Financial Statements
and Supplementary Information

Ceres, Inc.

October 31, 2013 and 2012

Mayer Hoffman McCann P.C.
Tofias New England Division
An Independent CPA Firm

CERES, INC.

Financial Statements

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Independent Auditors' Report

Board of Directors
Ceres, Inc.
Boston, Massachusetts

We have audited the accompanying financial statements of Ceres, Inc. ("Ceres"), which comprise the statements of financial position as of October 31, 2013 and 2012, and the related statements of activities, functional expenses, and cash flows for the year then ended and ten months then ended, respectively, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Ceres, Inc. as of October 31, 2013 and 2012, and the changes in its net assets and its cash flows for the year then ended and ten months then ended, respectively, in accordance with accounting principles generally accepted in the United States of America.

Mayer Hoffman McCann P.C.

April 9, 2014
Boston, Massachusetts

CERES, INC.

Statements of Financial Position

October 31,

		2013		*2012*
Assets				
Current assets:				
Cash and cash equivalents	$	2,580,550	$	1,930,446
Investments (Note 2)		604,560		601,692
Accounts receivable, net (Note 4)		499,272		227,253
Pledges receivable, net (Note 5)		141,918		218,333
Grants receivable (Note 3)		1,108,333		1,193,333
Prepaid expenses		210,935		162,777
Total current assets		**5,145,568**		**4,333,834**
Long-term investments (Note 2)		1,802,718		1,848,565
Property and equipment, net (Note 6)		141,507		209,474
Grants receivable, net of current portion (Note 3)		-		82,264
Security deposits		12,683		12,683
Total assets	**$**	**7,102,476**	**$**	**6,486,820**
Liabilities and Net Assets				
Current liabilities:				
Accounts payable	$	197,444	$	215,054
Accrued expenses		261,325		364,276
Deferred revenue		808,635		485,633
Total current liabilities		**1,267,404**		**1,064,963**
Total liabilities		**1,267,404**		**1,064,963**
Net assets:				
Unrestricted:				
Available for operations		1,395,100		612,302
Board designated		1,668,426		1,649,623
Total unrestricted		3,063,526		2,261,925
Temporarily restricted (Note 10)		2,771,546		3,159,932
Total net assets		**5,835,072**		**5,421,857**
Total liabilities and net assets	**$**	**7,102,476**	**$**	**6,486,820**

See accompanying notes to the financial statements.

CERES, INC.

Statement of Activities

Year Ended October 31, 2013
(with comparative totals for the Ten Months Ended October 31, 2012)

	2013			2012
	Unrestricted	*Temporarily Restricted*	*Total*	*Total*
Revenues, gains and other support:				
Company, INCR, coalition and BICEP dues	$ 1,992,355	$ -	$ 1,992,355	$ 1,533,592
Grant revenue, Ceres' impact areas	39,000	3,803,207	3,842,207	2,890,190
Contributions (Note 11)	1,796,223	190,275	1,986,498	432,990
Conference fees and sponsorships	790,726	-	790,726	965,605
In-kind contributions	32,736	-	32,736	66,525
Interest income	24,227	-	24,227	23,424
Other revenue	121,806	-	121,806	60,281
Total revenues, gains and other support	**4,797,073**	**3,993,482**	**8,790,555**	**5,972,607**
Net assets released from restrictions (Note 12):				
Satisfaction of program restrictions	4,381,868	(4,381,868)	-	-
Net revenues, gains and other support	**9,178,941**	**(388,386)**	**8,790,555**	**5,972,607**
Expenses:				
Program services	6,823,258	-	6,823,258	5,721,236
Management and general	703,133	-	703,133	695,341
Fundraising	850,949	-	850,949	606,800
Total expenses	**8,377,340**	**-**	**8,377,340**	**7,023,377**
Change in net assets	**801,601**	**(388,386)**	**413,215**	**(1,050,770)**
Net assets at beginning of year	2,261,925	3,159,932	5,421,857	6,472,627
Net assets at end of year	**$ 3,063,526**	**$ 2,771,546**	**$ 5,835,072**	**$ 5,421,857**

See accompanying notes to the financial statements.

CERES, INC.

Statement of Activities

Ten Months Ended October 31, 2012

	2012		
	Unrestricted	*Temporarily Restricted*	*Total*
Revenues, gains and other support:			
Company, INCR, coalition and BICEP dues	$ 1,533,592	$ -	$ 1,533,592
Grant revenue, Ceres' impact areas	15,000	2,875,190	2,890,190
Contributions	139,490	293,500	432,990
Conference fees and sponsorships	965,605	-	965,605
In-kind contributions	66,525	-	66,525
Interest income	23,424	-	23,424
Other revenue	60,281	-	60,281
Total revenues, gains and other support	**2,803,917**	**3,168,690**	**5,972,607**
Net assets released from restrictions (Note 12):			
Satisfaction of program restrictions	4,211,359	(4,211,359)	-
Net revenues, gains and other support	**7,015,276**	**(1,042,669)**	**5,972,607**
Expenses:			
Program services	5,721,236	-	5,721,236
Management and general	695,341	-	695,341
Fundraising	606,800	-	606,800
Total expenses	**7,023,377**	**-**	**7,023,377**
Change in net assets	**(8,101)**	**(1,042,669)**	**(1,050,770)**
Net assets at beginning of year	2,270,026	4,202,601	6,472,627
Net assets at end of year	**$ 2,261,925**	**$ 3,159,932**	**$ 5,421,857**

See accompanying notes to the financial statements.

CERES, INC.

Statement of Functional Expenses

Year Ended October 31, 2013

	Program Services	*Management and General*	*Fundraising*	*Total Expenses*
Salaries	$ 3,592,252	$ 377,821	$ 535,295	$ 4,505,368
Payroll taxes and fringe benefits (Note 8)	839,737	98,709	119,576	1,058,022
Professional fees	913,055	65,641	27,073	1,005,769
Advertising and paid media	8,231	-	-	8,231
Conferences and meetings	502,178	3,002	17,510	522,690
Travel expenses	342,825	4,639	45,352	392,816
Office supplies and expenses	296,493	20,385	43,341	360,219
Occupancy expense (Note 9)	209,736	24,901	29,876	264,513
Bad debt expense	-	71,292	-	71,292
Printing	39,386	263	22,333	61,982
In-kind expenses	5,000	27,736	-	32,736
Depreciation	74,365	8,744	10,593	93,702
	$ 6,823,258	**$ 703,133**	**$ 850,949**	**$ 8,377,340**

See accompanying notes to the financial statements.

CERES, INC.

Statement of Functional Expenses

Ten Months Ended October 31, 2012

	Program Services	*Management and General*	*Fundraising*	*Total Expenses*
Salaries	$ 2,807,285	$ 382,583	$ 406,886	$ 3,596,754
Payroll taxes and fringe benefits (Note 8)	665,430	84,677	89,764	839,871
Professional fees	871,812	75,498	21,467	968,777
Advertising and paid media	16,917	-	-	16,917
Conferences and meetings	605,532	4,296	13,585	623,413
Travel expenses	220,725	37,292	14,268	272,285
Office supplies and expenses	220,336	18,277	23,102	261,715
Occupancy expense (Note 9)	171,580	21,699	22,706	215,985
Bad debt expense	-	32,500	-	32,500
Printing	38,565	589	6,109	45,263
In-kind expenses	37,004	29,521	-	66,525
Depreciation	66,050	8,409	8,913	83,372
	$ 5,721,236	**$ 695,341**	**$ 606,800**	**$ 7,023,377**

See accompanying notes to the financial statements.

CERES, INC.

Statements of Cash Flows

	Year Ended October 31, 2013	*Ten Months Ended October 31, 2012*
Cash flows from operating activities:		
Change in net assets	$ 413,215	$ (1,050,770)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	93,702	83,372
Change in accounts receivable	(272,019)	314,289
Change in pledges receivable	76,415	(76,883)
Change in grants receivable	167,264	736,810
Change in prepaid expenses	(48,158)	(7,861)
Change in accounts payable	(17,610)	67,458
Change in accrued expenses	(102,951)	23,491
Change in deferred revenue	323,002	(167,492)
Total adjustments	**219,645**	**973,184**
Net cash provided by (used in) operating activities	**632,860**	**(77,586)**
Cash flows from investing activities:		
Proceeds from sale of investments	2,168,170	303,303
Purchase of investments	(2,125,189)	(322,208)
Purchase of property and equipment	(25,737)	(105,249)
Net cash provided by (used in) investing activities	**17,244**	**(124,154)**
Net increase (decrease) in cash and cash equivalents	**650,104**	**(201,740)**
Cash and cash equivalents, beginning of year	1,930,446	2,132,186
Cash and cash equivalents, end of year	**$ 2,580,550**	**$ 1,930,446**

See accompanying notes to the financial statements.

CERES, INC.

Notes to Financial Statements

Note 1 - Nature of Activities and Significant Accounting Policies

Nature of Activities

Since 1989, Ceres, Inc. (Ceres) has engaged investors, companies, labor, policymakers, and public interest groups to integrate sustainability into corporate practices, investment practices and overall capital markets, addressing global issues such as climate change, clean energy deployment and water availability risks.

Ceres' mission is mobilizing investor and business leadership to build a thriving, sustainable global economy.

Ceres is known for its unique ability to convene powerful market players and institutions with diverse interests to consider and develop positive solutions to complex issues. For example, in January 2014 at the United Nations, Ceres brought together 500 leading global investors as well as key policymakers and business executives at the Investor Summit on Climate Risk: Financing the Clean Energy Future.

Ceres seeks real-world results in four key impact areas critical to its mission:

Sustainable Business Strategies

Ceres aims to integrate sustainability into company performance by scaling up positive social, environmental, and business results in strategy, governance, operations, and supply chains. The Ceres Company Network includes 70 members from two dozen industries, including market leaders in technology, insurance, footwear and apparel, food and beverage, oil and gas, electric utilities and financial services. Roughly one-third of companies in the Ceres Network are in the Fortune 500. Network companies make commitments to stakeholder engagement, public disclosure, and performance improvements, as outlined in the Ceres-authored *The 21st Century Corporation: The Ceres Roadmap for Sustainability*.

Sustainable Capital Markets

Ceres mobilizes influential financial market actors to promote and integrate sustainability into investment decision-making, corporate practices and public policy. The aim is having investors and policymakers shift short-term thinking toward longer-term sustainability by focusing on incentives, drivers, policies and regulations that accelerate low-polluting business practices that will ultimately mitigate long-term threats posed by global climate change. Ceres directs the Investor Network on Climate Risk (INCR), a growing network of over 100 institutional investors and managers, which collectively own or manage over $11 trillion of assets. INCR hosts the bi-annual Investor Summit held in New York City. In 2010, Ceres and its investor network persuaded the Securities and Exchange Commission (SEC) to issue formal guidance requiring climate change-related disclosure in public company financial filings. Ceres is now working to have global stock exchanges require corporate disclosure of climate and other sustainability risks.

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

Nature of Activities (Continued)

Climate and Clean Energy

Ceres seeks to accelerate the sustainable global economy by championing low-carbon business, investor, and policy solutions to drive economic growth and mitigate the impacts of climate change. The goal is to transition to a global clean energy economy by reducing reliance on unsustainable energy options, such as high-polluting oil and coal, while championing resilient, low-carbon electric power and transportation options, energy efficiency, and business solutions at the speed and scale necessary to drive robust growth and avoid the worst impacts of climate change. Ceres convenes investors, technical experts, and representatives from energy intensive, to find solutions to a range of sustainability problems attributable to economic activity. Towards this aim, Ceres directs the Business for Innovative Climate and Energy Policy (BICEP) coalition, comprised of 30 members representing a range of well-known consumer brands such as Nike, Starbucks and Levi Strauss & Co. In 2013, Ceres launched the Ceres' Climate Declaration, a call for government action on climate change. More than 700 companies have joined this effort. Responding to ongoing efforts by Ceres, the National Association of Insurance Commissioners (NAIC) has mandated insurance companies to disclose annually the financial risks they face from climate change, as well as actions they are taking to address those risks. Ceres assessed these disclosures and wrote reports on their findings the past two years. In 2013, Ceres convened a series of roundtables with city leaders and insurance executives to consider steps towards building cities more resilient to the effects of climate change, such as the flooding from Hurricane Sandy.

Water

Ceres strives to advance business, investor, and government policies and practices to ensure abundant clean water supplies and healthy ecosystems. In 2010, Ceres elevated corporate and investor awareness of growing water scarcity risks by issuing *The Ripple Effect: Water Risk in the Municipal Bond Market. The Ceres Aqua Gauge: A Framework for 21st Century Water Risk Management*, an innovative methodology that enables the score carding of a company's water management activities against leading practices, was released in 2011. In 2012, Ceres published *Charting New Waters: Financing Sustainable Water Infrastructure*, which explores financing and pricing options to address growing demand and environmental challenges. In 2013, Ceres extended its focus to the water impacts of hydraulic fracturing and issued a report entitled *Hydraulic Fracturing and Water Stress: Growing Competitive Pressures for Water.*

Fiscal Year End

On July 14, 2011, the Board of Directors voted to change Ceres' fiscal year end to October 31. The main reason for the change is to better align Ceres' grant and planning cycles. As a result, the 2012 fiscal year presented in these statements is a ten month period.

Basis of Accounting

The financial statements of Ceres, Inc. have been prepared on the accrual basis.

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

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. Significant management estimates included in the financial statements include the reserve for doubtful accounts, present value of future grant payments, useful lives of depreciable assets, satisfaction of program restrictions for the release of restricted net assets and allocation of functional expenses.

Classification and Reporting of Net Assets

Ceres' financial statement presentation is in accordance with not-for-profit accounting standards. Ceres reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. Ceres does not have any permanently restricted net assets. A description of the two net asset classes follows:

Unrestricted net assets - represent the portion of net assets of Ceres that is neither permanently restricted nor temporarily restricted by donor-imposed stipulations. Unrestricted net assets include expendable funds available for support of Ceres, as well as funds invested in plant including property and equipment. Unrestricted net assets also include amounts designated by the Board of Directors (the "Board") for future use.

Temporarily restricted net assets - represent contributions 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.

Cash and Cash Equivalents

For purposes of reporting cash flows, 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 utilizes an overnight sweep account with its depository which invests in U.S. Treasury obligations which are valued at cost, which approximates fair value. Ceres monitors its exposure associated with cash and cash equivalents and has not experienced any losses in these accounts.

Investments

Investments are carried at fair value. Fair value is determined as per fair value policies covered elsewhere in this report. Investments include certificates of deposit with a financial institution having maturities of four months to two years from fiscal year end.

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

Fair Value Measurements

Ceres reports certain assets at fair value on a recurring and nonrecurring basis depending on the underlying accounting policy for the particular item. Recurring fair value measures include Ceres' investment account. Nonrecurring measures include grants receivable.

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.

Instruments measured and reported at fair value are classified and disclosed in one of the following categories:

Level 1 - Quoted prices are available in active markets for identical investments as of the reporting date. Instruments which are generally included in this category included listed equity and debt securities publicly traded on a stock exchange.

Level 2 - Pricing inputs are other than quoted prices in active markets of comparable instruments, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies. Level 2 also includes investments reported at net asset value per share with lock-up periods of 90 days or less.

Level 3 - Pricing inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value are based upon the best information in the circumstances and may require significant management judgment or estimation. Level 3 also includes investments reported at net asset value per share with lock-up periods in excess of 90 days.

Ceres' investments in FDIC-insured, fixed-rate certificates of deposit are valued at cost plus accrued interest and are classified as Level 2.

Accounts Receivable

Accounts receivable includes membership fees and sponsorships for Ceres' annual conference and Ceres' bi-annual Investor Summit. 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.

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

Property and Equipment

Property and equipment acquisitions are recorded at cost. 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 effectively 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	Term of the lease
Telephone equipment	5-10
Computer equipment and software	3-5

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

Revenues

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets by fulfillment of the donor-stipulated purpose or by passage of the stipulated time period are reported as reclassifications between the applicable classes of net assets.

Revenue Recognition

Company, coalition and participant fees are recorded as earned over a one-year period from the date of receipt. Fee for service revenue is reported as revenue when deliverables are completed. Conference fees and sponsorships are reported as revenue on the first day of the event.

Deferred Revenue

Deferred revenue is recognized as a liability and represents membership and sponsorship fees that are paid in advance of the membership period or event.

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

Grant Revenue, Contributions and Related Receivables

Grant revenue and contributions, including unconditional promises to give, are recognized at fair value as revenues in the period the promise is received. Fair value is determined as per the fair value policies covered earlier. The initial recorded fair value is considered a Level 2 fair value approach. Conditional promises to give are not recognized until they become unconditional, that is, at the time when the conditions on which they depend are substantially met. Contributions of assets other than cash are reported at their estimated fair value. It is the policy of Ceres to immediately sell all donated marketable securities. Grant revenue and contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risk involved. Amortization of discount is recorded as additional grant and contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions.

Allowances for uncollectible grants and pledges receivable are provided based upon management's judgment of potential defaults. The determination includes such factors as prior collection history, type of contribution and nature of fundraising activities.

Grants and contributions received with donor-imposed restrictions that are met in the same year as received are reported as revenues of the temporarily restricted net asset class, and a reclassification to unrestricted net assets is made to reflect the expiration of such restrictions.

Contributions of property and equipment without donor stipulations concerning the use of such long-lived assets are reported as revenues of the unrestricted net asset class. Fair value of donated fixed assets is effectively recorded using a Level 3 market approach. Contributions of cash or other assets with stipulations to be used to acquire property and equipment are reported as revenues of the temporarily restricted net asset class; the restrictions are considered to be released at the time of acquisition of such long-lived assets.

Grants and pledges receivable are recorded at the present value of future cash flows. Grants and pledges receivable at October 31, 2013 are all expected to be received in fiscal year 2014.

Contributed Goods and Services

Ceres records various types of in-kind support including professional services, advertising and materials. Contributed professional services are recognized if the services received create or enhance long-lived assets, or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at their fair value when received.

Advertising

Ceres expenses advertising costs as incurred.

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

Income Tax Status

Ceres is qualified under Section 501(c)(3) of the Internal Revenue Code and is exempt from Federal and state income taxes.

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. Interest and penalties assessed, if any, are accrued as income tax expense.

Ceres has identified its tax status as a tax exempt entity and its determination of which activities are related and unrelated as its only significant tax positions and has determined that such tax positions do not result in an uncertainty requiring recognition. Ceres is not currently under examination by any taxing jurisdiction. Its Federal and state income tax returns are generally open for examination for the past three years following the date of filing the related return.

Reclassifications

Certain reclassifications have been made to the prior year financial statements in order to conform with the current year presentation.

Subsequent Events

Ceres has evaluated subsequent events through April 9, 2014, the date the financial statements were authorized to be issued.

Note 2 - Fair Values of Financial Instruments

The valuation of Ceres' financial instruments using the fair value hierarchy consisted of the following at October 31, 2013:

Description	*Total*	*Level 1*	*Level 2*	*Level 3*
Certificates of deposit	$ 2,407,278	$ -	$ 2,407,278	$ -
Total	**$ 2,407,278**	**$ -**	**$ 2,407,278**	**$ -**

The valuation of Ceres' financial instruments using the fair value hierarchy consisted of the following at October 31, 2012:

Description	*Total*	*Level 1*	*Level 2*	*Level 3*
Certificates of deposit	$ 2,450,257	$ -	$ 2,450,257	$ -
Total	**$ 2,450,257**	**$ -**	**$ 2,450,257**	**$ -**

Note 3 - Grants Receivable

Following is a summary of grants receivable at October 31:

	2013	*2012*
Grants receivable	$ 1,108,333	$ 1,276,666
Less: unamortized discount	-	(1,069)
Net grants receivable	1,108,333	1,275,597
Less: current portion	1,108,333	1,193,333
Grants receivable, net of current portion	**$ -**	**$ 82,264**

Note 4 - Accounts Receivable

As of October 31, accounts receivable consisted of the following:

		2013		2012
Company, INCR, coalition and BICEP dues	$	172,000	$	133,500
Sponsorships		338,000		100,500
Reimbursed expenses		14,434		6,295
Other		1,713		1,708
		526,147		242,003
Less: allowance		(26,875)		(14,750)
Accounts receivable, net	**$**	**499,272**	**$**	**227,253**

Note 5 - Pledges Receivable

As of October 31, pledges receivable consisted of the following:

		2013		2012
GISR	$	191,918	$	218,333
Less: allowance		(50,000)		-
Pledges receivable, net	**$**	**141,918**	**$**	**218,333**

Note 6 - Property and Equipment

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

		2013		2012
Furniture and fixtures	$	158,902	$	202,244
Leasehold improvements		110,997		110,997
Telephone equipment		37,173		36,673
Computer equipment and software		230,080		231,092
		537,152		581,006
Less: accumulated depreciation		(395,645)		(371,532)
Net property and equipment	**$**	**141,507**	**$**	**209,474**

Note 7 - Line of Credit

Ceres has a revolving line of credit agreement with a bank. Borrowings under this agreement are limited to $250,000. The line bears interest at the bank's prime lending rate, which is 3.25% as of October 31, 2013 and 2012, and outstanding balances are due upon demand. At October 31, 2013 and 2012, Ceres had no outstanding balance. The line is secured by all of Ceres' assets.

Note 8 - Retirement Benefits

Ceres maintains a retirement benefit plan under Section 403(b) of the Internal Revenue Code. This plan covers all eligible employees. Total expense under the plan was $154,197 and $115,362 for the year ended and ten months ended October 31, 2013 and October 31, 2012, respectively.

Note 9 - Operating Leases

Commencing August 1, 2005, Ceres has leased office space under an operating lease, which expires November 30, 2014. Total expense related to these leases was $255,399 and $189,514 for the year ended and ten months ended October 31, 2013 and October 31, 2012, respectively. During December 2013, Ceres amended this lease and also entered into a new lease for additional office space through November 30, 2016.

Commencing December 21, 2012, Ceres leases office equipment under an operating lease which expires December 20, 2015. Expense under this lease was $18,367 and $15,680 for the year ended and ten months ended October 31, 2013 and October 31, 2012, respectively.

Minimum lease payments under these leases as of October 31, 2013 are as follows:

Fiscal Years Ending October 31,		*Amount*
2014	$	276,175
2015		312,799
2016		300,628
2017		24,794
	$	**914,396**

Note 10 - Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following impact areas as of October 31:

	2013	*2012*
Sustainable Business Strategies	$ 98,129	$ 195,048
Sustainable Capital Markets	514,836	978,729
Climate and Clean Energy	1,384,337	1,343,845
Water	264,475	225,896
Subtotal grants receivable for purpose restrictions	2,261,777	2,743,518
General purpose grants receivable with time restrictions	509,769	416,414
Total temporarily restricted net assets	**$ 2,771,546**	**$ 3,159,932**

Note 11 - Zayed Award

In January 2013, Ceres was awarded the Zayed Future Energy Prize in the Non-Governmental Organization (NGO) category. This award, inspired by the vision of Sheikh Zayed, founder of the United Arab Emirates, was presented at the Abu Dhabi Sustainability Conference. Ceres was selected as an organization furthering the knowledge and awareness of incorporating climate change risks into capital decisions by companies and investors, and developing clean-energy solutions to address those risks. In addition to the international prestige of winning this prize, $1.5 million cash was awarded.

Note 12 - Net Assets Released from Restrictions

Net assets released from restrictions include grant expenditures in accordance with the restricted purposes of Ceres' impact areas for the year ended and ten months ended October 31, 2013 and October 31, 2012, respectively.

	2013	*2012*
Sustainable Business Strategies	$ 181,878	$ 370,372
Sustainable Capital Markets	818,245	1,280,257
Climate and Clean Energy	1,876,375	1,471,633
Water	437,712	269,354
General purpose grants with time restrictions	1,067,658	819,743
Total releases from restriction	**$ 4,381,868**	**$ 4,211,359**

Supplementary Information

Mayer Hoffman McCann P.C.
Tofias New England Division
An Independent CPA Firm

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Independent Auditors' Report
on the Supplementary Information

Board of Directors
Ceres, Inc.
Boston, Massachusetts

We have audited the financial statements of Ceres, Inc. ("Ceres") as of October 31, 2013 and 2012, and for the year then ended and ten months then ended, respectively, and have issued our report thereon dated April 9, 2014 which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The Supplemental Schedule of Revenue, Gains for the year ended October 31, 2013 and Other Support and Schedule of Expenses for the year ended October 31, 2013 are presented for the purpose of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Mayer Hoffman McCann P.C.

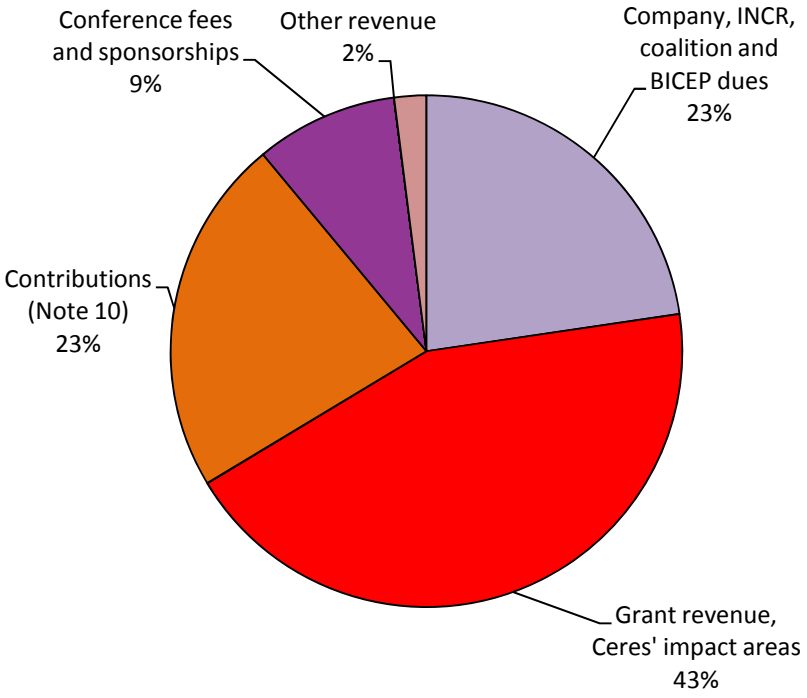
April 9, 2014
Boston, Massachusetts

CERES, INC.

Schedule of Revenues, Gains and Other Support

Year Ended October 31, 2013

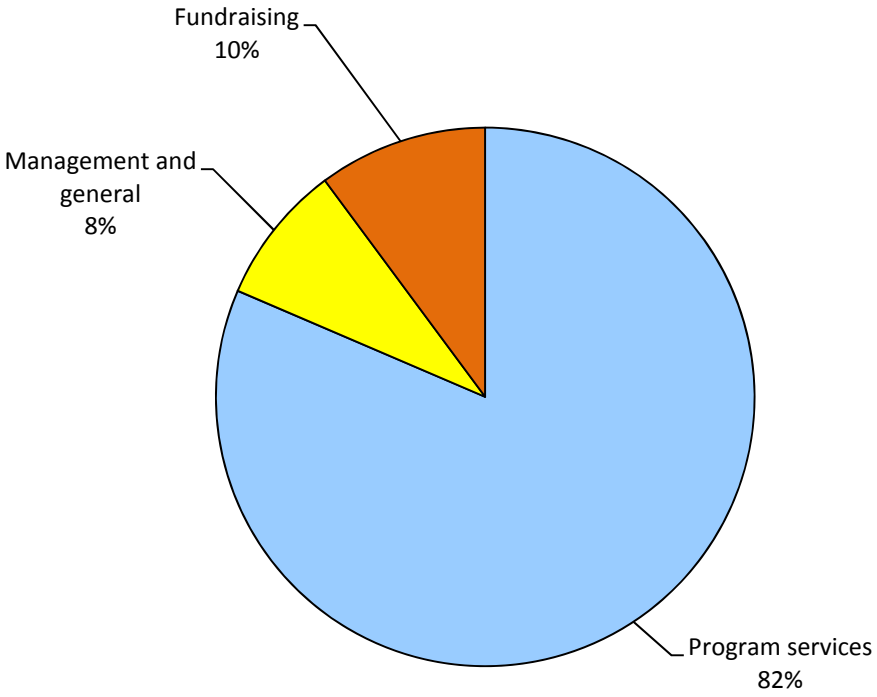
Revenues, gains and other support:		
Company, INCR, coalition and BICEP dues		$ 1,992,355
Grant revenue, Ceres' impact areas		3,842,207
Contributions (Note 11)		1,986,498
Conference fees and sponsorships		790,726
Other revenue:		
In-kind contributions	$ 32,736	
Interest income	24,227	
Other	121,806	178,769
Total revenues, gains and other support		**$ 8,790,555**



See Independent Auditors' Report on the Supplementary Information.

CERES, INC.

Schedule of Expenses

Year Ended October 31, 2013

Expenses:		
Program services	$	6,823,258
Management and general		703,133
Fundraising		850,949
Total expenses	**$**	**8,377,340**