

EARTH ISLAND INSTITUTE, INC.

BERKELEY, CALIFORNIA

FINANCIAL STATEMENTS

JUNE 30, 2019

TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditors' Report	1-2
Financial Statements:	
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	5
Statements of Cash Flows	6
Notes to the Financial Statements	7-25

INDEPENDENT AUDITORS' REPORT

Board of Directors
Earth Island Institute, Inc.
Berkeley, California

Report on the Financial Statements

We have audited the accompanying financial statements of Earth Island Institute, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses and cash flows for the year then ended, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 auditor's 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 organization'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 organization'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 opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Earth Island Institute, Inc. as of June 30, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2B, Earth Island Institute, Inc. adopted the Financial Accounting Standards Board's Accounting Standards Update 2016-14, *Not-for-Profit Entities (Topic 958) - Presentation of Financial Statements of Not-for-Profit Entities* as of and for the year ended June 30, 2019. The requirements of the Accounting Standards Update have been applied retrospectively to all years presented. Our opinion is not modified with respect to this matter.

Report on Summarized Comparative Information

We have previously audited Earth Island Institute, Inc.'s 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 7, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

R.J. Ricciardi, Inc.

R.J. Ricciardi, Inc.
Certified Public Accountants

San Rafael, California
November 11, 2019

Earth Island Institute, Inc.
STATEMENTS OF FINANCIAL POSITION
 June 30, 2019
 (With Comparative Totals for June 30, 2018)

	2019	2018
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 1,666,796	\$ 1,989,312
Investments	9,893,856	8,596,571
Grants receivable	1,435,335	664,090
Accounts receivable	239,027	98,364
Bequests receivable	500	25,000
Inventory	-	34,962
Prepaid expenses and other current assets	314,851	267,358
Deposit for land purchase	4,100,000	2,100,000
Total current assets	17,650,365	13,775,657
Non-current assets:		
Fixed assets, net of accumulated depreciation	1,099,938	1,176,164
Total non-current assets	1,099,938	1,176,164
Total assets	\$ 18,750,303	\$ 14,951,821
 <u>LIABILITIES AND NET ASSETS</u>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 281,502	\$ 427,110
Accrued vacation	314,791	225,722
Deferred revenue	161,112	155,745
Total current liabilities	757,405	808,577
Net assets:		
Net assets without donor restrictions	8,644,550	7,775,331
Net assets with donor restrictions	9,348,348	6,367,913
Total net assets	17,992,898	14,143,244
Total liabilities and net assets	\$ 18,750,303	\$ 14,951,821

The accompanying notes are an integral part of these financial statements.

Earth Island Institute, Inc.
STATEMENTS OF ACTIVITIES
For the Year Ended June 30, 2019
(With Comparative Totals for the Year Ended June 30, 2018)

	Without Donor Restrictions	With Donor Restrictions	Total 2019	Total 2018
Revenues:				
Grants	\$ -	\$ 5,644,802	\$ 5,644,802	\$ 4,727,373
Contributions and membership	-	7,183,021	7,183,021	7,331,166
Events, net	61,080	-	61,080	230,467
Earned revenue	1,484,793	151,689	1,636,482	1,395,856
In-kind	-	2,923,754	2,923,754	1,041,403
Merchandise sales, net	164,996	-	164,996	169,988
Investment return, net	742,309	-	742,309	343,384
Other revenue	75,730	-	75,730	93,680
Net assets released from restrictions	<u>12,922,831</u>	<u>(12,922,831)</u>	<u>-</u>	<u>-</u>
Total revenues	<u>15,451,739</u>	<u>2,980,435</u>	<u>18,432,174</u>	<u>15,333,317</u>
Expenses:				
Program services	<u>12,984,176</u>	<u>-</u>	<u>12,984,176</u>	<u>9,652,183</u>
Supportive services:				
Administrative and general	939,275	-	939,275	840,064
Fundraising	<u>659,069</u>	<u>-</u>	<u>659,069</u>	<u>791,756</u>
Total supportive services	<u>1,598,344</u>	<u>-</u>	<u>1,598,344</u>	<u>1,631,820</u>
Total expenses	<u>14,582,520</u>	<u>-</u>	<u>14,582,520</u>	<u>11,284,003</u>
Change in net assets	869,219	2,980,435	3,849,654	4,049,314
Net assets, beginning of period	<u>7,775,331</u>	<u>6,367,913</u>	<u>14,143,244</u>	<u>10,093,930</u>
Net assets, end of period	<u>\$ 8,644,550</u>	<u>\$ 9,348,348</u>	<u>\$ 17,992,898</u>	<u>\$ 14,143,244</u>

The accompanying notes are an integral part of these financial statements.

Earth Island Institute, Inc.
STATEMENTS OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2019
(With Comparative Totals for the Year Ended June 30, 2018)

	Program Services	Supportive Services			Total 2019	Total 2018
		Administrative and General	Fundraising	Subtotal		
Expenses:						
Salaries	\$ 5,494,350	\$ 574,990	\$ 319,439	\$ 894,429	\$ 6,388,779	\$ 5,325,635
Payroll taxes and benefits	817,652	85,568	47,538	133,106	950,758	912,543
Outside services and contractors	1,572,986	118,076	44,638	162,714	1,735,700	1,476,517
Rent and utilities	363,898	20,217	20,217	40,434	404,332	379,697
In-kind rent	18,274	1,015	1,015	2,030	20,304	20,521
Fundraising and membership	-	-	155,497	155,497	155,497	109,567
Office expenses	311,475	30,203	32,967	63,170	374,645	351,743
Travel and meetings	520,748	7,037	27,778	34,815	555,563	459,374
Insurance, legal and taxes	213,054	17,670	3,164	20,834	233,888	265,718
In-kind legal and contractors	2,859,899	43,551	-	43,551	2,903,450	1,020,882
Printing and mailing	84,696	4,679	4,679	9,358	94,054	105,279
Promotions and public relations	47,822	-	-	-	47,822	94,156
Grants made to others	564,126	-	-	-	564,126	616,534
Other	115,196	36,269	2,137	38,406	153,602	145,837
Total expenses	<u>\$ 12,984,176</u>	<u>\$ 939,275</u>	<u>\$ 659,069</u>	<u>\$ 1,598,344</u>	<u>\$ 14,582,520</u>	<u>\$ 11,284,003</u>

The accompanying notes are an integral part of these financial statements.

Earth Island Institute, Inc.
STATEMENTS OF CASH FLOWS
For the Year Ended June 30, 2019
(With Comparative Totals for the Year Ended June 30, 2018)

	2019	2018
Cash flows from operating activities:		
Changes in net assets	\$ 3,849,654	\$ 4,049,314
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	85,877	70,547
Net realized/unrealized (gains) and losses on investments	(484,538)	(177,740)
Changes in certain assets and liabilities:		
Grants receivable	(771,245)	261,583
Accounts receivable	(140,663)	(48,041)
Bequests receivable	24,500	89,981
Inventory	34,962	(7,761)
Prepaid expenses and other current assets	(47,493)	(68,288)
Deposit for land purchase	(2,000,000)	(2,100,000)
Accounts payable and accrued expenses	(145,608)	154,647
Accrued vacation	89,069	23,462
Deferred revenue	5,367	8,423
Net cash provided (used) by operating activities	499,882	2,256,127
Cash flows from investing activities:		
Purchase of investments	(6,182,408)	(4,843,830)
Sale of investments	5,369,661	2,190,591
Purchase of fixed assets	(9,651)	(88,900)
Net cash provided by investing activities	(822,398)	(2,742,139)
Net increase (decrease) in cash during the period	(322,516)	(486,012)
Cash balance, beginning of period	1,989,312	2,475,324
Cash balance, end of period	\$ 1,666,796	\$ 1,989,312
Supplemental disclosures of cash flow information:		
Noncash investing transaction:		
Disposition of fully depreciated fixed assets	\$ 42,958	\$ -

The accompanying notes are an integral part of these financial statements.

Earth Island Institute, Inc.
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE 1 - GENERAL

A. Organization

Earth Island Institute (the Organization) was founded in 1982 by veteran environmentalist David R. Brower (1912 - 2000) to confront the unprecedented threats to life on Earth. The Organization provides mentorship and training to emerging and seasoned leaders, supports initiatives that are urgent and responsive, and inspires people to get involved and take action. The Organization supports a diverse and vibrant network of more than 75 activist projects, helps emerging youth leaders and builds effective grassroots environmental activism.

For more than 30 years the Organization has been a hub for grassroots campaigns dedicated to conserving, preserving, and restoring the ecosystems on which life depends. The Organization provides comprehensive fiscal sponsorship and project support to a vibrant network of activists and social entrepreneurs. In the tradition of the Organization's founder, David Brower, the Organization recognizes and supports the next generation of young leaders, and inspires people to get involved and take action. To this end, the Organization's Project Support Program has built a network of more than 75 activist projects in the United States and around the world. The Organization's New Leaders Initiative mentors young people and sponsors the annual Brower Youth Awards to recognize tomorrow's environmental leaders. The Organization publishes the award-winning *Earth Island Journal* to inspire and educate. The Organization's Restoration Initiatives support environmental restoration through a small grants program and the Organization's Earth Island Advocates program utilizes legal strategies to stand up for wilderness, wildlife, and the Organization's hard-won environmental protection laws.

Life on Earth is imperiled by human degradation of the biosphere. The Organization develops and supports projects that counteract threats to the biological and cultural diversity that sustains the environment. Through education and activism, these projects promote the conservation, preservation, and restoration of the Earth.

B. Program Services

Project Support Program

Earth Island Institute's Project Support Program cultivates environmental leadership by acting as an incubator for new programs and providing long-term support for established environmental projects, giving crucial assistance to groups and individuals promoting ecological sustainability and environmental justice. Since the Organization's founding in 1982, the Organization has helped launch almost 200 campaigns. In fiscal year 2019 the Organization's Project Support Program supported 79 projects – providing governance, financial management, administration, technical assistance, and training. The Organization's projects are located across the United States and the impact of their work reaches around the globe – advancing the causes of agriculture and food systems, clean energy and climate change, environmental education and justice, indigenous rights, ocean and water quality, pollution and toxics, sustainability and resilience, wildlife protection, women's leadership, and youth empowerment. During this period, the Project Support Program adopted 6 new sponsored projects. The Organization's support programs included webinar trainings, peer learning and support, leadership coaching, and skill building workshops. A list of projects under sponsorship during fiscal year 2019 is included below.

Earth Island Institute, Inc.
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE 1 - GENERAL

B. Program Services (continued)

Earth Island Journal

Earth Island Journal is an award-winning magazine that goes beyond daily headlines with investigative reporting, incisive commentary, and art. The magazine's quarterly print issues and weekday online edition, cover the environment from diverse angles, including wilderness protection, animal rights, energy and climate, extractive industries, chemicals and pollution, food and farming, environmental injustice, and sustainable development. The *Journal* explores environmental concerns from a wide range of perspectives - from the personal to the political, the local to the global - and produces the type of investigative reporting and narrative writing found in few other environmental magazines. The Organization puts its principles next to its reporting and marshal the facts to make a passionate argument for defending Earth. In fiscal year 2019, the *Earth Island Journal* received an Izzy Award "for outstanding achievement in independent media."

New Leaders Initiative

New Leaders Initiative identifies, trains, and supports young environmental leaders in North America. Each year the Organization's Brower Youth Awards program honors the work of six outstanding young environmentalists ages 13 to 22, for their leadership and achievements. Fiscal year 2019 recipients led projects ranging from pollinator conservation to climate justice and, in addition to a cash prize and public recognition, received coaching, training, and peer support. Bay Area local programming included events designed to help youth activists gain a sense of community, build capacity, and express themselves through public speaking, visual arts, poetry and music.

Earth Island Advocates

Earth Island Advocates uses the law to fight for justice for the planet's beautiful and varied ecosystems and inhabitants. With the combined knowledge and expertise of the Organization's grassroots project network and the pro bono resources of law firms, legal clinics, and nonprofit organizations, Earth Island Advocates is achieving tangible results for the environment. In fiscal year 2019, Advocates has helped develop and/or manage 19 legal actions on behalf of 8 projects that cover issues ranging from animal welfare to conservation to toxics, and more.

Restoration Initiatives

The Organization's Restoration Initiatives small grants program provides support to community-based groups that are bringing back to life once-polluted streams, wetlands, and open space. The Organization believes that ecological restoration is a core task of twenty-first-century environmentalism.

Earth Island Project Network

For more than 30 years the Organization has been a hub for grassroots campaigns dedicated to conserving, preserving, and restoring the ecosystems on which civilization depends. The Organization cultivates environmental leadership by acting as an incubator for new programs and providing long-term support for established environmental projects, giving crucial assistance to groups and individuals promoting ecological sustainability and environmental justice.

The following is a list of 79 projects under sponsorship with the Organization during all or part of FY 2019. This includes 6 new projects and 4 that either spun-off to become independent organizations or closed down.

Earth Island Institute, Inc.
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE 1 - GENERAL

B. Program Services (continued)

*These projects were *inactive* during all or part of fiscal year 2019.

**These projects *separated* from the Organization during the fiscal year 2019.

~These projects were *new* to the Organization in fiscal year 2019.

AGRICULTURE & FOOD SYSTEMS

- **Cultivate Oregon** is raising awareness about the socio-political and health implications of pesticide-intensive transgenic crops, while also strengthening seed diversity, cultural connections to food, and urban and rural alliances.
- **Food Shift** is developing sustainable solutions that reduce wasted food and hunger by addressing the underlying structural causes and developing an effective and equitable system for food recovery and redistribution.
- **Hempstead Project HEART's** mission is to use music and the arts to raise awareness of the many benefits of hemp for people and the planet.
- **Mississippi Farm to School Network** seeks to strengthen the local agricultural economy and educate Mississippians on the importance of eating locally-grown, nutritionally-dense foods.
- **Oakland Food Policy Council** is a 21-seat community council working towards an equitable and sustainable food system.
- **Real Food Real Stories** humanizes the food system and uplifts local change-makers through authentic storytelling to connect and inspire eaters to social actions.

CLEAN ENERGY & CLIMATE CHANGE

- **Covenant Solar Initiative** works to eliminate poverty, diminish climate change, and create thriving indigenous communities with the clean and regenerative power of solar.
- **EcoEquity** is a small, activist think tank working to inform the international climate equity debate by producing political and economic analyses and developing practical policy proposals.
- **ÉnergieRich** offers global solutions for energy access, food sustainability, technology acquisition and employment, by establishing local production of innovative renewable energy powered products.

CONSERVATION, PRESERVATION, & RESTORATION

- **Altai Project** protects the natural and cultural heritage of the Altai – a uniquely diverse, mountainous region of southern Siberia – through small grants, professional exchanges, and joint projects with indigenous partners.
- **Armenia Environmental Network** promotes sound environmental policymaking and enforcement; stakeholder education and participation; and sustainable development.
- **Baikal Watch** aims to help nurture the growing environmental movement in northeast Asia.
- **California Urban Stream Partnership** (formerly Urban Creeks Coalition and Urban Stream Alliance) works to protect, restore, and steward urban streams and watersheds in California. They advocate for the improvement of habitat and the return of functioning ecosystems.
- **Center for Ecosystem Restoration*** improves communities through projects that restore land and water, strengthen local economies, and foster civic engagement.
- **Guias Unidos** works to inspire community based, conservation-minded tourism on Nicaragua's Ometepe Island, by unifying local and international expertise and resources.

Earth Island Institute, Inc.
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE 1 - GENERAL

B. Program Services (continued)

- **John Muir Project** is dedicated to the ecological management of our national forests – using scientific research, public outreach, and legal action to protect critical forest ecosystems.
- **John Muir Trail Foundation** works to restore and conserve the historic John Muir Trail (est. 1915) and its network of access trails and resupply sites, as well as the historic buildings, in its path along the high Sierra Nevada of California.
- **Kelly Creek Protection Project** supports the community effort to protect a 58 acre parcel of land at the edge of Petaluma, California from excessive development.
- **Nature in the City** is inspiring San Francisco to discover local nature – through eco-literacy, restoration, and stewardship.
- **Public Lands Media** provides greater ecological understanding, accuracy, and context by the media for environmental issues by doing research and publishing articles, essays, and editorials on a variety of natural resource/environmental topics.
- **Serengeti Watch** (formerly Save the Serengeti) is building a strong coalition of support, advocacy, and funding for the Serengeti ecosystem, the people living near it, and adjacent reserves and protected areas.
- **South Coast Habitat Restoration's** mission is to protect, conserve, and restore the various habitats and native biodiversity of the Santa Barbara and Ventura areas.
- **Wild Oyster Project** is bringing native oysters back to the San Francisco Bay through restoration, community engagement, and thoughtful urban planning.
- **Wild Heritage** works to safeguard ecosystems by advocating for primary forests and protecting wilderness protection around the world.
- **Wild Hope** publishes stories and images that raise awareness of the need to preserve our biodiversity heritage and inspire readers to get involved in protecting other species from extinction.

ENVIRONMENTAL EDUCATION

- **Bay Area Wilderness Training** creates opportunities for youth from the San Francisco Bay Area to experience wilderness first hand. To this end, they train teachers and youth workers, provide outdoor gear loans, give financial support, and foster community collaboration.
- **Children in Nature Collaborative** is part of a network of regional movements across the country focused on helping people to create healthier lives and more vibrant communities through restoring their relationship with nature and each other.
- **Climate Action Now!~** cultivates educational and ecological resilience by teaching Californians about climate change while removing pavement to create organic gardens.
- **EcoVillage Farm Learning Center** works towards the creation of a healthy environment and socially/economically just society for present and future generations.
- **Junior Wildlife Rangers** (formerly National Junior Refuge Rangers) propels childhood curiosity into lasting environmental stewardship through education and engagement with our public lands system.
- **Kids for the Bay** (formerly Estuary Action Challenge) collaborates with teachers to inspire environmental consciousness in children and cultivate a love of learning. They are committed to equal access to environmental education and to restoring a healthy environment for all.
- **Numi Foundation** nurtures and empowers thriving communities through environmental education and access to clean, safe drinking water.

Earth Island Institute, Inc.
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE 1 - GENERAL

B. Program Services (continued)

- **Planet Earth Arts** brings together a community of artists from all disciplines in bold new collaborative partnerships with scientists, public policy leaders, universities and non-profit organizations to create work that fosters a commitment to the environment.
- **Sustainable World Coalition**** produces programs, events, and education materials to promote engagement and action that restores and maintains the health of the planet.
- **West County DIGS (Developing Instructional Gardens in the Schools)** support school gardens in West Contra Costa County by providing resources, advocacy, and partnerships that build community resilience and cultivate wellness, academic achievement, and sustainability.

ENVIRONMENTAL JUSTICE

- **Action for a Livable Tomorrow~** works for environmental justice in northwest Louisiana by reducing toxic pollution, protecting children's health, and creating better solutions to environmental challenges.
- **AlterTerra** works for restoration, protection, conservation and sustainable development of coastal zones through the design and implementation of innovative and effective education, scientific research, and infrastructure projects that promote healthy terrestrial and aquatic ecosystems.
- **California Trade Justice Coalition** is an alliance of labor, social justice, public health, and environmental organizations working to stop bad trade schemes and advance an equitable trade agenda that creates quality jobs for our communities while protecting our shared environment.
- **Green Life** peer education, self-sufficiency, and eco-literacy program teaches incarcerated individuals and those reentering community the importance of a healthy relationship with the Earth.
- **PGM ONE (People of the Global Majority in the Outdoors, Nature, and Environment)** convenes emerging and established professionals of the global majority who work in the environmental and outdoor movement to share, learn, collaborate, heal, celebrate, build community, find support and sharpen their analysis of racial equity in their field.

INTERNATIONAL & INDIGENOUS COMMUNITIES

- **Borneo Project** brings international attention and support to community-led efforts to defend forests, sustainable livelihoods, and human rights in Malaysian Borneo.
- **Friends of Muonde** supports locally driven efforts to foment creativity and sustainable development in the Mazvihwa and neighboring areas of south central Zimbabwe.
- **Sacred Land Film Project** produces a variety of media and educational materials designed to rekindle reverence for land, increase respect for cultural diversity, stimulate dialogue about nature and culture, and help protect sacred lands and diverse spiritual practices.
- **Seeding Sovereignty** is a multigenerational, youth-led, multi-ethnic coalition working to pool our strengths to build a movement based on centuries of traditional native knowledge and modern day environmental protection.
- **Viva Sierra Gorda** (formerly Friends of Sierra Gorda) is building public and private partnerships for long-term conservation and sustainability of high biodiversity regions in extreme poverty, particularly the Sierra Gorda Biosphere Reserve, Mexico.

Earth Island Institute, Inc.
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE 1 - GENERAL

B. Program Services (continued)

OCEAN & WATER

- **1000 Fountains**~ is focused on eliminating the demand for single-use plastic water bottles by building a network of 1000 drinking fountains throughout San Francisco. If we want to reduce plastic waste in our oceans and rivers, we have to reduce the production of plastic products.
- **Alaska Clean Water Advocacy** (formerly Campaign to Safeguard America's Waters) works to protect and maintain the beneficial uses of all public waters by advocating for the full implementation of the goals and objectives of the Clean Water Act.
- **All One Ocean** educates people about the destructive impacts of our trash by providing a simple way for beachgoers, any time they visit the beach, to help clean up our Ocean, beautify beaches and prevent needless death and suffering to marine life.
- **Wholly H2O** is a catalyst for sustainable, localized water management in California. Their education and outreach advances locally-appropriate solutions for water conservation and water reuse.

POLLUTION & TOXICS

- **ALERT: A Locally Empowered Response Team** (formerly Energy Democracy Program) empowers front-line communities, at-risk from social, economic, and environmental impacts of oil activities, to have a voice in the energy choices that impact them.
- **Break Free from Plastic U.S.**~ is working towards a plastic free future through systemic change focused on prevention rather than cure and on providing effective solutions.
- **Plastic Pollution Coalition** is a global alliance of individuals, organizations, businesses and policy makers working toward a world free of plastic pollution and its toxic impact on humans, animals, the ocean, and the environment.
- **Save our Soil** (formerly Safe Food and Fertilizer) seeks to ban the use of hazardous and other industrial wastes in fertilizer, soil amendments, and animal feeds due to of their potential risk to human health and the environment.

SUSTAINABILITY & COMMUNITY RESILIENCE

- **California Institute for Community, Art, and Nature** is home to a family of projects designed to create community and capture the human imagination; furthering the battle for a sustainable, healthy, diverse, and beautiful world through beauty, joy, and laughter.
- **Changing Gears Community Bike Shop**** is a social enterprise that recycles used bikes and benefits the under-served people of our local area through bicycle sales, repairs, job training, and service opportunities.
- **Environmental Finance Center West** works to create a more sustainable world, through research, training, and capacity building that integrates economy, environment, community, and culture.
- **Ethical Traveler** is dedicated to educating travelers about the social and environmental impact of their decisions, showing how travel can be a potent form of diplomacy, and giving travelers a forum through which their united voices can serve the world community.
- **Green Schoolyard America** is a national organization that expands and strengthens the green schoolyard movement and empowers Americans to become stewards of their school and neighborhood environments.

Earth Island Institute, Inc.
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE 1 - GENERAL

B. Program Services (continued)

- **Richmond Trees** promotes and grows the City of Richmond's urban forest and green infrastructure through community planting, tree care, education and advocacy in order to improve the health and well-being of the diverse Richmond community.
- **Rooted in Resilience**** (formerly Bay Localize) inspires and supports community leaders in building equitable, resilient communities.
- **Transition Earth** promotes human rights and nature's rights in a world of unsustainable population and economic growth and advocates for global systems change to enable the shift to a sustainable planet for all.

WILDLIFE PROTECTION

- **Ecovet Global** partners with organizations and communities around the world to improve animal health (domestic and wildlife) as a sustainable path to resolving issues connecting poverty, threats to public health, food insecurity, and loss of biodiversity.
- **International Marine Mammal Project** is leading the international effort to stop the slaughter of dolphins, end commercial whaling, eliminate the use of drift nets, halt commercial exploitation of cetaceans by aquariums and sea parks, and protect key whale and dolphin habitats.
- **Project Coyote** is a coalition of wildlife scientists, educators, ranchers, and community leaders promoting compassionate conservation and coexistence between people and wildlife through education, science, and advocacy.
- **Raptors are the Solution** educates people about the ecological role of raptors and the enormous danger to raptors and all wildlife, as well as pets and children, from the wide use and availability of rat poisons.
- **SAVE International** (Spoonbill Action Voluntary Echo) seeks to protect the critically endangered Black-faced Spoonbill and its Asian habitat throughout its flyway by promoting alternative economic development and long-term sustainability of the ecosystems and local communities.
- **Shark Stewards** mission is to protect sharks and other imperiled marine life – restoring health to the oceans and protecting critical marine habitat.
- **Stop Fish Bombing U.S.A.~** is developing strategies for using blast detection technology to support law enforcement and local communities in their efforts to end the dangerous and destructive practice of “fishing” with explosives.
- **Urban Bird Foundation**** (formerly Burrowing Owl Conservation Network) works to engage, educate and nurture a broad-based constituency to ensure the conservation of bird populations, and preserve the interconnected relationship between people and nature.
- **WildFutures** (formerly the Wildlife Network) works with scientists, government agencies, and nonprofits to bridge the gap between science and conservation, finding collaborative ways to develop and implement effective conservation strategies.

WOMEN'S ENVIRONMENTAL LEADERSHIP

- **Climate Wise Women** is a global platform for the promotion of women's leadership on climate change.
- **Global Women's Water Initiative** is training and building a movement of local women water experts – bringing sustainable water solutions to their communities.
- **Women's Earth Alliance** invests in grassroots women's leadership to drive solutions to our most pressing ecological concerns – water, food, land, and climate.

Earth Island Institute, Inc.
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE 1 - GENERAL

B. Program Services (concluded)

- **Women for Wildlife~** is an international movement to support, empower, and unite women and girls around the world who are passionately devoted to wildlife and conservation.

YOUTH EMPOWERMENT

- **California Student Sustainability Coalition** unites, connects, supports, and empowers students from across California to transform their educational institutions and communities into models of ecological, economic, and social sustainability.
- **Conservation Kids** connects the next generation of young adults with the environment through the use of photography.
- **Generation Waking Up** is igniting a generation of young people to bring forth a thriving, just, and sustainable world. Through workshops and leadership training programs, GWU is empowering the rising generation with the skills they need to thrive in the 21st century.
- **Ultimate Civics** is changing minds, changing culture, changing the Constitution: they work in schools and communities across the nation to empower youth (and adults) to challenge corporate power and co-create the democracy we thought we had.
- **Youth Empowered Action (YEA) Camp** is a summer camp focused on leadership development for teens interested in environmental and social change. A life changing camp for world-changing teens.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting

The financial statements of the Organization are prepared on the accrual basis of accounting and, therefore, include support and revenues when earned and expenses when incurred, regardless of whether the support and revenues or expenses were received or paid as of the end of a period. Grants are recognized as support when earned in accordance with the terms of each grant or agreement.

B. Basis of Presentation

On August 18, 2016, Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Organization has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 and the provisions of the American Institute of Certified Public Accountants (AICPA) *Audit and Accounting Guide for Not-for-Profit Organizations*. (ASC) 958-205. This statement is effective for the Organization for the fiscal year ended June 30, 2019.

Earth Island Institute, Inc.
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation (concluded)

Under the provisions, net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified as follows:

Net Assets without Donor Restrictions - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. The Organization's board may designate assets without restrictions for specific operational purposes from time to time.

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

C. Cash and Cash Equivalents

For purposes of reporting the statement of cash flows, cash and cash equivalents include cash on deposit with financial institutions and short-term marketable securities with a maturity of three months or less.

D. Investments

The Organization invests in marketable securities and money market funds. All debt securities and equity securities are carried at quoted market prices as of the last trading date of the Organization's fiscal year. Gains and losses that result from market fluctuations are recognized in the period such fluctuations occur. Realized gains or losses resulting from sales or maturities are calculated on an adjusted cost basis. Adjusted cost is the estimated fair value of the security at the beginning of the year, or the cost if purchased during the year. Dividend and interest income are accrued when earned. Investment return is presented net of investment fees.

E. Contributions Receivable

The Organization accounts for contributions receivable in accordance with the recommendations of FASB ASC 958, *Accounting for Contributions and Presentation of Financial Statements*. Under FASB ASC 958, contributions receivable are either unconditional or conditional. Unconditional contributions are contributions that depend only on the passage of time or the demand by the pledge for performance. A conditional contribution is a pledge that depends on the occurrence of a specified future and uncertain event to bind the promisor. Unconditional contributions represent the remaining pledges due from the donors who have pledged funds to the Organization for use in its programs.

F. Inventory

Inventory consists primarily of T-shirts, books, bicycle parts and other various items sold to the general public for educational and fundraising purposes. The inventory is stated at the lower of cost or market with cost determined by the first-in, first-out method. The Organization discontinued its inventory sales in February 2019.

Earth Island Institute, Inc.
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Property and Equipment

Property and equipment are stated at cost of acquisition or construction. Contributed property and equipment are recorded at their estimated fair market values at the date of donation. The Organization reports donated property and equipment as net assets without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Restoration works on property where the Organization's project has no ownership title are reported as expenses. The cost of maintenance and repairs is expensed as incurred while significant renewals and betterments are capitalized. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets. Leasehold improvements are amortized over the term of the lease including extensions. The Organization uses \$5,000 as its capitalization threshold for property and equipment.

H. Contributions

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions support depending on the existence and/or nature of any donor restrictions.

The projects of the Organization usually solicit contributions for its own use. All contributions received by the projects are reported as net assets with donor restrictions. Furthermore, for restricted contributions, when restrictions are fulfilled in the same period in which the contribution is received, they are reported first as net assets with donor restrictions and then released to net assets without donor restrictions upon satisfaction of the restrictions.

I. Membership

Various projects of the Organization have memberships; the membership dues are in fact small donations and are recognized as revenue upon receipt.

J. Donated Services

Donated services are recognized as contributions in accordance with FASB ASC 958, *Accounting for Contributions and Presentation of Financial Statements*, if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Volunteers also provided services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria under FASB ASC 958 were not met.

K. Grants Made

The Organization periodically provides grants to unrelated nonprofit organizations for the support of various environmental, educational, and informational activities. Unconditional grants made by the Organization to unrelated nonprofit organizations are recorded as expense upon commitment.

L. Functional Expense Allocations

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Earth Island Institute, Inc.
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

M. Indirect Costs

The Organization uses a negotiated indirect cost rate approved by the National Oceanic and Atmospheric Administration. The 14.20% indirect rate is charged to each applicable grant on a regular basis.

N. Concentration of Credit Risk

The Organization maintains its cash, cash equivalents, and investments at one bank and one brokerage firm. The cash balances in the banks are insured by the Federal Deposit Insurance Corporation (FDIC) for up to \$250,000 per customer per bank. The securities in the brokerage accounts are protected by Security Investor Protection Corporation (SIPC) for a maximum of \$500,000; moreover, the brokerage firms usually carry additional insurance to provide further protection for their customers. Neither SIPC nor the additional coverage protects against losses on investments due to market fluctuations.

At times, these balances may exceed the FDIC limits or the SIPC limits; however, the Organization has not experienced any losses with respect to its bank and brokerage accounts.

O. Use of Estimates

The financial statements have been prepared in conformity with U.S. generally accepted accounting principles and, as such, include amounts based on informed estimates and judgments of management with consideration given to materiality. Actual results could differ from those estimates.

P. Risk Management

The Organization is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters, which are covered by commercial insurance.

Q. Contingencies

The Organization participates in various federal grants. Disbursement of funds received under these grantor agencies requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed costs resulting from such an audit could become a liability of the general fund or other applicable funds.

R. Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through November 11, 2019, the date the financial statements were available to be issued.

Earth Island Institute, Inc.
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

S. Comparative Financial Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with Earth Island Institute, Inc.'s financial statements for the year ended June 30, 2018, from which the summarized information was derived.

T. Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in *Topic 840, Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The new standard is effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. The Organization is currently evaluating the impact of the pending adoption of the new standard on the financial statements.

NOTE 3 - INCOME TAXES

The Organization is an exempt corporation under Section 501(c)(3) of the Internal Revenue Code and 23701(d) of the Revenue and Taxation Code and, therefore, has made no provision for Federal or California income taxes.

The Organization adopted the recognition requirements for uncertain income tax positions as required by generally accepted accounting principles, with no cumulative effect adjustment required. Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return, only when it is determined that the income tax position will more-likely-than-not be sustained upon examination by taxing authorities. The Organization has analyzed tax positions taken for filing with the Internal Revenue Service and all state jurisdictions where it operates.

The Organization has elected to utilize Section 501(h) of the Internal Revenue Code, which allows limited lobbying activities by Section 501(c)(3) nonprofit organizations.

The Organization believes that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on the Organization's financial condition, results of operations or cash flows. Accordingly, the Organization has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions at June 30, 2019.

The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

Earth Island Institute, Inc.
NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2019

NOTE 4 - CASH AND CASH EQUIVALENTS

Cash and cash equivalents as of June 30 were as follows:

	<u>2019</u>	<u>2018</u>
Wells Fargo Bank	\$ -	\$ 647
Bank of the West	800,509	1,606,323
Merrill Lynch	856,962	374,038
Petty cash	<u>9,325</u>	<u>8,304</u>
Total	<u>\$ 1,666,796</u>	<u>\$ 1,989,312</u>

The bank balances were insured under the \$250,000 blanket umbrella by the Federal Deposit Insurance Corporation (FDIC). The remaining bank balances were uninsured and held by the financial institutions in the Organization's name. It is the opinion of management that the solvency of the referenced financial institutions is not of particular concern at this time.

NOTE 5 - INVESTMENTS

Activity for the year ended June 30, 2019 is as follows:

	<u>Merrill Lynch</u>
Account balances as of 6/30/18	\$ 8,596,571
Purchases	6,062,982
Dividends and interest	119,426
Sales	(5,369,661)
Net realized/unrealized capital gains and (losses), net of fees	<u>484,538</u>
Account balances as of 6/30/19	<u>\$ 9,893,856</u>
Fixed Income	\$ 4,876,726
Equities	3,699,112
Mutual Funds	<u>1,318,018</u>
Total	<u>\$ 9,893,856</u>

NOTE 6 - SUMMARY OF FAIR VALUE EXPOSURE

FASB ASC 820-10 and subsections, *Fair Value Measurements and Disclosures* clarifies the definition of fair value for financial reporting, establishes a framework for measuring fair value, and requires additional disclosure about the use of fair value measurements in an effort to make the measurement of fair value more consistent and comparable. The Organization has adopted FASB ASC 820-10 for its financial assets and liabilities measured on a recurring and nonrecurring basis.

Earth Island Institute, Inc.
NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2019

NOTE 6 - SUMMARY OF FAIR VALUE EXPOSURE (concluded)

FASB ASC 820-10 defines fair value as the amount that would be received from the sale of an asset or paid for the transfer of a liability in an orderly transaction between market participants, i.e. an exit price. To estimate an exit price, a three-tier hierarchy is used to prioritize the inputs:

Level 1: Quoted prices in active markets for identical securities.

Level 2: Other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment spreads, credit risk, etc.)

Level 3: Significant unobservable inputs (including the Organization's own assumptions in determining the fair value of investments).

The inputs and methodology used for valuing the Organization's financial assets and liabilities are not indicators of the risks associated with those investments.

The following table provides fair value measurement information for financial assets and liabilities measured at fair value on a recurring basis as of June 30, 2019:

Level 1: Quoted prices	\$ 9,893,856
Level 2: Other significant observable inputs	-
Level 3: Significant unobservable inputs	-
Total	\$ 9,893,856

FSP FAS 157-4 which supersedes FSP FAS 157-3 provides further clarification on SFAS 157 in determining an inactive market and a non-distressed transaction. The above investments for June 30, 2019 are further classified in accordance with FSP FAS 157-4 as follows:

	Total Investment	Level 1	Level 2	Level 3
Fixed Income	\$ 4,876,726	\$ 4,876,726	\$ -	\$ -
Equities	3,699,112	3,699,112	-	-
Mutual Funds	1,318,018	1,318,018	-	-
Total	\$ 9,893,856	\$ 9,893,856	\$ -	\$ -

NOTE 7 - GRANTS RECEIVABLE

Grants receivable as of June 30, 2019 and June 30, 2018 was \$1,435,335 and \$664,090, respectively. The Organization has not accrued a loss for allowances for uncollectible receivables since it is the opinion of management that it is highly probable all receivables will be collected.

NOTE 8 - ACCOUNTS RECEIVABLE

Accounts receivable as of June 30, 2019 and June 30, 2018 was \$239,027 and \$98,364, respectively. The Organization has not accrued a loss for allowances for uncollectible receivables since it is the opinion of management that it is highly probable all receivables will be collected.

Earth Island Institute, Inc.
NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2019

NOTE 9 - BEQUESTS RECEIVABLE

Bequests receivable as of June 30, 2019 and June 30, 2018 was \$500 and \$25,000, respectively. The Organization did not provide a reserve against bequests receivable and believes the amounts to be fully collectible. The Organization has not recorded the discount to net present value because the amount was considered immaterial.

NOTE 10 - DEPOSIT FOR LAND PURCHASE – KELLY CREEK PROTECTION PROJECT

During the year ended June 30, 2018, the Organization started the Kelly Creek Protection Project to raise funds to purchase land in Petaluma named the Helen Putnam Regional Park extension. The Organization raised \$3,040,000 during the year ended June 30, 2018 and raised another \$1,087,000 during the subsequent year ending June 30, 2019 for a grand total of \$4,127,000 for the project.

In May 2018, the Organization made a deposit of \$2,100,000 for the purchase of the land. In August 2018, the Organization made another deposit of \$2,000,000 for a total of \$4,100,000 which is currently being held as a deposit in escrow for the purchase of the land.

NOTE 11 - FIXED ASSETS

Fixed assets as of June 30, 2019 are as follows:

	Years	Balance June 30, 2019	Balance June 30, 2018
Land - EcoVillage	N/A	\$ 628,628	\$ 628,628
Land improvements - EcoVillage	15	533,589	533,589
Building and improvements - EcoVillage	30	63,638	63,638
Leasehold improvements – David Brower Center	15	235,259	235,259
Furniture, equipment & vehicles	3-30	227,466	260,773
Total		1,688,580	1,721,887
Less: accumulated depreciation		(588,642)	(545,723)
Fixed assets, net		\$ 1,099,938	\$ 1,176,164

Depreciation expense was \$85,877 and \$70,547 for the years ended June 30, 2019 and June 30, 2018, respectively.

NOTE 12 - ACCRUED VACATION

Accumulated unpaid employee vacation benefits are recognized as liabilities of the Organization. The amount of accumulated vacation was \$314,791 and \$225,722 as of June 30, 2019 and June 30, 2018, respectively.

NOTE 13 - DEFERRED REVENUE

Deferred revenue represents funds received in advance for camp fees. Deferred revenue was \$161,112 and \$155,745 as of June 30, 2019 and June 30, 2018, respectively.

Earth Island Institute, Inc.
NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2019

NOTE 14 - EVENTS, NET

Events, net during the years ended June 30 were as follows:

	<u>2019</u>	<u>2018</u>
Fundraising events income	\$ 302,152	\$ 401,234
Related expenses	<u>(241,072)</u>	<u>(170,767)</u>
Events, net	<u>\$ 61,080</u>	<u>\$ 230,467</u>

NOTE 15 - MERCHANDISE SALES, NET

Merchandise sales consists of sales of T-shirts, books, bicycle parts and other various items sold to the general public for educational and fundraising purposes. Merchandise sales, net of cost of goods sold as of June 30 consisted of the following:

	<u>2019</u>	<u>2018</u>
Merchandise sales	\$ 228,822	\$ 242,198
Cost of goods sold	<u>(63,826)</u>	<u>(72,210)</u>
Merchandise sales, net of expenses	<u>\$ 164,996</u>	<u>\$ 169,988</u>

NOTE 16 - NET ASSETS WITHOUT DONOR RESTRICTIONS

Net assets without donor restrictions as of June 30 were as follows:

	<u>2019</u>	<u>2018</u>
Net assets without donor restrictions - undesignated	\$ 5,021,307	\$ 4,233,183
Net assets without donor restrictions - board designated	<u>3,623,243</u>	<u>3,542,148</u>
Total	<u>\$ 8,644,550</u>	<u>\$ 7,775,331</u>

Net assets without donor restrictions were designated by the Board for supported projects. The board designated net assets as of June 30 were available for the following purposes:

	<u>2019</u>	<u>2018</u>
Agriculture and Food Systems	\$ 331,016	\$ 221,960
Clean Energy and Climate Change	27,682	27,611
Conservation, Preservation and Restoration	10,113	19,508
Environmental Education	954,702	847,024
Environmental Justice	76,157	16,549
Indigenous Rights	96,519	98,644
Ocean and Water	21,272	13,592
Pollution and Toxics	304,426	277,818
Sustainability and Community Resilience	-	253,097
Wildlife Protection	1,750,187	1,702,458
Women's Environmental Leadership	27,468	16,562
Youth Empowerment	<u>23,701</u>	<u>47,325</u>
Total	<u>\$ 3,623,243</u>	<u>\$ 3,542,148</u>

Earth Island Institute, Inc.
NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2019

NOTE 17 - NET ASSETS WITH DONOR RESTRICTIONS

The Organization categorized its projects into groups based on the common nature of the projects. Net assets with donor restrictions as of June 30, 2019 were available for the following purposes:

	Beginning Balance	Contributions	Releases	Ending Balance
Subject to Expenditure for Specified Purpose				
Network Services	\$ -	\$ 827,988	\$ (827,988)	\$ -
Agriculture and Food Systems	378,018	1,435,137	(1,034,402)	778,753
Clean Energy and Climate Change	74,474	49,492	(109,603)	14,363
Conservation, Preservation and Restoration	3,673,182	3,200,301	(1,790,982)	5,082,501
Environmental Education	654,035	1,437,138	(1,219,808)	871,365
Environmental Justice	133,816	704,246	(754,863)	83,199
Indigenous Rights	321,417	557,786	(574,392)	304,811
Ocean and Water	68,974	191,139	(180,698)	79,415
Pollution and Toxics	465,446	1,846,847	(1,676,071)	636,222
Sustainability and Community Resilience	68,500	321,634	(332,662)	57,472
Wildlife Protection	455,998	4,493,278	(3,656,197)	1,293,079
Women's Environmental Leadership	48,703	720,896	(648,724)	120,875
Youth Empowerment	25,350	117,384	(116,441)	26,293
Total	<u>\$ 6,367,913</u>	<u>\$ 15,903,266</u>	<u>\$ (12,922,831)</u>	<u>\$ 9,348,348</u>

NOTE 18 - AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Organization's financial assets as of June 30, reduced by amounts not available for general use within one year of the year end date because of contractual or donor-imposed restrictions or internal designations. Amounts not available include amounts set aside for long-term investing in the operating fund and other reserves that could be drawn upon if the governing board approves that action.

	2019	2018
Cash and cash equivalents	\$ 1,666,796	\$ 1,989,312
Investments	9,893,856	8,596,571
Grants receivable and other receivables	1,674,862	787,454
Inventory	-	34,962
Total financial assets	13,235,514	11,408,299
Donor-imposed restrictions	(9,348,348)	(6,367,913)
Board designations	(3,623,243)	(3,542,148)
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 263,923</u>	<u>\$ 1,498,238</u>

Earth Island Institute, Inc.
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE 19 - LEASES

The Organization's main office is located at the David Brower Center in Berkeley, California. This lease is for five years commencing on May 1, 2019 with three five-year renewal options. The monthly rent is currently \$27,040.

The Organization has been subleasing some of its office spaces at David Brower Center to other unrelated parties. These subleases are currently on a month-to-month basis.

The David Brower Center building was owned by Oxford Street Development, LLC until December 2014 when the David Brower Center acquired the building. The David Brower Center held a master lease for the building before its acquisition of the building. Oxford Street Development, LLC has two members, one of which is the David Brower Center, a California non-profit organization that qualifies within the meaning of Section 509(a)(3) of the Internal Revenue Code as a supporting organization for public charities described in section 509(a)(1) or (2) of the Internal Revenue Code. The David Brower Center has designated two supported organizations – one of them is the Earth Island Institute, Inc. The David Brower Center engages in efforts to protect the natural world, educates the public about the natural world, and promotes sustainable human communities.

In addition, the projects of the Organization also have separate offices that are under noncancelable term leases, one-time lease, and/or month-to-month leases. The Organization also pays some of the project directors for the usage of their home offices. Some may also sublease its spaces.

The monthly rent of some of these leases increases annually. In addition, one of the Organization's programs has free use of space with value totaling \$20,304 and \$20,521 for the years ended June 30, 2019 and June 30, 2018, respectively. The Organization and some of its projects subleased part of their space to unrelated parties, and the sublease revenue is reported as an offset against the rent expenses. The rent and occupancy costs incurred during the years ended June 30, 2019 and June 30, 2018 for all the leases, net of sublease income, totaled \$424,636 and \$400,218, respectively.

The future minimum payments for these leases are as follows:

<u>Fiscal Year Ending June 30</u>	
2020	\$ 407,857
2021	407,020
2022	377,761
2023	350,882
2024	<u>298,467</u>
Total	<u>\$ 1,841,987</u>

NOTE 20 - RELATED PARTY TRANSACTIONS

The Organization leases office space from the David Brower Center (see Note 19). Furthermore, the Organization has several board members that serve on the board of the David Brower Center.

Earth Island Institute, Inc.
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE 21 - RECLASSIFICATIONS

Certain amounts in the June 30, 2018 financial statements have been reclassified to conform with the June 30, 2019 presentation. These reclassifications have no effect on the change in net assets as previously reported.