Audited Financial Statements

CENTER FOR INTERNATIONAL ENVIRONMENTAL LAW, INC.

June 30, 2018

Contents

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Independent Auditor's Report

To the Board of Trustees
Center for International Environmental Law, Inc.

We have audited the accompanying financial statements of Center for International Environmental Law, Inc. (the Organization), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements. The financial statements as of and for the year ended June 30, 2017, were audited by other auditors whose report thereon, dated October 5, 2017, expressed an unmodified opinion on those statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

Opinion

In our opinion, the 2018 financial statements referred to above present fairly, in all material respects, the financial position of the Center for International Environmental Law, Inc. as of June 30, 2018, 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.

Tate & Tryon

Washington, DC
September 24, 2018

Statements of Financial Position

June 30,	2018	2017
Assets		
Cash and cash equivalents	**$ 817,769**	$ 1,020,403
Contributions receivable	**880,119**	800,356
Contracts receivable	**36,472**	124,780
Other receivables	**673**	8,496
Prepaid expenses	**24,020**	22,209
Investments	**22,090**	21,503
Property and equipment, net	**39,412**	51,996
Deposits	**1,646**	20,712
Total assets	**$ 1,822,201**	$ 2,070,455
Liabilities and Net Assets		
Liabilities		
Accounts payable	**$ 21,998**	$ 11,465
Accrued payroll	**43,471**	46,667
Deferred revenue	**79,782**	53,300
Deferred rent	**1,207**	3,655
Total liabilities	**146,458**	115,087
Net assets		
Unrestricted	**688,903**	1,043,775
Temporarily restricted	**986,840**	911,593
Total net assets	**1,675,743**	1,955,368
Total liabilities and net assets	**$ 1,822,201**	$ 2,070,455

See notes to the financial statements.

Center for International Environmental Law, Inc.

Statement of Activities

Year Ended June 30, 2018

	Unrestricted	Temporarily Restricted	Total
Revenue and support			
Grants	$ 299,217	$ 1,063,071	**$ 1,362,288**
Contracts	853,119		**853,119**
In-kind contributions	142,420		**142,420**
Contributions	74,708	2,000	**76,708**
Investment income	8,602		**8,602**
Other income	35,962		**35,962**
Net assets released from restrictions			
Satisfaction of grant restrictions	989,824	(989,824)	**-**
Total revenue and support	2,403,852	75,247	**2,479,099**
Expense			
Program services			
Climate and energy	745,313		**745,313**
People, land and resources	704,797		**704,797**
Environmental health	558,910		**558,910**
IPEN Secretariat and miscellaneous projects	521,417		**521,417**
Total program services	2,530,437	-	**2,530,437**
Support services			
Management and general	133,985		**133,985**
Fundraising	94,302		**94,302**
Total support services	228,287	-	**228,287**
Total expenses	2,758,724	-	**2,758,724**
Change in net assets	(354,872)	75,247	**(279,625)**
Net assets, beginning of year	1,043,775	911,593	**1,955,368**
Net assets, end of year	$ 688,903	$ 986,840	**$ 1,675,743**

Center for International Environmental Law, Inc.

Statement of Activities

Year Ended June 30, 2017

	Unrestricted	Temporarily Restricted	Total
Revenue and support			
Grants	$ 947,136	$ 613,050	**$ 1,560,186**
Contracts	674,081		**674,081**
In-kind contributions	101,804		**101,804**
Contributions	63,827	13,010	**76,837**
Investment income	6,294		**6,294**
Other income	80,845		**80,845**
Net assets released from restrictions			
Satisfaction of grant restrictions	1,276,748	(1,276,748)	**-**
Total revenue and support	3,150,735	(650,688)	**2,500,047**
Expense			
Program services			
Climate and energy	748,432		**748,432**
People, land and resources	584,747		**584,747**
Environmental health	534,202		**534,202**
IPEN Secretariat and miscellaneous projects	415,235		**415,235**
Human rights and the environment	189,340		**189,340**
Total program services	2,471,956	-	**2,471,956**
Support services			
Management and general	111,282		**111,282**
Fundraising	124,808		**124,808**
Total support services	236,090	-	**236,090**
Total expenses	2,708,046	-	**2,708,046**
Change in net assets	442,689	(650,688)	**(207,999)**
Net assets, beginning of year	601,086	1,562,281	**2,163,367**
Net assets, end of year	**$ 1,043,775**	**$ 911,593**	**$ 1,955,368**

Center for International Environmental Law, Inc.

Statements of Cash Flows

Year Ended June 30,	2018	2017
Cash flows from operating activities		
Change in net assets	**$ (279,625)**	$ (207,999)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization	**14,222**	17,980
Net realized and unrealized gain on investments	**(588)**	(2,298)
Deferred rent	**(2,448)**	(37,231)
Loss on disposal of assets	**999**	357
Changes in assets and liabilities:		
Contributions receivable	**(79,763)**	(104,225)
Contracts receivable	**88,308**	(40,981)
Other receivables	**7,823**	(5,090)
Prepaid expenses	**(1,811)**	1,892
Deposits	**19,066**	-
Accounts payable	**10,533**	(34,209)
Accrued payroll	**(3,196)**	13,853
Deferred revenue	**26,482**	27,016
Total adjustments	**79,627**	(162,936)
Net cash used in operating activities	**(199,998)**	(370,935)
Cash flows from investing activities		
Proceeds from sale of property and equipment	**520**	-
Purchases of property and equipment	**(3,156)**	(31,947)
Proceeds from sales of investments	**-**	1,821
Net cash used in investing activities	**(2,636)**	(30,126)
Net decrease in cash and cash equivalents	**(202,634)**	(401,061)
Cash and cash equivalents, beginning of year	**1,020,403**	1,421,464
Cash and cash equivalents, end of year	**$ 817,769**	$ 1,020,403

A. Organization and Summary of Significant Accounting Policies

Organization: The Center for International Environmental Law, Inc. (the Organization), 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.

Income taxes: The Organization is exempt from federal and local income taxes under Section 501(c)(3) of the Internal Revenue Code on income derived from activities related to its exempt purpose and is not classified as a private foundation. This code section enables the Organization to accept donations that qualify as charitable contributions to the donor. The Organization is subject to income taxes on taxable income from unrelated business activities.

Basis of accounting: The Organization prepares its financial statements on the accrual basis of accounting. Accordingly, revenues are recognized when they are earned and expenses are recognized when the underlying obligations are incurred.

Use of estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from estimates.

Cash and cash equivalents: For financial statement purposes, the Organization considers all cash and other highly liquid investments with an initial maturity of one year or less to be cash equivalents.

Contributions receivable: Contributions receivable are unconditional promises to give that are recognized as contributions when the promise is received. Amounts expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. All contributions receivable are expected to be collected within one year. Reserves are established for receivables that are delinquent and considered uncollectible based on periodic reviews by management. At June 30, 2018 and 2017, management estimates that all receivables are fully collectible. Therefore, no allowance for doubtful accounts has been recognized.

Contracts receivable: Contracts receivable represent amounts due in less than one year, principally from non-governmental organizations and international institutions and are stated at their net realizable value. In the opinion of management, all receivables are considered collectible. Accordingly, no allowance for doubtful contracts receivable has been recorded at June 30, 2018 and 2017.

Property and equipment: Property and equipment acquisitions are recorded in the financial statements at cost, net of accumulated depreciation and amortization. Depreciation and amortization expense is computed using the straight-line method over the estimated useful lives of the assets as follows:

Furniture and equipment	3 - 10 years
Leasehold and improvements	Term of lease

The Organization's policy is to capitalize additions and improvements over $500 with estimated useful lives of greater than one year. Repairs and maintenance which do not significantly add to the value of assets are expensed as incurred.

A. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Deferred rent and lease incentives: Deferred rent is recorded and amortized to the extent the total minimum rental payments allocated to the current period on a straight-line basis exceed, or are less than, the cash payments required. Lease incentives received as part of a lease agreement are recognized on a straight-line basis over the life of the lease as a reduction to rent expense.

Net assets: Net assets are classified as unrestricted, temporarily restricted, or permanently restricted based on the existence or absence of donor-imposed restrictions. A description of each net asset group is as follows:

Unrestricted: Unrestricted undesignated net assets represent resources that are not subject to donor-imposed stipulations and are available for operations at management's discretion. Unrestricted board-designated net assets represent those net assets designated by the board for use in the Organization's programs (see Note F).

Temporarily restricted: Temporarily restricted net assets represent resources restricted by donors as to purpose or by the passage of time.

Permanently restricted: Permanently restricted net assets represent resources whose use by the Organization is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by action of the Organization. Income from the assets held is available for either general operations or specific purposes, in accordance with donor stipulations. The Organization has no permanently restricted net assets at June 30, 2018 and 2017

Revenue recognition

Contributions and grants: Contributions and certain foundation and corporate grants are recognized as revenue when received or promised and are recorded net of any current year allowance or discount activity. The Organization reports gifts of cash and other assets as temporarily restricted support if they are received or promised with donor stipulations that limit the use of the donated assets to the Organization's programs or to a future year. When a donor restriction expires, that is, when a purpose restriction is accomplished or time restriction has elapsed, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the accompanying statements of activities as net assets released from restrictions.

Contracts: Contract revenue is recognized as earned when the qualifying costs are incurred. Amounts received in advance are recorded as deferred revenue in the accompanying statements of financial position.

In-kind contributions: Donated materials, services and use of facilities are recorded at fair value when an unconditional commitment is received and are recognized as in-kind contributions as revenue and expense in the accompanying statements of activities. Contributions of services are recognized when services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. The value of such services is recorded based on the estimated fair value of services provided and is classified as in-kind contributions revenue and expense, charged to programs and supporting services based on the program or support services directly benefited. The Organization's primary form of contributed services is from legal interns, with the related expenses classified as program services.

A. Organization and Summary of Significant Accounting Policies - Continued

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

Subsequent events:
Subsequent events have been considered through September 24, 2018, which was the date the financial statements were available to be issued.

B. Concentrations

Credit risk: The Organization maintains demand deposits with commercial banks and money market funds with financial institutions. At times, certain balances held within these accounts may not be fully guaranteed or insured by the U.S. federal government. The uninsured portions of cash and money market accounts are backed solely by the assets of the underlying institution. As such, the failure of an underlying institution could result in financial loss to the Organization.

Market value risk: The Organization also invests in equities which are professionally managed. Such investments are exposed to market and credit risks. Therefore, the Organization's investments may be subject to significant fluctuations in fair value. As a result, the investment balances reported in the accompanying financial statements may not be reflective of the portfolio's value during subsequent periods.

Revenue and Support Risk:
During the year ended June 30, 2018 the Organization received 30 percent of its total revenue and support from two sources. During the year ended June 30, 2017, the Organization received 29 percent of its total revenue and support from two sources.

C. Investments

In accordance with generally accepted accounting principles, the Organization uses the following prioritized input levels to measure investments carried at fair value. The input levels used for valuing these investments are not necessarily an indication of risk.

Level 1 – Observable inputs that reflect quoted prices for identical assets or liabilities in active markets such as stock quotes;

Level 2 – Inputs other than Level 1 inputs that are directly or indirectly observable in the marketplace, such as yield curves or other market data;

Level 3 – Unobservable inputs which reflect the reporting entity's assessment of the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk, such as bid/ask spreads and liquidity discounts.

Investments consist of equity securities and are recorded at fair value. Such investments are classified as Level 1 fair value hierarchy assets based on quoted market prices in active markets for identical assets using Level 1 inputs. Realized and unrealized gains and losses are included in the change in net assets in the accompanying statements of activities.

C. Investments - Continued

In determining the appropriate levels, the Organization performs a detailed analysis of the assets and liabilities that are subject to the standard. There were no Level 2 or 3 inputs for any assets and liabilities held by the Organization at June 30, 2018 and 2017.

Investment income consisted of the following for the year ended June 30,:

	2018	2017
Interest and dividends	$ 8,014	$ 3,996
Realized and unrealized gains, net	588	2,298
Total investment income	**$ 8,602**	**$ 6,294**

D. Property and Equipment

Property and equipment consisted of the following at June 30,:

	2018	2017
Furniture and equipment	$ 56,278	$ 99,341
Leasehold improvements	19,116	78,036
Property and equipment	75,394	177,377
Less accumulated depreciation and amortization	(35,982)	(125,381)
Total property and equipment, net	**$ 39,412**	**$ 51,996**

Depreciation and amortization expense for the years ended June 30, 2018 and 2017 was $14,222 and $17,980, respectively.

E. Temporarily Restricted Net Assets

Temporarily restricted net assets were available for the following purposes at June 30,:

	2018	2017
Climate and energy	$ 540,038	$ 472,854
Environmental health	304,673	196,994
People, land and resources	142,129	200,000
Human rights and environment	-	41,745
Total temporarily restricted net assets	**$ 986,840**	**$ 911,593**

E. Temporarily Restricted Net Assets - Continued

Net assets released from grant restrictions for the following purposes were as follows during the years ended June 30,:

	2018	2017
Climate and energy	$ 596,556	$ 674,013
Environmental health	281,059	376,350
People, land and resources	112,209	164,564
Human rights and environment	-	5,627
IPEN Secretariat and miscellaneous projects	-	56,194
Total net assets released from restrictions	**$ 989,824**	**$ 1,276,748**

F. Management Designation of Unrestricted Net Assets

Management has elected to designate a certain portion of its unrestricted net assets for its programs. Unrestricted net assets were designated for the following purposes at June 30,:

	2018	2017
Climate and energy	$ 77,180	$ 8,250
Human rights and environment	-	247,139
Environmental health	132,641	296,300
People, land and resources	362,249	195,897
Undesignated net assets	116,833	296,189
Total unrestricted net assets	**$ 688,903**	**$ 1,043,775**

Expenses incurred within management's designated net assets were for the following purposes during the years ended June 30,:

	2018	2017
Climate and energy	$ 51,069	$ 51,328
Human rights and environment	-	146,432
Environmental health	163,660	103,228
People, land and resources	302,872	214,103
Total unrestricted net assets released from management designation	**$ 517,601**	**$ 515,091**

G. Commitments and Contingencies

Operating leases: In February 2007, the Organization entered into a lease for office space in Washington, D.C., which commenced in June 2007 and expired July 2017. Base monthly rental payments were $19,067 for the first year and increased approximately 2.5 percent per year. The effects of the abated rent and scheduled rent increases were being recognized by the Organization on a straight-line basis over the life of the lease. The unrecognized portion of the abated rent and rental increases was reflected as deferred rent on the accompanying statement of financial position at June 30, 2017.

In January 2017, the Organization entered into a new lease for office space in Washington, DC, which commenced in August 2017 and expires in July 2022. Monthly rental payments are $15,531 for the first year and increase by 2.5% each year afterwards. The effects of the scheduled rent increases are being recognized by the Organization on a straight-line basis over the life of the lease. The unrecognized portion of the rental increases is reflected as deferred rent on the accompanying statement of financial position at June 30, 2018

In February 2016, the Organization entered into a lease for office space in Berkeley, California, which commenced in February 2016 and expires in January 2019. Monthly rental payments are $1,825 for the first year and increase by 3% each year afterwards.

The Organization also leases office space in Geneva, Switzerland on a month-to-month basis.

The total cost of office space for the years ended June 30, 2018 and 2017 was $221,112 and $345,608, respectively.

Aggregate future minimum lease payments are as follows for the years ending June 30:

Year Ending June 30,		
2019	$	204,199
2020		195,412
2021		200,298
2022		205,305
2023		17,144
	$	822,358

The Organization subleases space on a short-term basis with multiple unaffiliated organizations. Total sublease revenue received was $33,573 and $79,499 for the years ended June 30, 2018 and 2017, respectively, and is reported in other income in the accompanying statements of activities.

H. Retirement Plan

The Organization sponsors a retirement plan classified under Section 403(b) of the Internal Revenue Code. All employees who have attained the age of 18 are eligible to participate after completing six months of service. The Organization may at times make a discretionary nonelective contribution as defined within the plan. The Organization elected not to make contributions to the retirement plan for the years ended June 30, 2018 and 2017.