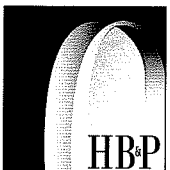


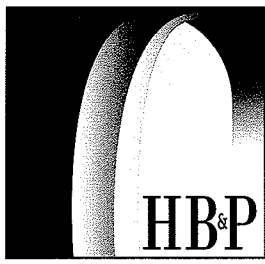
**CENTER FOR INTERNATIONAL
ENVIRONMENTAL LAW, INC.
FINANCIAL STATEMENTS
JUNE 30, 2007**



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HALT BUZAS & POWELL, LTD
CERTIFIED PUBLIC ACCOUNTANTS
MANAGEMENT CONSULTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Center for International Environmental Law, Inc.
Washington, DC

We have audited the accompanying statements of financial position of Center for International Environmental Law, Inc. (CIEL) as of June 30, 2007 and 2006, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of CIEL's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Center for International Environmental Law, Inc. as of June 30, 2007 and 2006, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

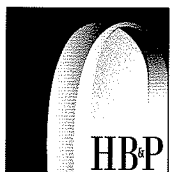
Halt, Buzas & Powell, Ltd.

September 14, 2007

CENTER FOR INTERNATIONAL ENVIRONMENTAL LAW, INC.

STATEMENTS OF FINANCIAL POSITION

| | <u>June 30,</u> | |
|---|---------------------|---------------------|
| | <u>2007</u> | <u>2006</u> |
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 1,342,770 | \$ 1,118,845 |
| Foundation pledges receivable | 710,000 | 981,438 |
| U.S. government grants and fees receivable | 928 | - |
| Foreign government grants and fees receivable | 384,191 | - |
| Other grants and fees receivable | 25,387 | 43,142 |
| Other receivables | 25,189 | 13,387 |
| Prepaid expenses and other assets | <u>59,943</u> | <u>30,536</u> |
| Total current assets | 2,548,408 | 2,187,348 |
| Foundation pledges receivable- long-term | 450,000 | - |
| Property and equipment, net | 93,949 | 18,364 |
| Investments | <u>9,984</u> | <u>6,888</u> |
| Total assets | <u>\$ 3,102,341</u> | <u>\$ 2,212,600</u> |
| LIABILITIES AND NET ASSETS | | |
| Current liabilities: | | |
| Accounts payable | \$ 147,249 | \$ 44,372 |
| Accrued payroll expenses | 60,202 | 39,707 |
| Deferred revenue | 38,366 | 19,164 |
| Deferred lease liability | <u>21,418</u> | <u>-</u> |
| Total current liabilities | <u>267,235</u> | <u>103,243</u> |
| Total liabilities | <u>267,235</u> | <u>103,243</u> |
| Net assets: | | |
| Unrestricted | 577,622 | 353,435 |
| Temporarily restricted | <u>2,257,484</u> | <u>1,755,922</u> |
| Total net assets | <u>2,835,106</u> | <u>2,109,357</u> |
| Total liabilities and net assets | <u>\$ 3,102,341</u> | <u>\$ 2,212,600</u> |



See notes to financial statements

CENTER FOR INTERNATIONAL ENVIRONMENTAL LAW, INC.

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2007

| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Total</u> |
|--|---------------------|-----------------------------------|---------------------|
| Revenues: | | | |
| Foundation grants and fees | \$ 221,616 | \$ 1,836,122 | \$ 2,057,738 |
| U.S. governments grants and fees | 36,061 | 222,747 | 258,808 |
| Foreign government grants and fees | 202,941 | 492,130 | 695,071 |
| Other grants and fees | 239,847 | - | 239,847 |
| Contributions | 158,830 | 17,672 | 176,502 |
| Investment income | 61,657 | - | 61,657 |
| Other income | 37,499 | - | 37,499 |
| Net assets released from restrictions: | | | |
| Satisfaction of grant restrictions | <u>2,067,109</u> | <u>(2,067,109)</u> | <u>-</u> |
| Total revenues | <u>3,025,560</u> | <u>501,562</u> | <u>3,527,122</u> |
| Expenses: | | | |
| Program services: | | | |
| Climate Change | 103,705 | - | 103,705 |
| Chemicals | 986,520 | - | 986,520 |
| Trade and Sustainable Development | 891,524 | - | 891,524 |
| International Financial Institutions | 146,074 | - | 146,074 |
| Human Rights | 92,513 | - | 92,513 |
| Law and Communities | 269,646 | - | 269,646 |
| Other Programs | <u>64,750</u> | <u>-</u> | <u>64,750</u> |
| Total program services | <u>2,554,732</u> | <u>-</u> | <u>2,554,732</u> |
| Support services: | | | |
| General and administrative | 89,325 | - | 89,325 |
| Fundraising | <u>157,316</u> | <u>-</u> | <u>157,316</u> |
| Total support services | <u>246,641</u> | <u>-</u> | <u>246,641</u> |
| Total expenses | <u>2,801,373</u> | <u>-</u> | <u>2,801,373</u> |
| Net increase in net assets | 224,187 | 501,562 | 725,749 |
| Net assets, beginning of year | <u>353,435</u> | <u>1,755,922</u> | <u>2,109,357</u> |
| Net assets, end of year | <u>\$ 577,622</u> | <u>\$ 2,257,484</u> | <u>\$ 2,835,106</u> |



See notes to financial statements

CENTER FOR INTERNATIONAL ENVIRONMENTAL LAW, INC.

STATEMENT OF ACTIVITIES

| | For the Year Ended June 30, 2006 | | |
|--|---|-----------------------------------|---------------------|
| | Unrestricted | Temporarily Restricted | Total |
| Revenues: | | | |
| Foundation grants and fees | \$ 20,500 | \$ 1,646,921 | \$ 1,667,421 |
| U.S. governments grants and fees | - | 330,761 | 330,761 |
| Foreign government grants and fees | - | 73,052 | 73,052 |
| Other grants and fees | 674 | 283,565 | 284,239 |
| Contributions | 66,262 | 110,028 | 176,290 |
| Investment income | 37,711 | 1,171 | 38,882 |
| Other income | 30,700 | - | 30,700 |
| Net assets released from restrictions: | | | |
| Satisfaction of grant restrictions | <u>2,358,308</u> | <u>(2,358,308)</u> | <u>-</u> |
| Total revenues | <u>2,514,155</u> | <u>87,190</u> | <u>2,601,345</u> |
| Expenses: | | | |
| Program services: | | | |
| Climate Change | 138,158 | - | 138,158 |
| Biodiversity and Wildlife | 10,000 | - | 10,000 |
| Chemicals | 678,423 | - | 678,423 |
| Trade and Sustainable Development | 789,859 | - | 789,859 |
| International Financial Institutions | 103,290 | - | 103,290 |
| Human Rights | 44,898 | - | 44,898 |
| Law and Communities | 552,157 | - | 552,157 |
| Other Programs | <u>50,660</u> | <u>-</u> | <u>50,660</u> |
| Total program services | <u>2,367,445</u> | <u>-</u> | <u>2,367,445</u> |
| Support services: | | | |
| General and administrative | 81,266 | - | 81,266 |
| Fundraising | <u>149,701</u> | <u>-</u> | <u>149,701</u> |
| Total support services | <u>230,967</u> | <u>-</u> | <u>230,967</u> |
| Total expenses | <u>2,598,412</u> | <u>-</u> | <u>2,598,412</u> |
| Net (decrease) increase in net assets | (84,257) | 87,190 | 2,933 |
| Net assets, beginning of year | <u>437,692</u> | <u>1,668,732</u> | <u>2,106,424</u> |
| Net assets, end of year | <u>\$ 353,435</u> | <u>\$ 1,755,922</u> | <u>\$ 2,109,357</u> |

See notes to financial statements



CENTER FOR INTERNATIONAL ENVIRONMENTAL LAW, INC.

STATEMENTS OF CASH FLOWS

| | For the Years Ended June 30, | |
|--|-------------------------------------|---------------------|
| | 2007 | 2006 |
| Cash flows from operating activities: | | |
| Net increase in net assets | \$ <u>725,749</u> | \$ <u>2,933</u> |
| Adjustments to reconcile net increase in net assets to net cash provided by operating activities: | | |
| Depreciation and amortization | 12,721 | 9,868 |
| Donated investments | - | (6,076) |
| Unrealized (gain) loss on investments | (3,096) | 216 |
| Decrease (increase) in assets: | | |
| Foundation pledges receivable | (178,562) | 223,562 |
| U.S. government grants and fees receivable | (928) | 69,714 |
| Foreign government grants and fees receivable | (384,191) | 30,016 |
| Other grants and fees receivable | 17,755 | 1,938 |
| Other receivables | (11,802) | 19,155 |
| Prepaid expenses and other assets | (29,407) | 3,744 |
| Increase (decrease) in liabilities: | | |
| Accounts payable | 102,877 | 4,545 |
| Accrued payroll expenses | 20,495 | 7,650 |
| Deferred revenue | 19,202 | 19,165 |
| Deferred lease liability | <u>21,418</u> | <u>-</u> |
| Total adjustments | <u>(413,518)</u> | <u>383,497</u> |
| Net cash provided by operating activities | <u>312,231</u> | <u>386,430</u> |
| Cash flows from investing activities: | | |
| Purchases of fixed assets | <u>(88,306)</u> | <u>(13,756)</u> |
| Net cash used in investing activities | <u>(88,306)</u> | <u>(13,756)</u> |
| Net increase in cash | 223,925 | 372,674 |
| Cash, beginning of year | <u>1,118,845</u> | <u>746,171</u> |
| Cash, end of year | <u>\$ 1,342,770</u> | <u>\$ 1,118,845</u> |

See notes to financial statements



CENTER FOR INTERNATIONAL ENVIRONMENTAL LAW, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2007

1. Organization

Center for International Environmental Law, Inc (CIEL) was founded in 1989 to bring the energy and experience of the public interest environmental law movement in the United States to the critical task of strengthening and developing foreign and comparative environmental law, policy, and management throughout the world.

2. Summary of significant accounting policies

Basis of accounting

The financial statements are prepared on the accrual basis of accounting. Under the accrual method, revenues are recognized when earned and expenses are recognized when incurred.

Cash and cash equivalents

All highly liquid debt instruments with a maturity of six months or less are considered cash equivalents.

Credit risk

At times throughout the year, CIEL has deposits in excess of Federal Deposit Insurance Corporation (FDIC) limits in its primary checking account only. At June 30, 2007, CIEL had bank deposits in excess of FDIC limits of \$74,333. CIEL did not have a balance in excess of FDIC limits at June 30, 2006.



CENTER FOR INTERNATIONAL ENVIRONMENTAL LAW, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2007

Property and equipment

Property and equipment are reflected in the financial statements at cost, net of accumulated depreciation and amortization. Depreciation is computed using the straight-line method over three years for furniture and fixtures and computer equipment, and ten years for leasehold improvements. Major additions and improvements are capitalized. Repairs and maintenance which do not significantly add to the value of assets are expensed as incurred.

Net assets

In accordance with generally accepted accounting principals, net assets are classified into two categories; unrestricted and temporarily restricted. Unrestricted net assets are available for the general operations of CIEL, whereas temporarily restricted net assets arise from contributions, foundation and government grants of cash, or pledges to give cash in the future which are subject to donor-imposed stipulations as to their use for specific programs conducted by CIEL.

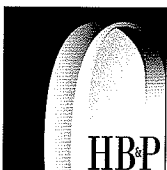
Grants

Grants are recorded as unrestricted or temporarily restricted support depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in temporarily restricted net assets and then reclassified to unrestricted net assets when the restriction is satisfied. Grants received under cost reimbursement arrangements are recorded as unrestricted revenue.

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 programs and supporting services benefited. During the years ended June 30, 2007 and June 30, 2006, indirect costs of \$738,296 and \$692,781 were recovered under the provisions of various restricted grants.

Salaries are allocated between program, fundraising, and management and general classifications based on employee timesheets. The remaining related costs are specifically allocated whenever practical or are allocated based on employee time.



CENTER FOR INTERNATIONAL ENVIRONMENTAL LAW, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2007

Use of estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses and their functional allocation during the reporting period. Actual results could differ from those estimates.

Income taxes

CIEL is exempt from Federal and local income taxes under Section 501(c)(3) of the Internal Revenue Code on any net income derived from activities related to exempt purpose. CIEL is taxed on net income from unrelated business activities. For the years ended June 30, 2007 and 2006, CIEL did not generate any net income from unrelated business activities.

3. Foundation pledges

Foundation pledges receivable at June 30, 2007 and 2006 include amounts due in:

| | <u>2007</u> | <u>2006</u> |
|--------------------|---------------------|-------------------|
| Less than one year | \$ 710,000 | \$ 981,438 |
| One to three years | <u>450,000</u> | <u>-</u> |
| Total | <u>\$ 1,160,000</u> | <u>\$ 981,438</u> |

No allowance for uncollectible pledges has been established since management of CIEL believes all pledges are fully collectible. Pledges due in one or more years have not been discounted because the amount of the discount would be immaterial.

4. Accrued vacation

At June 30, 2007 and 2006, \$35,144 and \$25,693, respectively, was included in accrued payroll expenses as a provision for accrued vacations.



CENTER FOR INTERNATIONAL ENVIRONMENTAL LAW, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2007

5. Temporarily restricted net assets

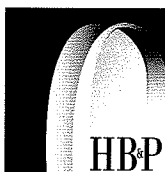
At June 30, 2007 and 2006, temporarily restricted net assets were available for the following programs:

| | <u>2007</u> | <u>2006</u> |
|---|---------------------|---------------------|
| Climate Change | \$ 213,141 | \$ 76,788 |
| Chemicals | 731,845 | 666,294 |
| Trade and Sustainable Development | 1,076,644 | 633,136 |
| International Financial Institutions | 178,921 | 246,916 |
| Human Rights | 54,025 | 129,233 |
| Law and Communities | 1,000 | - |
| Other Programs | - | 2,444 |
| General and Administrative | <u>1,908</u> | <u>1,111</u> |
| Total temporarily restricted net assets | <u>\$ 2,257,484</u> | <u>\$ 1,755,922</u> |

6. Net assets released from restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose. Purpose restrictions accomplished during the years ended June 30, 2007 and 2006 are as follows:

| | <u>2007</u> | <u>2006</u> |
|---|---------------------|---------------------|
| Climate Change | \$ 103,705 | \$ 138,158 |
| Biodiversity and Wildlife | - | 10,000 |
| Chemicals | 871,933 | 678,423 |
| Trade and Sustainable Development | 848,737 | 789,859 |
| International Financial Institutions | 146,074 | 103,290 |
| Human Rights | 92,513 | 44,898 |
| Law and Communities | - | 543,020 |
| Other Programs | 2,444 | 42,785 |
| General and Administrative | <u>1,703</u> | <u>7,875</u> |
| Total net assets released from restrictions | <u>\$ 2,067,109</u> | <u>\$ 2,358,308</u> |



CENTER FOR INTERNATIONAL ENVIRONMENTAL LAW, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2007

7. Commitments and contingencies

Operating leases

CIEL leases office space in Washington, DC that expires July 31, 2017. CIEL also leases office space in Berkeley, CA that expired on July 15, 2007.

CIEL also leases office space in Geneva, Switzerland under a monthly agreement.

The total cost of office space for the years ended June 30, 2007 and 2006, was \$279,286 and \$249,336, respectively.

Aggregate future minimum lease payments are as follows:

For fiscal years ending in:

| | | |
|---------------------|----|------------------|
| 2008 | \$ | 210,906 |
| 2009 | | 235,005 |
| 2010 | | 240,860 |
| 2011 | | 246,891 |
| 2012 | | 253,650 |
| 2013 and thereafter | | <u>1,426,370</u> |
| Total | \$ | <u>2,613,682</u> |

8. Retirement plan

CIEL sponsors a money purchase, defined contribution retirement plan. All employees who have attained the age of 18 are eligible to participate after completing six months of service. The plan year is January 1 to December 31, and the required annual employer contribution is 5% of the total compensation paid to eligible employees. The contribution is allocated between eligible employees on the basis of their compensation. CIEL's pension contribution for the years ended June 30, 2007 and 2006 was \$59,501 and \$53,161, respectively.



CENTER FOR INTERNATIONAL ENVIRONMENTAL LAW, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2007

9. Property and equipment

The following is a summary of property and equipment held as of June 30:

| | <u>2007</u> | <u>2006</u> |
|---|------------------|------------------|
| Furniture and equipment | \$ 78,032 | \$ 121,070 |
| Leasehold improvements | <u>61,134</u> | <u>-</u> |
| Subtotal | 139,166 | 121,070 |
| Accumulated depreciation and amortization | <u>(45,217)</u> | <u>(102,706)</u> |
| Total | <u>\$ 93,949</u> | <u>\$ 18,364</u> |

Depreciation and amortization of property and equipment for the years ended June 30, 2007 and 2006 was \$12,721 and \$9,868, respectively.

10. Contributed services

CIEL's primary form of contributed services is from lawyers and interns. Where a measure of such services is estimable, CIEL has calculated such donated services as an item of both revenue and expense. For the years ended June 30, 2007 and 2006, CIEL received \$103,145 and \$111,143, respectively, in donated services which was included in contributions revenue.

