,516
Other income	45,652	-	45,652
<b>Total revenue and other support</b>	<b>43,058,168</b>	<b>69,807,432</b>	<b>112,865,600</b>
Reclassification, net assets released from restrictions	67,119,214	(67,119,214)	-
<b>Expenses:</b>			
Grant programs	76,353,520	-	76,353,520
Management and general	4,718,897	-	4,718,897
Development	1,814,270	-	1,814,270
<b>Total expenses</b>	<b>82,886,687</b>	<b>-</b>	<b>82,886,687</b>
<b>Change in net assets from operating activities</b>	<b>27,290,695</b>	<b>2,688,218</b>	<b>29,978,913</b>
<b>Nonoperating activities:</b>			
Loss on foreign currency translation	(19,285)	-	(19,285)
<b>Change in net assets</b>	<b>27,271,410</b>	<b>2,688,218</b>	<b>29,959,628</b>
<b>Net assets at beginning of year</b>	<b>40,720,728</b>	<b>50,146,142</b>	<b>90,866,870</b>
<b>Net assets at end of year</b>	<b>\$ 67,992,138</b>	<b>\$ 52,834,360</b>	<b>\$ 120,826,498</b>

See accompanying notes.

**The Energy Foundation  
Statement of Activities**

**Year Ended December 31, 2023**

	<b>Without donor restriction</b>	<b>With donor restriction</b>	<b>Total</b>
<b>Revenue and other support:</b>			
Contributions	\$ 4,505,000	\$ 78,338,968	\$ 82,843,968
Investment income	3,639,730	-	3,639,730
Other income	34,988	-	34,988
<b>Total revenue and other support</b>	<b>8,179,718</b>	<b>78,338,968</b>	<b>86,518,686</b>
Reclassification, net assets released from restrictions	89,336,938	(89,336,938)	-
<b>Expenses:</b>			
Grant programs	72,168,759	-	72,168,759
Management and general	3,451,538	-	3,451,538
Development	1,719,593	-	1,719,593
<b>Total expenses</b>	<b>77,339,890</b>	<b>-</b>	<b>77,339,890</b>
<b>Change in net assets from operating activities</b>	<b>20,176,766</b>	<b>(10,997,970)</b>	<b>9,178,796</b>
<b>Nonoperating activities:</b>			
Gain on foreign currency translation	94,582	-	94,582
<b>Change in net assets</b>	<b>20,271,348</b>	<b>(10,997,970)</b>	<b>9,273,378</b>
<b>Net assets at beginning of year</b>	<b>20,449,380</b>	<b>61,144,112</b>	<b>81,593,492</b>
<b>Net assets at end of year</b>	<b>\$ 40,720,728</b>	<b>\$ 50,146,142</b>	<b>\$ 90,866,870</b>

See accompanying notes.

**The Energy Foundation**  
**Statement of Functional Expenses**

**Year Ended December 31, 2024**

	Clean power	Coal transition	Environmental management	Industry decarbonization	Low carbon cities	Low carbon economic growth	The opportunity fund	Strategic communications	Subtotal grant programs
Grants and awards	\$ 4,639,220	\$ 1,065,000	\$ 6,455,878	\$ 6,300,529	\$ 10,580,300	\$ 4,435,627	\$ 6,295,935	\$ 1,588,670	\$ 41,361,159
Salaries and employee benefits	616,333	429,715	826,718	802,469	1,090,052	681,294	1,115,839	707,476	6,269,896
Contract and professional services	430,290	19,578	180,794	604,096	581,254	478,822	1,390,547	1,538,286	5,223,667
Travel and meetings	152,614	19,751	170,887	279,383	279,459	161,215	584,170	64,300	1,711,779
Rent, utilities and maintenance	38,602	29,248	85,474	99,340	36,337	72,607	107,967	90,319	559,894
Printing, postage and supplies	15,751	7,990	27,479	30,790	25,005	22,381	40,400	31,406	201,202
Depreciation and amortization	3,345	2,537	7,412	8,616	3,141	6,297	9,363	7,837	48,548
Telecommunication	3,508	2,392	7,254	8,579	3,883	6,374	10,213	7,416	49,619
	\$ 5,899,663	\$ 1,576,211	\$ 7,761,896	\$ 8,133,802	\$ 12,599,431	\$ 5,864,617	\$ 9,554,434	\$ 4,035,710	\$ 55,425,764

See accompanying notes.

**The Energy Foundation**  
**Statement of Functional Expenses**

**Year Ended December 31, 2024**

	Previous page, subtotal grant programs	Strategy and planning	Transportation	Total grant programs	Management and general	Development	Total
Grants and awards	\$ 41,361,159	\$ 3,079,173	\$ 14,054,500	\$ 58,494,832	\$ -	\$ -	\$ 58,494,832
Salaries and employee benefits	6,269,896	780,466	1,668,181	8,718,543	2,241,018	1,286,082	12,245,643
Contract and professional services	5,223,667	491,278	224,157	5,939,102	1,782,727	68,954	7,790,783
Travel and meetings	1,711,779	120,706	211,108	2,043,593	315,772	235,749	2,595,114
Rent, utilities and maintenance	559,894	92,991	102,697	755,582	214,602	149,493	1,119,677
Printing, postage and supplies	201,202	25,502	42,853	269,557	111,015	36,802	417,374
Depreciation and amortization	48,548	8,069	8,897	65,514	38,824	22,518	126,856
Telecommunication	49,619	8,164	9,014	66,797	14,939	14,672	96,408
	\$ 55,425,764	\$ 4,606,349	\$ 16,321,407	\$ 76,353,520	\$ 4,718,897	\$ 1,814,270	\$ 82,886,687

See accompanying notes.

**The Energy Foundation**  
**Statement of Functional Expenses**

**Year Ended December 31, 2023**

	Clean power	Coal transition	Environmental management	Industry decarbonization	Low carbon cities	Low carbon economic growth	The opportunity fund	Strategic communications	Subtotal grant programs
Grants and awards	\$ 3,029,077	\$ 1,524,044	\$ 6,389,207	\$ 9,879,108	\$ 8,548,705	\$ 4,595,943	\$ 2,527,022	\$ 1,923,927	\$ 38,417,033
Salaries and employee benefits	376,674	357,298	630,236	875,534	975,008	451,349	863,648	655,907	5,185,654
Contract and professional services	169,775	243,134	152,665	382,393	782,747	337,894	760,969	1,819,583	4,649,160
Travel and meetings	55,030	16,961	102,983	195,707	192,093	147,262	749,924	761,204	2,221,164
Rent, utilities and maintenance	27,255	31,727	85,032	63,797	82,653	57,149	128,398	85,336	561,347
Printing, postage and supplies	14,302	12,314	36,181	39,345	42,640	27,105	42,150	33,244	247,281
Depreciation and amortization	1,344	1,564	4,193	3,146	4,076	2,818	6,331	4,208	27,680
Telecommunication	2,031	2,294	4,986	5,428	4,984	3,367	8,014	5,613	36,717
	\$ 3,675,488	\$ 2,189,336	\$ 7,405,483	\$ 11,444,458	\$ 10,632,906	\$ 5,622,887	\$ 5,086,456	\$ 5,289,022	\$ 51,346,036

See accompanying notes.

**The Energy Foundation**  
**Statement of Functional Expenses**

**Year Ended December 31, 2023**

	Previous page, subtotal grant programs	Strategy and planning	Transportation	Total grant programs	Management and general	Development	Total
Grants and awards	\$ 38,417,033	\$ 2,021,474	\$ 15,489,079	\$ 55,927,586	\$ -	\$ -	\$ 55,927,586
Salaries and employee benefits	5,185,654	596,123	1,506,612	7,288,389	1,932,577	1,269,352	10,490,318
Contract and professional services	4,649,160	246,684	308,701	5,204,545	939,543	254,033	6,398,121
Travel and meetings	2,221,164	95,252	200,687	2,517,103	257,975	109,844	2,884,922
Rent, utilities and maintenance	561,347	107,764	120,334	789,445	185,173	53,491	1,028,109
Printing, postage and supplies	247,281	33,301	69,245	349,827	100,230	16,592	466,649
Depreciation and amortization	27,680	5,314	5,934	38,928	26,805	13,105	78,838
Telecommunication	36,717	8,960	7,259	52,936	9,235	3,176	65,347
	\$ 51,346,036	\$ 3,114,872	\$ 17,707,851	\$ 72,168,759	\$ 3,451,538	\$ 1,719,593	\$ 77,339,890

See accompanying notes.

**The Energy Foundation  
Statements of Cash Flows**

Year Ended December 31,	2024	2023
<b>Increase (decrease) in cash and cash equivalents</b>		
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 29,959,628	\$ 9,273,378
Adjustments to reconcile change in net assets to net cash and cash equivalents provided by operating activities:		
Depreciation and amortization	126,856	78,838
Discount on long-term grants payable	(7,971)	(5,506)
Right-of-use asset for operating lease amortization	847,945	887,529
Right-of-use asset for operating lease termination	184,455	-
Foreign exchange gain on translation of lease liabilities	(17,524)	(78,668)
Reinvestment of dividends and interest	(16,586)	(206,260)
Net realized and unrealized gains on investments	(3,625,180)	(1,988,248)
Decrease (increase) in operating assets:		
Contributions receivable	(2,181,667)	3,145,000
Prepaid expenses and other assets	(185,117)	13,590
Deposits	(37,218)	-
Increase (decrease) in operating liabilities:		
Accounts payable	60,577	(1,023,712)
Accrued compensation and accrued expenses	422,693	1,230,402
Grants payable	3,663,209	(1,353,815)
Due to related party	(1,102,230)	95,162
Foundation-initiated projects payable	(320,978)	264,315
Operating lease liability	(846,876)	(817,462)
Net cash and cash equivalents provided by operating activities	26,924,016	9,514,543
<b>Cash flows from investing activities</b>		
Acquisition of equipment and improvements	(28,193)	(85,595)
Purchase of investments	(34,500,000)	(15,000,000)
Net cash and cash equivalents used in investing activities	(34,528,193)	(15,085,595)
<b>Net decrease in cash and cash equivalents</b>	(7,604,177)	(5,571,052)
<b>Cash and cash equivalents at beginning of year</b>	57,129,403	62,700,455
<b>Cash and cash equivalents at end of year</b>	\$ 49,525,226	\$ 57,129,403
<b>Supplemental disclosure of cash flow information</b>		
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash outflows—payments on operating leases	\$ 882,681	\$ 874,959
<b>Noncash investing and financing activities</b>		
Right-of-use assets obtained in exchange for operating lease obligations	\$ 1,699,674	\$ -
Right-of-use assets terminated in exchange for operating lease obligations	\$ (1,671,274)	\$ -

See accompanying notes.

**Note A. Nature of the Foundation**

*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 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.

*Programs*

**Clean Power** – To put Chinese power sector on a clean, low-carbon trajectory, one that over the next 35 years aligns with a worldwide strategy to limit global warming to 2°C.

**Coal Transition** – To help China attain the following goals during 2040-2045: to achieve near-zero coal consumption by facilitating the energy transition, such as developing renewable energy, improving energy efficiency, and promoting electrification; and to achieve net zero emissions through carbon capture and storage technologies, for unavoidable coal consumption.

**Environmental Management** – To achieve win-win outcomes for clean air, clean water, and safe climate by developing national and local air and water policies that encourage sustainable energy solutions.

**Industry Decarbonization** – To contribute to China’s accomplishment of an early carbon peak and carbon neutrality and the achievement of multiple co-benefits during the process, by supporting the development of strategies and sectoral goals and assisting in deep decarbonization of the heavy industry.

**Low Carbon Cities** – To assist Chinese cities to peak their carbon emissions as early as possible and drop quickly thereafter by establishing a low carbon development pathway.

**Low Carbon Economic Growth** – To assist China to adopt a new economic model that harnesses fresh growth drivers, facilitates initiatives for world-class air quality, peaks carbon emissions as early as possible, and places the country on a trajectory for net-zero greenhouse gas emissions by 2060.

**Note A. Nature of the Foundation** (continued)

**The Opportunity Fund** – To designate for special projects initiated by and/or promoted by the Foundation’s CEO, that are outside the traditional portfolio funded by restricted grants. Activities include Incubation of new concepts, coordination among different programs within the office, High-level Engagement and Partnership Development. The opportunity fund also incorporates International Cooperation to bridge the communication gap on climate issues between China and other countries, the Foundation leverages a network of experts, communication platforms, high-level dialogues, and featured research. The goal is to enhance mutual understanding, raise global climate ambitions, and accelerate the low-carbon transition.

**Strategic Communications** – To build the narrative on China’s low carbon transition, improve stakeholder and public understanding of and support to the vision, pathways, and benefits of achieving carbon peaking and neutrality early, and mobilize whole-of-society engagement in building a zero-carbon future.

**Strategy and Planning** – To focus on research and information management, knowledge synthesizing and strategic management of the various program areas.

**Transportation** – To establish an advanced, efficient, and structurally optimized clean transportation system in China that will help improve air quality, achieve early carbon peaking and neutrality, and identify best practices for the global fight against climate change.

**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.

**Note B. Summary of Significant Accounting Policies (continued)**

*Contributions Receivable*

Contributions receivable represent funds due from commitments made by individuals and foundations. The Foundation records unconditional promises to give that are expected to be collected within one year at net realizable value. The Foundation determines the allowance for uncollectable promises to give based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectable. At December 31, 2024 and 2023, management determined that no allowance was necessary.

*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*

The Foundation accounts for its leases in accordance with Financial Accounting Standards Board Accounting Standards Codification (“ASC”) Topic 842, *Leases* (“Topic 842”). Topic 842 requires lessees to recognize most leases on the statement of financial position 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.

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.

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. 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.

**Note B. Summary of Significant Accounting Policies (continued)**

*Leases (continued)*

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.

*Due to Related Party*

The balance of due to related party is primarily comprised of amounts owed to an affiliate as part of routine business operations under a cost-sharing agreement. These payables are considered short-term and are non-interest bearing.

*Grants and Grants Payable*

Grants are made to entities 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 (the "Board"). 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.

*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.

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.

**Note B. Summary of Significant Accounting Policies (continued)**

*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.

*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 pursues direct programmatic expenses to help fulfill its mission 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, 2024 and 2023, estimated future payments to be made on these contracts was approximately \$2,707,085, and \$3,431,316, respectively.

*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.

**Note B. Summary of Significant Accounting Policies (continued)**

*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, 2024 and 2023, 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, the allowance for credit losses, 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 January 1, 2023	\$ 20,500,000
Conditional grants awarded	16,850,000
Payments received	(15,990,000)
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Balance as of December 31, 2023	21,360,000
<hr/>	
Conditional grants awarded	7,100,000
Payments received	(18,890,000)
<hr/>	
Balance as of December 31, 2024	\$ 9,570,000

**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:

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**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.

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**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.

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**Level 3** Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

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.

**Years Ended December 31, 2024 and 2023**

**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, 2024 and 2023. The Foundation's government securities measured at fair value were \$85,474,542 and \$47,332,776 as of December 31, 2024 and 2023, respectively. 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,	2024	2023
Furniture and fixtures	\$ 45,077	\$ 45,077
Computer equipment and software	571,322	543,129
Leasehold improvement	467,273	467,273
	1,083,672	1,055,479
Accumulated depreciation and amortization	(887,382)	(760,526)
	\$ 196,290	\$ 294,953

Depreciation and amortization expense amounted to \$126,856 and \$78,838 for the years ended December 31, 2024 and 2023, respectively.

**Note F. Leases**

The Foundation leases one office facility in the PRC and one office facility in San Francisco under operating leases that have terms through April 2026 and May 2026, respectively. The original leases were terminated and renegotiated effective in May 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.

**Years Ended December 31, 2024 and 2023**

**Note F. Leases (continued)**

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, 2024:

Year Ended December 31,	2024	2023
Operating lease cost	\$ 868,028	\$ 945,054
Lease termination cost	184,454	-
Short-term lease cost	-	8,573
<b>Total lease costs</b>	<b>\$ 1,052,482</b>	<b>\$ 953,627</b>

The weighted-average remaining lease term for operating leases was 1.3 years and the weighted-average discount rate was 4.95% as of December 31, 2024.

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, 2024:

Year Ending December 31,	
2025	\$ 883,174
2026	296,529
Total lease payments on operating leases	1,179,703
Less: imputed interest	(35,749)
Total present value of operating lease liabilities	1,143,954
Less: current maturities of operating lease liability	(849,269)
<b>Operating lease liability, net of current maturities</b>	<b>\$ 294,685</b>

**Years Ended December 31, 2024 and 2023**

**Note G. Grants Payable**

Grants payable are due as follows:

Year Ending December 31,		
2025	\$	15,102,354
2026		814,607
		15,916,961
Discount		(35,809)
Total present value of grants payable		15,881,152
Less: current obligations of grants payable		(15,102,354)
Grants payable, net of discount and current obligations	\$	778,798

**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 has designated reserves of \$24,000,000 and \$8,431,819 in net assets as of December 31, 2024 and 2023, 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,	2024	2023
Subject to expenditure for specified purpose and during a specified time:		
Clean power	\$ 1,104,879	\$ 1,760,000
Coal transition	737,867	235,000
Environmental management	4,157,289	3,238,898
Industry decarbonization	5,988,247	2,524,013
Low carbon cities	2,121,800	1,196,250
Low carbon economic growth	14,222,163	9,073,685
The opportunity fund	1,909,310	401,617
Strategic communications	403,628	354,064
Strategy and planning	91,158	2,000,000
Transportation	20,598,019	21,562,615
Subject to expenditure during a specified time	1,500,000	7,800,000
Total net assets with donor restrictions	\$ 52,834,360	\$ 50,146,142

**Years Ended December 31, 2024 and 2023**

**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,	2024	2023
Satisfaction of purpose and time restrictions:		
Clean power	\$ 2,755,121	\$ 1,860,500
Coal transition	497,133	1,932,451
Environmental management	6,081,609	3,818,856
Industry decarbonization	6,475,767	11,194,429
Low carbon cities	2,824,450	5,822,055
Low carbon economic growth	16,806,522	19,265,231
The opportunity fund	1,915,641	2,962,432
Strategic communications	450,437	2,102,287
Strategy and planning	1,908,842	-
Transportation	15,103,692	21,578,697
Satisfaction of time restrictions	12,300,000	18,800,000
<b>Total net assets released from restrictions</b>	<b>\$ 67,119,214</b>	<b>\$ 89,336,938</b>

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

**Note I. Liquidity**

The following table reflects the Foundation's financial assets as of December 31, 2024, 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.

**Years Ended December 31, 2024 and 2023**

**Note I. Liquidity (continued)**

December 31,	2024	2023
Cash and cash equivalents	\$ 49,525,226	\$ 57,129,403
Investments	85,474,542	47,332,776
Contributions receivable	4,686,667	2,505,000
	139,686,435	106,967,179
Less: funds unavailable for general expenditure within one year due to:		
Donor imposed purpose and time restrictions	(51,334,360)	(42,346,142)
Donor imposed time restrictions	(1,500,000)	(7,800,000)
Add new assets with restrictions to be met in less than one year	1,500,000	7,800,000
	\$ 88,352,075	\$ 64,621,037
Less: funds unavailable to management without the Board's approval	(24,000,000)	(8,431,819)
	\$ 64,352,075	\$ 56,189,218

**Note J. Related Party Transactions**

*Consulting Agreements*

On occasion, the Foundation enters into agreements with members of its Board 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, 2024 and 2023, there were no material agreements in place.

*Relationship with Grantees*

Certain members of the Foundation's Board 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, 2024, 11 grants totaling \$2,010,000 were awarded to these entities. During the year ended December 31, 2023, 31 grants totaling \$5,424,950 were awarded to these entities.

**Note J. 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 provided 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 had a cost-sharing agreement for several employees from U.S. EF which was terminated in June 2024. 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 reimbursed 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, 2024 and 2023, was approximately \$738,000 and \$1,659,000, respectively.

**Note K. Concentrations**

*Deposit Risk*

At various times during the years ended December 31, 2024 and 2023, 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, 2024 and 2023, the Foundation had approximately \$44.3 million and \$53.3 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 83% and 71% of the Foundation's contributions for the years ended December 31, 2024 and 2023, respectively. The Foundation had one donor that made up 99% and two donors that made up 100% of total contributions receivable as of December 31, 2024 and 2023, respectively.

**Note L. Subsequent Events**

The Foundation has evaluated subsequent events through June 26, 2025, the date which the financial statements were available to be issued.