

EARTH ISLAND INSTITUTE, INC.

BERKELEY, CALIFORNIA

FINANCIAL STATEMENTS

JUNE 30, 2021

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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, 2021, 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 opinions 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, 2021, 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.

Report on Summarized Comparative Information

We have previously audited Earth Island Institute, Inc.'s 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 4, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, 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
December 17, 2021

Earth Island Institute, Inc.
STATEMENTS OF FINANCIAL POSITION
 June 30, 2021
 (With Comparative Totals for June 30, 2020)

	2021	2020
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 6,642,560	\$ 7,496,222
Investments	15,738,183	8,213,168
Grants receivable	901,448	1,017,051
Accounts receivable	77,930	207,455
Bequests receivable	43,640	43,640
Prepaid expenses and other current assets	282,857	304,067
Deposit for land purchase	4,100,000	4,100,000
Total current assets	27,786,618	21,381,603
Non-current assets:		
Fixed assets, net of accumulated depreciation	971,404	1,020,762
Total non-current assets	971,404	1,020,762
Total assets	\$ 28,758,022	\$ 22,402,365
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 396,357	\$ 314,832
Accrued vacation	508,974	479,450
Deferred revenue	100,028	47,341
PPP loan payable, current portion	-	762,462
Total current liabilities	1,005,359	1,604,085
Long-term liabilities:		
PPP loan payable, net of current portion	-	768,265
Total long-term liabilities	-	768,265
Total liabilities	1,005,359	2,372,350
Net assets:		
Net assets without donor restrictions	17,061,915	10,884,529
Net assets with donor restrictions	10,690,748	9,145,486
Total net assets	27,752,663	20,030,015
Total liabilities and net assets	\$ 28,758,022	\$ 22,402,365

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

Earth Island Institute, Inc.
STATEMENTS OF ACTIVITIES
For the Year Ended June 30, 2021
(With Comparative Totals for the Year Ended June 30, 2020)

	Without Donor Restrictions	With Donor Restrictions	Total 2021	Total 2020
Revenues:				
Grants	\$ 1,700,966	\$ 6,650,318	\$ 8,351,284	\$ 8,119,881
Contributions and membership	1,172,847	9,348,501	10,521,348	6,238,335
Events, net	90,106	-	90,106	41,739
Earned revenue	1,512,431	-	1,512,431	2,050,249
In-kind	-	57,384	57,384	3,329,984
Merchandise sales, net	10,982	-	10,982	68,464
Investment return, net	2,838,619	-	2,838,619	78,865
Other revenue	66,849	-	66,849	162,613
Net assets released from restrictions	14,510,941	(14,510,941)	-	-
Total revenues	<u>21,903,741</u>	<u>1,545,262</u>	<u>23,449,003</u>	<u>20,090,130</u>
Expenses:				
Program services	<u>13,720,465</u>	<u>-</u>	<u>13,720,465</u>	<u>16,242,471</u>
Supportive services:				
Administrative and general	1,213,102	-	1,213,102	1,069,510
Fundraising	<u>792,788</u>	<u>-</u>	<u>792,788</u>	<u>741,032</u>
Total supportive services	<u>2,005,890</u>	<u>-</u>	<u>2,005,890</u>	<u>1,810,542</u>
Total expenses	<u>15,726,355</u>	<u>-</u>	<u>15,726,355</u>	<u>18,053,013</u>
Change in net assets	6,177,386	1,545,262	7,722,648	2,037,117
Net assets, beginning of period	<u>10,884,529</u>	<u>9,145,486</u>	<u>20,030,015</u>	<u>17,992,898</u>
Net assets, end of period	<u>\$ 17,061,915</u>	<u>\$ 10,690,748</u>	<u>\$ 27,752,663</u>	<u>\$ 20,030,015</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, 2021
(With Comparative Totals for the Year Ended June 30, 2020)

	Program Services								Page 5 Subtotal
	Earth Island Advocates	Earth Island Journal	New Leaders Initiative	Agriculture & Food Systems	Clean Energy & Climate Change	Conservation, & Restoration	Environmental Education	Environmental Justice	
Expenses:									
Salaries	\$ 78,194	\$ 185,284	\$ 124,642	\$ 1,286,713	\$ 188,484	\$ 1,151,388	\$ 736,792	\$ 201,854	\$ 3,953,351
Payroll taxes and benefits	14,702	33,211	22,742	212,696	22,211	191,566	114,183	32,350	643,661
Outside services and contractors	362	64,249	51,942	516,337	107,416	324,085	155,803	74,787	1,294,981
Rent and utilities	8,272	23,633	9,157	25,930	3,102	20,165	78,119	-	168,378
In-kind rent	-	-	-	-	-	-	3,384	-	3,384
Fundraising and membership	-	-	-	-	-	-	-	-	-
Office expenses	-	15,661	1,833	93,259	6,873	46,854	49,402	11,824	225,706
Travel and meetings	-	255	78	12,433	9,845	39,211	4,251	833	66,906
Insurance, legal and taxes	638	-	-	12,936	1,544	118,572	11,954	1,646	147,290
In-kind legal and contractors	-	-	-	-	-	-	-	-	-
Printing and mailing	-	32,389	-	1,620	72	5,144	6,698	-	45,923
Promotions and public relations	-	6,993	2,662	120	-	1,660	-	-	11,435
Grants made to others	-	-	-	349,504	-	490,618	63,872	-	903,994
Other	1,821	241	-	6,951	150	12,915	51,109	18,016	91,203
Total expenses	<u>\$ 103,989</u>	<u>\$ 361,916</u>	<u>\$ 213,056</u>	<u>\$ 2,518,499</u>	<u>\$ 339,697</u>	<u>\$ 2,402,178</u>	<u>\$ 1,275,567</u>	<u>\$ 341,310</u>	<u>\$ 7,556,212</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, 2021
(With Comparative Totals for the Year Ended June 30, 2020)

	Program Services								Program Services Subtotal
	International & Indigenous Communities	Ocean & Water	Pollution & Toxics	Sustainability & Community Resilience	Wildlife Protection	Women's Environmental Leadership	Youth Empowerment	Page 5 Subtotal	
Expenses:									
Salaries	\$ 369,956	\$ 75,099	\$ 916,143	\$ 467,861	\$ 842,636	\$ 378,943	\$ 26,873	\$ 3,953,351	\$ 7,030,862
Payroll taxes and benefits	69,775	6,650	169,821	60,257	166,781	39,259	2,581	643,661	1,158,785
Outside services and contractors	104,729	5,885	246,470	81,762	451,772	225,305	28,610	1,294,981	2,439,514
Rent and utilities	34,080	2,448	-	6,405	66,572	37,952	3,956	168,378	319,791
In-kind rent	-	-	-	-	-	-	-	3,384	3,384
Fundraising and membership	-	-	-	-	-	-	-	-	-
Office expenses	127,681	12,694	23,503	13,236	47,331	16,441	211	225,706	466,803
Travel and meetings	9,738	2,168	4,515	9,721	6,518	3,686	1,226	66,906	104,478
Insurance, legal and taxes	4,338	527	9,631	7,740	22,886	7,303	331	147,290	200,046
In-kind legal and contractors	-	-	54,000	-	-	-	-	-	54,000
Printing and mailing	12,873	-	2,598	587	15,767	302	-	45,923	78,050
Promotions and public relations	6,405	124	210	749	30,332	200	-	11,435	49,455
Grants made to others	118,335	-	63,494	71,092	64,650	479,235	600	903,994	1,701,400
Other	7,763	25	2,758	865	1,801	4,689	4,793	91,203	113,897
Total expenses	\$ 865,673	\$ 105,620	\$ 1,493,143	\$ 720,275	\$ 1,717,046	\$ 1,193,315	\$ 69,181	\$ 7,556,212	\$ 13,720,465

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, 2021
(With Comparative Totals for the Year Ended June 30, 2020)

	Program	Supportive Services		Total 2021	Total 2020
	Services Subtotal	Administrative and General	Fundraising		
Expenses:					
Salaries	\$ 7,030,862	\$ 726,279	\$ 421,095	\$ 1,147,374	\$ 7,702,095
Payroll taxes and benefits	1,158,785	126,878	79,188	206,066	1,201,197
Outside services and contractors	2,439,514	129,952	47,364	177,316	2,644,831
Rent and utilities	319,791	52,312	31,314	83,626	482,759
In-kind rent	3,384	-	-	-	20,304
Fundraising and membership	-	-	191,671	191,671	182,851
Office expenses	466,803	53,510	4,816	58,326	461,779
Travel and meetings	104,478	5,122	150	5,272	521,890
Insurance, legal and taxes	200,046	61,689	8,255	69,944	131,514
In-kind legal and contractors	54,000	-	-	-	3,309,680
Printing and mailing	78,050	787	3,879	4,666	61,201
Promotions and public relations	49,455	100	1,250	1,350	54,664
Grants made to others	1,701,400	-	-	-	1,094,722
Other	113,897	56,473	3,806	60,279	183,526
Total expenses	<u>\$ 13,720,465</u>	<u>\$ 1,213,102</u>	<u>\$ 792,788</u>	<u>\$ 2,005,890</u>	<u>\$ 18,053,013</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, 2021
(With Comparative Totals for the Year Ended June 30, 2020)

	2021	2020
Cash flows from operating activities:		
Changes in net assets	\$ 7,722,648	\$ 2,037,117
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	92,929	90,178
Net realized/unrealized (gains) and losses on investments	(2,453,323)	227,020
Changes in certain assets and liabilities:		
Grants receivable	115,603	418,284
Accounts receivable	129,525	31,572
Bequests receivable	-	(43,140)
Prepaid expenses and other current assets	21,210	10,784
Accounts payable and accrued expenses	81,525	33,330
Accrued vacation	29,524	164,659
Deferred revenue	52,687	(113,771)
Net cash provided (used) by operating activities	5,792,328	2,856,033
Cash flows from investing activities:		
Purchase of investments	(8,415,390)	(6,878,129)
Disposition of investments	3,343,698	8,331,797
Purchase of fixed assets	(43,571)	(11,002)
Net cash provided (used) by investing activities	(5,115,263)	1,442,666
Cash flows from financing activities:		
Proceeds from PPP loan payable	-	1,530,727
Payments on PPP loan payable	(149,960)	-
Disposition of PPP loan payable	(1,380,767)	-
Net cash provided (used) by financing activities	(1,530,727)	1,530,727
Net increase (decrease) in cash during the period	(853,662)	5,829,426
Cash balance, beginning of period	7,496,222	1,666,796
Cash balance, end of period	\$ 6,642,560	\$ 7,496,222

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

Earth Island Institute, Inc.
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

NOTE 1 - GENERAL

A. Organization

Earth Island Institute (the Organization) was founded in 1982 by legendary environmentalist David R. Brower (1912-2000) to confront the unprecedented threats to life on Earth. The Organization supports environmental initiatives that are urgent and responsive, celebrates emerging youth leaders, and inspires citizens to get involved and take action. As a fiscal sponsor to a diverse and vibrant network of more than 75 activist projects, the Organization provides counsel and training for new and seasoned leaders, and builds effective environmental campaigns.

B. Program Services

Project Support Program

The Organization's Project Support Program cultivates environmental leadership and inspires action by serving as an incubator for new projects and providing long-term support for established projects, providing critical assistance at all levels and stages. Since our founding in 1982, we have helped launch some 200 campaigns. In fiscal year 2021, our Project Support Program supported 83 projects with financial and managerial services, technical assistance, and training. The Organization's projects are located throughout the United States and the impact of their work reaches around the globe, advancing the causes of sustainable agriculture and food systems, clean-energy and climate-change solutions, environmental education and justice, Indigenous rights, ocean and water conservation, pollution and toxics prevention, sustainability and resilience, wildlife protection, women's leadership, and youth empowerment. In fiscal year 2021, the Project Support Program adopted five new sponsored projects.

Earth Island Journal

For nearly four decades, *Earth Island Journal* has been publishing a unique, wide-angle perspective, which strives to make the connections between the environment and other human rights and social justice issues. Over the course of publishing more than 140 issues, the *Journal* has broken ground on covering critical environmental topics and received a number of media awards for excellence in journalism.

In fiscal year 2021, the *Journal* published a mix of hard-hitting investigative features and powerful explanatory pieces in its print issues, including a cover story about a grassroots movement against a proposed lithium mine in Nevada that calls attention to green tech's reliance on extractive industries and practices; a dispatch about an anti-science movement in Puglia, Italy, that has stymied efforts to combat a disease devastating the region's ancient olive trees; and an investigation into how a loophole in California's cap-and-trade program is allowing a Native Alaskan timber company to sell carbon offsets for forests that were likely never intended for logging. Online, the *Journal* highlighted the work of activists fighting fossil fuel companies and demanding bold climate action; reported on the ongoing persecution of apex predators in the U.S.; and continued to dedicate a large share of its coverage to issues at the intersection of race, gender, poverty, and environment. The magazine's work was recognized by awards from the Society of Environmental Journalists, the San Francisco Press Club, and the John Burroughs Association.

Earth Island Institute, Inc.
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

NOTE 1 - GENERAL

B. Program Services (continued)

New Leaders Initiative

The New Leaders Initiative celebrates and supports young environmental leaders in North America. Each year our Brower Youth Awards program honors the work of six outstanding young environmentalists, ages 13 to 22, for their leadership and achievements. Fiscal year 2021 recipients led projects on solutions to invasive weeds, fighting plastic pollution, climate education, water conservation, transit justice, and climate policy. In addition to a cash prize and public recognition, the winners received coaching, training, and peer support designed to provide them with the skills to advance their initiatives.

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 our 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 2021, Advocates filed lawsuits to prevent unlawful logging on federal land and to stop corporate greenwashing, and obtained settlements that protect wildlife.

Project Network

Following is a list of 83 projects under sponsorship with the Organization during all or part of fiscal year 2021. This includes five new projects and five that closed down or left the Organization to incorporate independently, merge with another organization, or work with a new fiscal sponsor.

*These projects were *inactive* during all or part of fiscal year 2021.

**These projects *separated* from the Organization during the fiscal year 2021.

~These projects were *new* to the Organization in fiscal year 2021.

AGRICULTURE and FOOD SYSTEMS

- **California Climate and Agriculture Network (CalCAN)** is a statewide coalition that advances state and federal policy to realize the powerful climate solutions offered by sustainable and organic agriculture.
- **Castanea Fellowship** is a two-year fellowship for diverse leaders working for a racially just food system in the areas of health, environment, agriculture, regional economies, or community development.
- **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** develops practical solutions to reduce food waste, nourish communities, and provide jobs.
- **Friends of Alemany Farm***** manages the horticulture, volunteer, and educational programs at Alemany Farm, a 3.5-acre organic farm ecosystem in southeast San Francisco. All of the food grown on the farm is given away for free to neighbors, volunteers, and other groups.
- **Hempstead Project HEART's**** mission is to raise awareness of the benefits of industrial hemp for people and the planet.

Earth Island Institute, Inc.
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

NOTE 1 - GENERAL

B. Program Services (continued)

- **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 toward an equitable and sustainable food system.
- **Real Food Real Stories** is an arts-integrated culture-change organization cultivating place-based community across geographies through storytelling, media arts, and cultural strategy initiatives.
- **Urban Beet***** empowers people experiencing homelessness to grow their own food, connecting people and planet for the healing of both.

CLEAN ENERGY and CLIMATE CHANGE

- **Covenant Solar Initiative (now Indigenized Energy 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, and 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 in Armenia.
- **Baikal Watch** aims to help nurture the growing environmental movement in northeast Asia.
- **California Urban Stream Partnership** 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.
- **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.
- **JMT Wilderness Conservancy**** 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 range 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.

Earth Island Institute, Inc.
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

NOTE 1 - GENERAL

B. Program Services (continued)

- **Public Lands Media** provides greater ecological understanding, accuracy, and context on the media coverage of environmental issues by presenting research and publishing articles, essays, and editorials on a variety of natural resource and environmental topics.
- **Serengeti Watch** 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 in Southern California.
- **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 forest 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 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 toward the creation of a healthy environment and a socially and economically just society for present and future generations.
- **Junior Wildlife Ranger** propels childhood curiosity into lasting environmental stewardship through education and engagement with our public lands system.
- **Kids for the Bay** 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.
- **Planet Earth Arts** brings together a community of artists from all disciplines in bold new collaborative partnerships with scientists, public policy leaders, universities, and nonprofit organizations to create work that fosters a commitment to the environment.
- **West County DIGS (Developing Instructional Gardens in the Schools)** supports school gardens in West Contra Costa County in the San Francisco Bay Area by providing resources, advocacy, and partnerships that build community resilience and cultivate wellness, academic achievement, and sustainability.

Earth Island Institute, Inc.
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

NOTE 1 - GENERAL

B. Program Services (continued)

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's** peer education, self-sufficiency, and eco-literacy program teaches incarcerated individuals and those reentering community the importance of a healthy relationship with the Earth.
- **Mapping for Environmental Justice***** creates community-informed maps to paint a holistic picture of intersecting environmental, social, and health impacts experienced by communities across the United States.
- **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 and 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** is building public and private partnerships for long-term conservation and sustainability of high biodiversity regions in extreme poverty, particularly in the Sierra Gorda Biosphere Reserve in Mexico.

OCEAN and 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.

Earth Island Institute, Inc.
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

NOTE 1 - GENERAL

B. Program Services (continued)

- **Alaska Clean Water Advocacy** 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 and TOXICS

- **ALERT: A Locally Empowered Response Team** 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.
- **Herbicide-Free Campus***** is working to eliminate synthetic herbicide-use on school campuses, advocate for a transition to organic land care maintenance, and train students to be holistic environmental leaders.
- **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.
- **Rise St. James***** is a grassroots, faith-based organization working to protect the St. James Parish, Louisiana, community from the detrimental health and environmental impacts of the petrochemical industry.
- **Save Our Soil** seeks to ban the use of hazardous and other industrial wastes in fertilizer, soil amendments, and animal feeds due to their potential risk to human health and the environment.

SUSTAINABILITY and 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.
- **EFC 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 Schoolyards America** is a national organization that expands and strengthens the green schoolyards movement and empowers Americans to become stewards of their school and neighborhood environments.
- **Living Well Collaborative** works to strengthen a municipal and community-based model that demonstrates concretely how resilient, balanced, community-based living is a possible, healthy, and even irresistible path to sustainability.

Earth Island Institute, Inc.
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

NOTE 1 - GENERAL

B. Program Services (continued)

- **Richmond Trees** promotes and grows the urban forest and green infrastructure in the city of Richmond, California, through community planting, tree care, education, and advocacy in order to improve the health and well-being of the diverse Richmond community.
- **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** brings a veterinary lens to environmental challenges that affect humans, animals, and ecosystems. By improving the health and wellbeing of animals, locally and globally, they strengthen the health and resilience of the earth, and the people and animals that share its resources.
- **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 (Spoonbill Action Voluntary Echo) International** 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.
- **WildFutures** 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 Climate Centers International** recognizes that the answer to climate security lies within the Indigenous knowledge of women. Their goal is to allow these Indigenous leaders to share their knowledge and help create a more prosperous and climate resilient future.

Earth Island Institute, Inc.
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

NOTE 1 - GENERAL

B. Program Services (concluded)

- **Women’s Earth Alliance** invests in grassroots women’s leadership to drive solutions to our most pressing ecological concerns — water, food, land, and climate.
- **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, Generation Waking Up 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 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*.

Earth Island Institute, Inc.
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

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.

Earth Island Institute, Inc.
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. 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.

G. Grants

Grants awarded by government agencies or passed through to the Organization from another donor that received funding from the government agencies are generally considered nonreciprocal transactions restricted by the awarding agency for certain purposes. Revenue is recognized when qualified expenditures are incurred and conditions under the grant agreement are met.

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.

Earth Island Institute, Inc.
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 on the basis of periodic time and expense studies.

M. Indirect Costs

The Organization uses a negotiated indirect cost rate approved by the United States Department of the Interior. The 22.25% 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.

Earth Island Institute, Inc.
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

R. Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through December 17, 2021, the date the financial statements were available to be issued.

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, 2020, from which the summarized information was derived.

T. Implementation of Accounting Pronouncements

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which requires organizations to recognize revenue when control of the promised goods or services is transferred to customers at an amount that reflects the consideration to which the organization expects to be entitled to in exchange for those goods and services. The Organization adopted the standards on July 1, 2020. The adoption of this standard did not materially affect changes in net assets, financial position, or cash flows.

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The new guidance applies to all organizations that receive or make contributions. The ASU includes specific criteria to consider when determining whether a contract or agreement should be accounted for as a contribution or as an exchange transaction. ASU 2018-08 also provides a framework to determine whether a contribution is conditional or unconditional, which may impact the timing of revenue recognition. Under the new guidance, if a transaction is considered an exchange transaction, it is accounted for under the applicable revenue recognition standards. The Organization adopted the standards on July 1, 2020. The adoption of this standard did not materially affect changes in net assets, financial position, or cash flows.

U. 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, 2021, 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.

Earth Island Institute, Inc.
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

U. Accounting Pronouncements (concluded)

In September 2020, the FASB issued ASU No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, to improve transparency in the reporting of contributed nonfinancial assets, also known as gifts-in-kind, for not-for-profit organizations through enhancements to presentation and disclosure. ASU No. 2020-07 was issued to address certain stakeholders' concerns about the lack of transparency about the measurement of contributed nonfinancial assets recognized by not-for-profits, as well as the amount of those contributions used in an entity's programs and other activities. The standard is effective for annual reporting periods beginning after June 15, 2021 and should be applied on a retrospective basis. The Organization is evaluating the effect that ACU No. 2020-07 will have on its financial statements and related disclosures.

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, 2021.

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, 2021

NOTE 4 - CASH AND CASH EQUIVALENTS

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

	<u>2021</u>	<u>2020</u>
Bank of the West	\$ 1,804,066	\$ 3,001,846
Merrill Lynch	4,831,776	4,487,633
Petty cash	<u>6,718</u>	<u>6,743</u>
Total	<u>\$ 6,642,560</u>	<u>\$ 7,496,222</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, 2021 is as follows:

	<u>Merrill Lynch</u>
Account balances as of 6/30/20	\$ 8,213,168
Purchases	8,247,729
Dividends and interest	167,661
Sales	(3,343,698)
Net realized/unrealized capital gains and (losses), net of fees	<u>2,453,323</u>
Account balances as of 6/30/21	<u>\$ 15,738,183</u>
Fixed Income	\$ 5,220,437
Equities	7,076,880
Mutual Funds	<u>3,440,866</u>
Total	<u>\$ 15,738,183</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.

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).

Earth Island Institute, Inc.
NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2021

NOTE 6 - SUMMARY OF FAIR VALUE EXPOSURE (concluded)

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, 2021:

Level 1: Quoted prices	\$ 15,738,183
Level 2: Other significant observable inputs	-
Level 3: Significant unobservable inputs	-
Total	\$ 15,738,183

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, 2021 are further classified in accordance with FSP FAS 157-4 as follows:

	Total Investment	Level 1	Level 2	Level 3
Fixed Income	\$ 5,220,437	\$ 5,220,437	\$ -	\$ -
Equities	7,076,880	7,076,880	-	-
Mutual Funds	3,440,866	3,440,866	-	-
Total	\$ 15,738,183	\$ 15,738,183	\$ -	\$ -

NOTE 7 - GRANTS RECEIVABLE

Grants receivable as of June 30, 2021 and June 30, 2020 was \$901,448 and \$1,017,051, 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. The Organization will accrue an allowance for doubtful accounts when management considers that the receivables cannot be fully collected.

NOTE 8 - ACCOUNTS RECEIVABLE

Accounts receivable as of June 30, 2021 and June 30, 2020 was \$77,930 and \$207,455, 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 9 - BEQUESTS RECEIVABLE

Bequests receivable as of June 30, 2021 and June 30, 2020 was \$43,640 and \$43,640, 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.

Earth Island Institute, Inc.
NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2021

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, 2021 are as follows:

	<u>Years</u>	<u>Balance</u> <u>June 30, 2021</u>	<u>Balance</u> <u>June 30, 2020</u>
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	246,261	246,261
Furniture, equipment & vehicles	3-30	<u>271,036</u>	<u>227,466</u>
Total		1,743,152	1,699,582
Less: accumulated depreciation		<u>(771,748)</u>	<u>(678,820)</u>
Fixed assets, net		<u>\$ 971,404</u>	<u>\$ 1,020,762</u>

Depreciation expense was \$92,929 and \$90,178 for the years ended June 30, 2021 and June 30, 2020, respectively.

NOTE 12 - ACCRUED VACATION

Accumulated unpaid employee vacation benefits are recognized as liabilities of the Organization. The amount of accumulated vacation was \$508,974 and \$479,450 as of June 30, 2021 and June 30, 2020, respectively.

NOTE 13 - DEFERRED REVENUE

Deferred revenue represents funds received in advance for camp fees. Deferred revenue was \$100,028 and \$47,341 as of June 30, 2021 and June 30, 2020, respectively.

Earth Island Institute, Inc.
NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2021

NOTE 14 - PAYCHECK PROTECTION PROGRAM LOAN PAYABLE

In April 2020, the Organization obtained an SBA Paycheck Protection Program (PPP) loan through Bank of the West in the amount of \$1,530,727 to finance operations during the Coronavirus Pandemic referenced in Note 22. The PPP loan bears an interest rate of 1% and is payable in monthly installments of \$85,726 beginning in October 2020 through March 2022. However, in November 2021 the PPP loan amount of \$1,380,767 was forgiven in accordance with the requirements of the Paycheck Protection Program, including the provisions of Section 1106 of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) (P.L. 116-136), as interpreted and clarified by Interim Final Rule published at 13 CFR Part 120 and by any other relevant regulation promulgated or guidance issued by the U.S. Small Business Administration (SBA) or U.S. Treasury.

NOTE 15 - EVENTS, NET

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

	2021	2020
Fundraising events income	\$ 147,446	\$ 182,575
Related expenses	(57,340)	(140,836)
Events, net	\$ 90,106	\$ 41,739

NOTE 16 - 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, 2021 and June 30, 2020 were \$10,982 and \$68,464, respectively.

NOTE 17 - NET ASSETS WITHOUT DONOR RESTRICTIONS

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

	2021	2020
Net assets without donor restrictions - undesignated	\$ 8,639,387	\$ 4,180,747
Net assets without donor restrictions - board designated	8,422,528	6,703,782
Total	\$ 17,061,915	\$ 10,884,529

Earth Island Institute, Inc.
NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2021

NOTE 17 - NET ASSETS WITHOUT DONOR RESTRICTIONS (concluded)

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>2021</u>	<u>2020</u>
Agriculture and Food Systems	\$ 657,749	\$ 629,534
Clean Energy and Climate Change	11,651	9,472
Conservation, Preservation and Restoration	883,805	631,013
Environmental Education	1,742,421	1,604,822
Environmental Justice	235,015	193,508
Indigenous Rights	329,892	157,282
Ocean and Water	44,305	43,655
Pollution and Toxics	616,231	601,163
Sustainability and Community Resilience	319,062	101,597
Wildlife Protection	3,317,209	2,544,220
Women's Environmental Leadership	138,953	106,546
Youth Empowerment	<u>126,235</u>	<u>80,970</u>
Total	<u>\$ 8,422,528</u>	<u>\$ 6,703,782</u>

NOTE 18 - 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, 2021 were available for the following purposes:

Subject to Expenditure for Specified Purpose	<u>Beginning Balance</u>	<u>Contributions</u>	<u>Releases</u>	<u>Ending Balance</u>
Earth Island Advocates	\$ -	\$ 11,935	\$ (11,935)	\$ -
Earth Island Journal	-	28,073	(28,073)	-
Earth Island New Leaders Initiative	-	69,005	(69,005)	-
Agriculture and Food Systems	2,292,666	2,409,317	(2,786,993)	1,914,990
Clean Energy and Climate Change	2,150	318,849	(320,999)	-
Conservation, Preservation and Restoration	5,012,638	1,809,062	(2,660,527)	4,161,173
Environmental Education	185,559	830,927	(1,016,486)	-
Environmental Justice	40,853	266,404	(307,257)	-
Indigenous Rights	627,439	1,548,836	(1,174,480)	1,001,795
Ocean and Water	136,824	569,524	(157,562)	548,786
Pollution and Toxics	38,596	2,126,682	(1,654,006)	511,272
Sustainability and Community Resilience	-	2,529,171	(928,632)	1,600,539
Wildlife Protection	407,796	2,146,291	(2,004,662)	549,425
Women's Environmental Leadership	400,965	1,311,474	(1,309,671)	402,768
Youth Empowerment	-	80,653	(80,653)	-
Total	<u>\$ 9,145,486</u>	<u>\$ 16,056,203</u>	<u>\$ (14,510,941)</u>	<u>\$ 10,690,748</u>

Earth Island Institute, Inc.
NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2021

NOTE 19 - 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 and other reserves that could be drawn upon if the governing board approves that action.

	2021	2020
Cash and cash equivalents	\$ 6,642,560	\$ 7,496,222
Investments	15,738,183	8,213,168
Grants receivable and other receivables	1,023,018	1,268,146
Total financial assets	23,403,761	16,977,536
Donor-imposed restrictions	(10,690,748)	(9,145,486)
Board designations	(8,422,528)	(6,703,782)
Financial assets available to meet cash needs for general expenditures within one year	\$ 4,290,485	\$ 1,128,268

NOTE 20 - 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 and expiring on April 30, 2024 with three five-year renewal options. The monthly rent is currently \$28,409.

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 \$3,384 and \$20,304 for the years ended June 30, 2021 and June 30, 2020, 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, 2021 and June 30, 2020 for all the leases, net of sublease income, totaled \$401,682 and \$503,063, respectively.

Earth Island Institute, Inc.
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

NOTE 20 - LEASES (concluded)

The future minimum payments for these leases are as follows:

<u>Fiscal Year Ending June 30</u>	
2022	\$ 343,643
2023	305,316
2024	<u>259,708</u>
Total	<u>\$ 908,667</u>

NOTE 21 - RELATED PARTY TRANSACTIONS

The Organization leases office space from the David Brower Center (see Note 20). Furthermore, the Organization has several board members that serve on the board of the David Brower Center.

NOTE 22 - CONTINGENCY - CORONAVIRUS PANDEMIC

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) began to spread among various countries, including the United States. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, multiple jurisdictions in the U.S., including California, declared a state of emergency and issued shelter-in-place orders in response to the outbreak. The immediate impact to the Organization's operations included restrictions on employees' and volunteers' ability to work, and it is anticipated that the impacts from this pandemic will continue for some time. As of the report date, the financial impact of the coronavirus outbreak cannot be measured.