

EARTH ISLAND INSTITUTE, INC.

BERKELEY, CALIFORNIA

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

JUNE 30, 2023

Hiep Pham, CPA Inc.

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

I 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, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In my 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, 2023, 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.

Basis for Opinion

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of Earth Island Institute, Inc. and to meet my other ethical responsibilities in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Earth Island Institute, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, I:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Earth Island Institute, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Earth Island Institute, Inc.'s ability to continue as a going concern for a reasonable period of time.

I am required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that I identified during the audit.

Report on Summarized Comparative Information

I have previously audited Earth Island Institute, Inc.'s 2022 financial statements, and I expressed an unmodified audit opinion on those audited financial statements in my report dated March 31, 2023. In my opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Hiep Pham, CPA Inc.

Fremont, California

April 24, 2024

EARTH ISLAND INSTITUTE, INC.
STATEMENTS OF FINANCIAL POSITION

June 30, 2023

(With Comparative Totals for June 30, 2022)

	2023	2022
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 2,810,038	\$ 4,995,611
Investments	18,647,910	15,694,226
Grants receivable	14,221,360	3,274,086
Accounts receivable	247,869	351,051
Prepaid expenses and other current assets	392,988	296,934
Deposit for land purchase	4,100,000	4,100,000
Total current assets	40,420,165	28,711,908
Non-current assets:		
Operating lease right-of-use asset, net of accumulated amortization	1,209,467	-
Fixed assets, net of accumulated depreciation	848,373	903,315
Total non-current assets	2,057,840	903,315
Total assets	\$ 42,478,005	\$ 29,615,223
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 533,439	\$ 113,279
Accrued vacation	672,482	566,869
Deferred revenue	137,578	148,528
Operating lease liability, current portion	314,380	-
Total current liabilities	1,657,879	828,676
Long-term liabilities:		
Operating lease liability, net of current portion	923,451	-
Total long-term liabilities	923,451	-
Total liabilities	2,581,330	828,676
Net assets:		
Net assets without donor restrictions	17,879,185	16,097,043
Net assets with donor restrictions	22,017,490	12,689,504
Total net assets	39,896,675	28,786,547
Total liabilities and net assets	\$ 42,478,005	\$ 29,615,223

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

EARTH ISLAND INSTITUTE, INC.
STATEMENTS OF ACTIVITIES
For the Year Ended June 30, 2023
(With Comparative Totals for the Year Ended June 30, 2022)

	Without Donor Restrictions	With Donor Restrictions	Total 2023	Total 2022
Revenues:				
Grants	\$ 190,050	\$ 22,002,882	\$ 22,192,932	\$ 14,772,050
Contributions	102,069	9,384,364	9,486,433	8,743,649
Service and contract revenues	1,897,295	-	1,897,295	1,869,691
Membership	11,248	45,028	56,276	165,646
Events, net	-	189,992	189,992	(13,825)
Merchandise sales, net	6,186	-	6,186	14,121
In-kind contributions	-	1,185,086	1,185,086	1,204,530
Investment return, net	1,031,696	-	1,031,696	(1,939,525)
Other revenue	64,674	11,106	75,780	40,911
Net assets released from restrictions	<u>23,490,472</u>	<u>(23,490,472)</u>	<u>-</u>	<u>-</u>
Total revenues	<u>26,793,690</u>	<u>9,327,986</u>	<u>36,121,676</u>	<u>24,857,248</u>
Expenses:				
Program services	<u>21,892,548</u>	<u>-</u>	<u>21,892,548</u>	<u>21,070,428</u>
Supportive services:				
Administrative and general	1,935,554	-	1,935,554	1,614,339
Fundraising	<u>1,183,446</u>	<u>-</u>	<u>1,183,446</u>	<u>1,138,597</u>
Total supportive services	<u>3,119,000</u>	<u>-</u>	<u>3,119,000</u>	<u>2,752,936</u>
Total expenses	<u>25,011,548</u>	<u>-</u>	<u>25,011,548</u>	<u>23,823,364</u>
Change in net assets	1,782,142	9,327,986	11,110,128	1,033,884
Net assets, beginning of period	<u>16,097,043</u>	<u>12,689,504</u>	<u>28,786,547</u>	<u>27,752,663</u>
Net assets, end of period	<u>\$ 17,879,185</u>	<u>\$ 22,017,490</u>	<u>\$ 39,896,675</u>	<u>\$ 28,786,547</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, 2023
(With Comparative Totals for the Year Ended June 30, 2022)

	Program Services								Subtotal
	Earth Island Advocates	Earth Island Journal	New Leaders & Brower Youth Awards	Sustainable Agriculture & Food Systems	Climate Change Solutions	Conservation	Environmental Education	Environmental Justice	
Expenses:									
Salaries	\$ 124,396	\$ 240,535	\$ 141,693	\$ 1,842,085	\$ 782,908	\$ 884,645	\$ 1,052,292	\$ 186,187	\$ 5,254,741
Payroll taxes and benefits	19,857	43,063	26,744	298,678	133,603	154,493	205,100	28,664	910,202
Outside services and contractors	568	72,198	162,715	615,633	487,218	900,822	140,812	10,845	2,390,811
Rent and utilities	-	-	-	18,237	10,009	11,107	137,055	835	177,243
Fundraising and membership	-	-	-	-	-	-	-	-	-
Office expenses	253	22,033	1,493	72,170	81,507	49,405	49,723	11,634	288,218
Travel and meetings	521	2,433	28,409	230,431	37,651	61,587	61,534	3,893	426,459
Insurance, legal and taxes	131	295	167	14,033	13,627	72,275	7,298	916	108,742
Printing and mailing	-	30,362	-	3,992	1,862	2,627	9,168	25	48,036
Promotions and public education	-	3,058	-	1,973	2,371	655	1,398	-	9,455
Grants made to others	-	-	-	207,607	15,227	88,511	-	2,500	313,845
In-kind services	-	-	-	42,324	-	-	-	-	42,324
Other expenses	2,526	1,486	-	29,762	5,472	17,222	37,428	(332)	93,564
Total expenses	\$ 148,252	\$ 415,463	\$ 361,221	\$ 3,376,925	\$ 1,571,455	\$ 2,243,349	\$ 1,701,808	\$ 245,167	\$ 10,063,640

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, 2023
(With Comparative Totals for the Year Ended June 30, 2022)

	Program Services								
	Indigenous Communities	International Initiatives	Ocean & Water	Pollution & Toxics	Community Resilience	Wildlife Protection	Women's Environmental Leadership	Youth Empowerment	Subtotal
Expenses:									
Salaries	\$ 579,018	\$ 90,400	\$ 403,588	\$ 1,641,122	\$ 875,812	\$ 966,869	\$ 833,956	\$ 60,924	\$ 5,451,689
Payroll taxes and benefits	100,557	15,789	50,669	286,486	132,326	182,204	157,779	5,748	931,558
Outside services and contractors	99,838	58,162	157,408	569,973	191,400	229,689	326,397	4,659	1,637,526
Rent and utilities	44,561	-	2,602	9,000	7,270	62,158	5,629	33,995	165,215
Fundraising and membership	-	-	-	-	-	-	-	-	-
Office expenses	83,038	4,214	14,628	70,118	14,190	32,241	63,322	12,182	293,933
Travel and meetings	15,843	11,623	10,098	99,551	91,433	22,878	75,150	3,725	330,301
Insurance, legal and taxes	3,388	875	2,109	30,015	5,173	31,674	12,257	491	85,982
Printing and mailing	6,566	6,812	337	2,857	203	27,072	624	-	44,471
Promotions and public education	363	10	291	209,265	-	2,884	-	-	212,813
Grants made to others	21,771	63,610	19,225	99,161	8,100	23,000	1,275,534	-	1,510,401
In-kind services	-	-	-	1,096,891	-	-	-	-	1,096,891
Other expenses	15,605	372	765	15,761	9,906	3,135	21,490	1,094	68,128
	<u>\$ 970,548</u>	<u>\$ 251,867</u>	<u>\$ 661,720</u>	<u>\$ 4,130,200</u>	<u>\$ 1,335,813</u>	<u>\$ 1,583,804</u>	<u>\$ 2,772,138</u>	<u>\$ 122,818</u>	<u>\$ 11,828,908</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, 2023
(With Comparative Totals for the Year Ended June 30, 2022)

	Program	Supportive Services		Total 2023	Total 2022	
	Services Subtotal	Administrative and General	Fundraising			Subtotal
Expenses:						
Salaries	\$ 10,706,430	\$ 1,050,383	\$ 658,562	\$ 1,708,945	\$ 12,415,375	\$ 10,134,302
Payroll taxes and benefits	1,841,760	155,865	98,216	254,081	2,095,841	1,580,629
Outside services and contractors	4,028,337	274,874	161,079	435,953	4,464,290	7,266,695
Rent and utilities	342,458	195,279	-	195,279	537,737	438,296
Fundraising and membership	-	-	217,741	217,741	217,741	197,431
Office expenses	582,151	74,687	8,409	83,096	665,247	635,098
Travel and meetings	756,760	45,123	3,697	48,820	805,580	548,553
Insurance, legal and taxes	194,724	25,695	379	26,074	220,798	265,920
Printing and mailing	92,507	740	2,465	3,205	95,712	90,387
Promotions and public education	222,268	-	1,450	1,450	223,718	88,888
Grants made to others	1,824,246	-	-	-	1,824,246	1,092,659
In-kind services	1,139,215	22,935	22,936	45,871	1,185,086	1,179,530
Other expenses	161,692	89,973	8,512	98,485	260,177	304,976
Total expenses	<u>\$ 21,892,548</u>	<u>\$ 1,935,554</u>	<u>\$ 1,183,446</u>	<u>\$ 3,119,000</u>	<u>\$ 25,011,548</u>	<u>\$ 23,823,364</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, 2023
(With Comparative Totals for the Year Ended June 30, 2022)

	2023	2022
Cash flows from operating activities:		
Change in net assets	\$ 11,110,128	\$ 1,033,884
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Amortization of operating lease	297,835	-
Depreciation	71,842	101,256
Net realized and unrealized (gains)/losses on investments	(419,627)	2,501,454
Changes in certain assets and liabilities:		
Grants receivable	(10,947,274)	(2,372,638)
Accounts receivable	103,182	(273,121)
Bequests receivable	-	43,640
Prepaid expenses and other current assets	(96,054)	(14,077)
Accounts payable and accrued expenses	420,160	(283,078)
Accrued vacation	105,613	57,895
Deferred revenue	(10,950)	48,500
Operating lease liability	(269,471)	-
Net cash provided (used) by operating activities	365,384	843,715
Cash flows from investing activities:		
Purchase of investments	(6,166,628)	(5,234,127)
Sale of investments	3,632,571	2,776,630
Purchase of fixed assets	(16,900)	(33,167)
Net cash provided (used) by investing activities	(2,550,957)	(2,490,664)
Net increase (decrease) in cash	(2,185,573)	(1,646,949)
Cash and cash equivalents, beginning of period	4,995,611	6,642,560
Cash and cash equivalents, end of period	\$ 2,810,038	\$ 4,995,611
Supplemental disclosures of cash flow information:		
Noncash operating activities:		
Acquisition of right-of-use asset under operating lease	\$ 1,507,302	\$ -

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

EARTH ISLAND INSTITUTE, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

NOTE 1 - GENERAL

A. Organization

Earth Island Institute, Inc. (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 the Organization's founding in 1982, the Organization has helped launch some 225 campaigns. During the fiscal year, the Organization's Project Support Program supported 77 projects with financial and managerial services, capacity building, strategic advising, 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, climate-change solutions, environmental education and justice, Indigenous rights, ocean and water conservation, pollution and toxics prevention, sustainability and resilience, wildlife protection, women's environmental leadership, and youth empowerment. During the fiscal year, the Project Support Program adopted two 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 145 issues, the Journal has broken ground on covering critical environmental topics and received a number of media awards for excellence in journalism.

In past fiscal year, the *Journal* published a mix of hard-hitting investigative features and reports from around the world in its print issues, including an in depth-cover feature about the young American evangelicals fighting for climate action from within the church, which is better known for right-leaning politics and climate denialism; an on-the-ground report about poaching in Lebanon, where, despite recent legislation making it illegal to kill migratory birds, somewhere between 1.7 and 3.5 million birds are illegally shot down with military grade weapons each year; a report about Rikers Island's attempt to transition from one of the nation's most notorious jail complexes into a place that embodies regeneration and growth; A look at anti-trans and anti-climate policies in Florida and how the same ideologies of supremacy and colonialism underpin right-wing attacks on both body sovereignty and the environment. In addition to these features, the Organization also published a wide range of breaking news reports, commentary, essays, book and film reviews, podcasts, and news analysis.

EARTH ISLAND INSTITUTE, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

NOTE 1 - GENERAL (continued)

B. Program Services (continued)

The *Journal's* well-established track record of raising awareness about environmental and social justice issues and tackling controversial subjects has earned the Organization the reputation of being a small magazine with a big voice.

New Leaders Initiative

Earth Island's New Leaders Initiative celebrates 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. During the fiscal year, winners addressed the lack of representation of girls of color in nature, advocated for mangrove restoration in coastal areas, mobilized young people around dam removal to help save critically endangered orcas, promoted food sovereignty and mutual aid through community agriculture, organized clean energy campaigns in school districts and communities, and established statewide composting and food recovery programs in schools. 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 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. During the fiscal year, Advocates filed lawsuits to prevent unlawful logging on federal land, achieved important advances in its corporate greenwashing litigation, and obtained settlements that protect wildlife.

Project Network

Following is a list of 77 projects under sponsorship with the Organization during all or part of the fiscal year. This includes two new project and four 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 the fiscal year ending June 30, 2023.

** These projects *separated* from the Organization during the fiscal year ending June 30, 2023.

*** These projects were *new* to the Organization in the fiscal year ending June 30, 2023.

CLIMATE CHANGE SOLUTIONS

- **California Urban Streams 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.
- **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.

EARTH ISLAND INSTITUTE, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

NOTE 1 - GENERAL (continued)

B. Program Services (continued)

- **ÉnergieRich** offers global solutions for energy access, food sustainability, technology acquisition, and employment by establishing local production of innovative renewable-energy-powered products.
- **Fossil Fuel Nonproliferation Treaty***** aims to meet the goals of the Paris Agreement by explicitly tackling the largest driver of the climate crisis - fossil fuels - and accelerating a fast, fair and financed transition away from coal, oil and gas.
- **Indigenous Energy Initiative**** (formerly Indigenized Energy Initiative and formerly Covenant Solar Initiative) works to eliminate poverty, diminish climate change, and create thriving Indigenous communities with the clean and regenerative power of solar.
- **Law Students for Climate Accountability***** activates and mobilizes the power of law students to transform the legal industry's role from exacerbating climate injustice to meaningfully supporting a just transition.
- **Nature in the City** is inspiring San Francisco to discover local nature and advocate for nature-based climate solutions through eco-literacy, restoration, and stewardship.

COMMUNITY RESILIENCE

- **EFC West** catalyzes capacity in Native American tribes, vulnerable communities, and organizations in the United States and abroad through leadership, entrepreneurship, and resiliency training.
- **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.
- **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.

CONSERVATION

- **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.
- **Armenian Environmental Network** promotes sound environmental policymaking and enforcement, stakeholder education and participation, and sustainable development in Armenia.
- **Baikal Watch** engages both local and international partners in an effort to promote the permanent protection of biologically rich areas within the larger Lake Baikal watershed.

EARTH ISLAND INSTITUTE, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

NOTE 1 - GENERAL (continued)

B. Program Services (continued)

- **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 by using scientific research, public outreach, and legal action to protect critical forest ecosystems.
- **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.
- **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 Heritage** works to safeguard ecosystems by advocating for primary forests and 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 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.
- **EcoVillage Farm Learning Center** works toward the creation of a healthy environment and a socially and economically just society for present and future generations.
- **Garden for the Environment** is San Francisco's dedicated site for gardening and composting education, teaching people about the environment — soil, water, plants, creatures, and climate — so together we can grow a resilient, more beautiful world.
- **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 in the San Francisco Bay Area 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
For the Year Ended June 30, 2023

NOTE 1 - GENERAL (continued)

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 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.

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.
- **Alter Terra** takes an innovative approach to addressing the environmental and socioeconomic effects of unplanned urbanization by promoting initiatives that reduce poverty, create jobs, and improve the general health of neighborhoods that lack sanitation and healthcare.
- **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.

INDIGENOUS COMMUNITIES

- **California Institute for Community, Art, and Nature** preserves and supports California Indian arts and culture; promotes the City of Berkeley, California, as a center of social, cultural, and political innovation; and creates public programming weaving the arts and the environment together.
- **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.

EARTH ISLAND INSTITUTE, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

NOTE 1 - GENERAL (continued)

B. Program Services (continued)

INTERNATIONAL INITIATIVES

- **Borneo Project** brings international attention and support to community-led efforts to defend forests, sustainable livelihoods, and human rights in Malaysian Borneo.
- **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.
- **Friends of Muonde** supports locally driven efforts to foment creativity and sustainable development in the Mazvihwa and neighboring areas of south-central Zimbabwe.
- **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.

OCEANS 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.
- **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 communities about the destructive impact of litter on our oceans and waterways and to provide simple, sustainable, and effective ways to reduce that impact.
- **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.
- **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.
- **Wild Oyster Project** is bringing native oysters back to the San Francisco Bay through restoration, community engagement, and thoughtful urban planning.

POLLUTION and TOXICS

- **ALERT: A Locally Empowered Response Team** empowers frontline communities, at risk from the 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.

EARTH ISLAND INSTITUTE, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

NOTE 1 - GENERAL (continued)

B. Program Services (continued)

- **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 Soils** 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.

SUSTAINABLE 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 Culture Collective** (formerly 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.
- **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.
- **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.
- **Urban Beet**** empowers people experiencing homelessness to grow their own food, connecting people and planet for the healing of both.

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.

EARTH ISLAND INSTITUTE, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

NOTE 1 - GENERAL (concluded)

B. Program Services (concluded)

- **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.
- **WildFutures** advances the conservation of mountain lions, builds the skills of environmental leaders, and advises major donors to allocate funding to effective organizations addressing climate change and species extinction.

WOMEN'S ENVIRONMENTAL LEADERSHIP

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

YOUTH EMPOWERMENT

- **Conservation Kids** connects the next generation of young adults with the environment through the use of photography.
- **Ultimate Civics** works toward a government of, for, and by the people by empowering youth in activating democracy to emerge as game-changers.
- **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 and records of the Organization are prepared on the accrual basis of accounting and, therefore, include all support and revenues when earned and all expenses when incurred, regardless of whether the support and revenues or expenses were received or paid as of the end of the period. Grants are recognized as support when earned in accordance with the terms of each grant or agreement.

EARTH ISLAND INSTITUTE, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation

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*. 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 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. Grants and Accounts Receivable

Grants and accounts receivable represent amounts earned but not yet collected. 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.

EARTH ISLAND INSTITUTE, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Fixed Assets

The Organization uses \$5,000 as its capitalization threshold for 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.

G. Deferred Revenue

Deferred revenue represents funds received in advance for camp fees.

H. 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.

I. Revenue Recognition

Revenue is recognized in accordance with authoritative guidance, including *ASU 2018-08, Not-for-Profit Entities (Topic 605)* and *ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606)*.

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met. A transfer of funds with a conditional promise to contribute are accounted for as a refundable advance until the conditions have been substantially met. Certain payments received include both elements of contributed income and earned income, and management evaluates such transactions to determine the proper revenue rules to apply and to bifurcate the revenue components. When applicable, revenue earned under a contractual arrangement (an "exchange transaction") is recognized when earned and therefore measured as services are provided in accordance with Topic 606.

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized.

EARTH ISLAND INSTITUTE, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. Service and Contract Revenues

Service and contract revenues represent funds paid for projects and camp fees.

K. Membership

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

L. Donated Goods and Services

In-kind contributions are recognized as follows: Donated goods are recorded at their estimated fair market value on the date of donation. Donated services are recognized as contributions in accordance with FASB ASC 958, *Accounting for Contributions Received and Contributions Made*, 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 that are not recognized as contributions in the financial statements since the recognition criteria under FASB ASC 958 were not met.

M. Grants Made to Others

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.

N. Functional Allocation of Expenses

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. Such allocations are determined by management on an equitable basis. Management and general expense include those expenses that are not directly identifiable with any other specific function but provide the overall support and direction of the Organization. The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Payroll related expenses	Time and effort
Outside services and contractors	Function and usage
Rent and utilities	Function and usage
Office expenses	Function and usage
Travel and meetings	Function and usage
Insurance, legal and taxes	Function and usage
Printing and mailing	Function and usage
Promotions and public education	Function and usage
Other expenses	Function and usage

EARTH ISLAND INSTITUTE, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

O. Indirect Costs

The Organization uses a negotiated indirect cost rate approved by the United States Department of the Interior. The 21.51% indirect rate is the maximum rate charged to each applicable grant on a regular basis.

P. Concentration of Credit Risk

The Organization maintains its cash, cash equivalents, and investments at one bank and two brokerage firms. 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.

Q. Contingencies

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

R. 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.

S. 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 for which the Organization carries commercial insurance.

T. Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through April 24, 2024, the date the financial statements were available to be issued.

EARTH ISLAND INSTITUTE, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

U. 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, 2022, from which the summarized information was derived.

V. Implementation of 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 adopted the standards on July 1, 2022.

NOTE 3 - INCOME TAXES

The Organization is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization is also exempt from California franchise taxes under Section 23701(d) of the Revenue and Taxation Code and, therefore, has made no provision for Federal or California income taxes. Contributors, donors, and grantors may obtain tax benefits. In addition, the Organization has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a) of the Code.

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 believes that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse affect 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, 2023 and June 30, 2022. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

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.

EARTH ISLAND INSTITUTE, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

NOTE 4 - CASH AND CASH EQUIVALENTS

The cash balances as of June 30 are as follows:

	2023	2022
Bank of the West	\$ 1,326,546	\$ 2,008,927
Merrill Lynch	12,048	2,980,166
Morgan Stanley	1,471,271	-
Petty cash	173	6,518
Total	<u>\$ 2,810,038</u>	<u>\$ 4,995,611</u>

The account balances were insured under the \$250,000 blanket umbrella by the Federal Deposit Insurance Corporation (FDIC). The remaining 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 financial institutions is not of particular concern at this time.

NOTE 5 - INVESTMENTS

The investment activity for the year ended June 30 is as follows:

	2023	2022
Account balances, beginning of period	\$ 15,694,226	\$ 15,738,183
Dividends and interest	243,205	223,471
Purchases	5,923,423	5,010,656
Sales	(3,632,571)	(2,776,630)
Net realized and unrealized gains and (losses)	419,627	(2,501,454)
Account balances, end of period	<u>\$ 18,647,910</u>	<u>\$ 15,694,226</u>
Fixed Income	\$ 5,336,550	\$ 5,267,428
Equities	12,233,194	7,196,267
Bond Funds	1,078,166	3,230,531
Total	<u>\$ 18,647,910</u>	<u>\$ 15,694,226</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
For the Year Ended June 30, 2023

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:

	2023	2022
Level 1: Quoted prices	\$ 18,647,910	\$ 15,694,226
Level 2: Other significant observable inputs	-	-
Level 3: Significant unobservable inputs	-	-
Total	\$ 18,647,910	\$ 15,694,226

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

2023	Total Investment	Level 1	Level 2	Level 3
Fixed Income	\$ 5,336,550	\$ 5,336,550	\$ -	\$ -
Equities	12,233,194	12,233,194	-	-
Bond Funds	1,078,166	1,078,166	-	-
Total	\$ 18,647,910	\$ 18,647,910	\$ -	\$ -

2022	Total Investment	Level 1	Level 2	Level 3
Fixed Income	\$ 5,267,428	\$ 5,267,428	\$ -	\$ -
Equities	7,196,267	7,196,267	-	-
Bond Funds	3,230,531	3,230,531	-	-
Total	\$ 15,694,226	\$ 15,694,226	\$ -	\$ -

EARTH ISLAND INSTITUTE, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

NOTE 7 - 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 8 - FIXED ASSETS

Fixed assets as of June 30 are as follows:

	<u>Years</u>	<u>2023</u>	<u>2022</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	5-15	246,261	246,261
Furniture, equipment and vehicles	3-15	<u>309,104</u>	<u>292,204</u>
Total		1,781,220	1,764,320
Less accumulated depreciation		<u>(932,847)</u>	<u>(861,005)</u>
Fixed assets, net		<u>\$ 848,373</u>	<u>\$ 903,315</u>

Depreciation expense was \$71,842 and \$101,256 for the years ended June 30, 2023 and June 30, 2022, respectively.

NOTE 9 - ACCRUED VACATION

Accumulated unpaid employee vacation benefits are recognized as liabilities of the Organization. The amount of accumulated vacation was \$672,482 and \$566,869 as of June 30, 2023 and June 30, 2022, respectively..

NOTE 10 - OPERATING LEASE RIGHT-OF-USE ASSET AND LIABILITY

David Brower Center

The Organization's main office is located at the David Brower Center in Berkeley, California. This lease expires on April 30, 2027. The monthly rent at June 30, 2023, was \$25,971. 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.

EARTH ISLAND INSTITUTE, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

NOTE 10 - OPERATING LEASE RIGHT-OF-USE ASSET AND LIABILITY (concluded)

The David Brower Center is 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.

Other Offices

In addition, the projects of the Organization also have separate offices that are under month-to-month leases. The Organization also pays some of the project directors for the usage of their home offices.

The rent and occupancy costs incurred during the years ended June 30, 2023 and June 30, 2022 for all the leases, net of sublease income, totaled \$537,737 and \$438,296, respectively.

Amounts recognized as right-of-use assets related to operating leases are included in the accompanying Statement of Financial Position, while related lease liabilities are included in the operating lease liabilities. As of June 30, 2023, right-of-use assets and lease liabilities related to operating leases were as follows:

Operating lease right-of-use asset	\$ 1,507,302
Less accumulated amortization	<u>(297,835)</u>
Operating lease right-of-use asset, net	<u>\$ 1,209,467</u>
Operating lease liability:	
Operating lease liability, current portion	\$ 314,380
Operating lease liability, net of current portion	<u>923,451</u>
Total	<u>\$ 1,237,831</u>

During the year ended June 30, 2023, the Organization had the following cash and non-cash activities associated with the leases:

Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	\$ 305,316

Future minimum lease payments under these agreements are as follows:

Year Ending June 30, 2024	\$ 345,588
Year Ending June 30, 2025	353,412
Year Ending June 30, 2026	328,791
Year Ending June 30, 2027	<u>279,678</u>
Total	1,307,469
Less effects of discounting	<u>(69,638)</u>
Lease liabilities recognized	<u>\$ 1,237,831</u>

EARTH ISLAND INSTITUTE, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

NOTE 11 - RELATED PARTY TRANSACTION

The Organization leases office space from the David Brower Center (see Note 10). Furthermore, the Organization has several board members that serve on the board of the David Brower Center.

NOTE 12 - EVENTS, NET

During the year ended June 30, fundraising events are as follows:

	2023	2022
Fundraising events income	\$ 215,749	\$ 142,655
Less related expenses	(25,757)	(156,480)
Events, net	\$ 189,992	\$ (13,825)

NOTE 13 - 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, 2023 and June 30, 2022 were \$6,186 and \$14,121, respectively.

NOTE 14 - IN-KIND CONTRIBUTIONS - CONTRIBUTED NONFINANCIAL ASSETS

For the years ended June 30, contributed nonfinancial assets recognized within revenue included:

	2023	2022
Professional services	\$ 1,153,512	\$ 1,132,434
Facility rent	26,984	-
Supplies	4,590	47,096
Vehicle	-	25,000
Total	\$ 1,185,086	\$ 1,204,530

The Organization received contributed nonfinancial assets within revenue, including contributed professional services, facility rent, supplies and a vehicle. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions.

Professional Services

Contributed professional services recognized comprise of outside services from legal firms, which would be normally paid for by the Organization. Contributed services are valued and are reported at the estimated fair value in the financial statements based on current rates for similar services.

Facility Rent

The Sobrato Center allowed the Organization to use office space on the Center's property rent-free. The Organization estimates the fair value on the basis of recent comparable rental prices of the contributed rent and utilities.

Supplies

The Organization estimated the fair value of supplies on the basis of estimates that the Organization would purchase on the market.

EARTH ISLAND INSTITUTE, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

NOTE 14 - IN-KIND CONTRIBUTIONS - CONTRIBUTED NONFINANCIAL ASSETS (concluded)

Vehicle

The Organization estimated the fair value of a vehicle on the basis of estimates that the Organization would purchase on the market.

NOTE 15 - NET ASSETS WITHOUT DONOR RESTRICTIONS

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

	<u>2023</u>	<u>2022</u>
Net assets without donor restrictions - undesignated	\$ 7,911,694	\$ 7,049,920
Net assets without donor restrictions - board designated	<u>9,967,491</u>	<u>9,047,123</u>
Total	<u>\$ 17,879,185</u>	<u>\$ 16,097,043</u>

Net assets without donor restrictions were designated by the Board for supported projects. Board designated net assets without donor restrictions as of June 30 were as follows:

	<u>2023</u>	<u>2022</u>
Clean Energy and Climate Change	\$ 411,871	\$ 219,367
Sustainability and Community Resilience	347,180	316,465
Conservation, Preservation and Restoration	1,178,236	1,052,414
Environmental Education	1,430,493	1,368,737
Environmental Justice	185,981	122,025
Indigenous Rights	171,376	390,793
Ocean and Water	726,602	726,052
Pollution and Toxics	690,194	631,783
Agriculture and Food Systems	872,311	727,725
Wildlife Protection	3,579,841	3,139,608
Women's Environmental Leadership	321,203	321,203
Youth Empowerment	<u>52,203</u>	<u>30,951</u>
Total	<u>\$ 9,967,491</u>	<u>\$ 9,047,123</u>

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NOTE 16 - 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 were available for the following purposes:

Subject to Expenditure for Specified Purpose	Beginning Balance 6/30/22	Contributions and Earnings	Releases	Ending Balance 6/30/23
Earth Island Advocates	\$ -	\$ 3,675	\$ 3,675	\$ -
Earth Island Journal	-	40,904	40,904	-
Earth Island New Leaders Initiative	-	53,605	53,605	-
Agriculture and Food Systems	2,437,613	3,314,191	3,864,608	1,887,196
Clean Energy and Climate Change	-	12,842,140	1,972,131	10,870,010
Conservation, Preservation and Restoration	4,393,301	1,798,875	2,421,138	3,771,038
Environmental Education	-	1,491,336	1,491,336	-
Environmental Justice	-	235,538	235,538	-
Indigenous Rights	1,537,404	1,147,328	1,098,039	1,586,693
International Initiatives	-	336,949	282,664	54,285
Ocean and Water	157,180	611,517	722,135	46,562
Pollution and Toxics	1,024,090	4,317,555	4,724,520	617,125
Sustainability and Community Resilience	1,208,633	1,866,796	1,502,942	1,572,487
Wildlife Protection	354,463	1,486,596	1,841,059	-
Women's Environmental Leadership	1,537,606	3,198,219	3,123,731	1,612,094
Youth Empowerment	39,214	73,233	112,447	-
Total	<u>\$ 12,689,504</u>	<u>\$ 32,818,458</u>	<u>\$ 23,490,472</u>	<u>\$ 22,017,490</u>

EARTH ISLAND INSTITUTE, INC.
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NOTE 17 - 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.

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 2,810,038	\$ 4,995,611
Investments	18,647,910	15,694,226
Grants and other receivables	<u>14,469,229</u>	<u>3,625,137</u>
Total financial assets	35,927,177	24,314,974
Board designations	(9,967,491)	(9,047,123)
Donor-imposed restrictions	<u>(22,017,490)</u>	<u>(12,689,504)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 3,942,196</u>	<u>\$ 2,578,347</u>