

FINANCIAL STATEMENTS



**FOR THE YEAR ENDED JUNE 30, 2020
WITH SUMMARIZED FINANCIAL
INFORMATION FOR 2019**

CENTER FOR INTERNATIONAL ENVIRONMENTAL LAW, INC.

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CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the Center for International Environmental Law, Inc. (CIEL), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities and change in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity'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 entity'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 financial statements referred to above present fairly, in all material respects, the financial position of CIEL as of June 30, 2020, and the change 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.

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Report on Summarized Comparative Information

The prior year summarized comparative information has been derived from CIEL's 2019 financial statements, which were audited by other auditors and, in their report dated October 1, 2019, they expressed an unmodified opinion on those statements.

Gelman Rosenberg & Freedman

October 20, 2020

CENTER FOR INTERNATIONAL ENVIRONMENTAL LAW, INC.

STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2020
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2019

ASSETS

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 2,191,501	\$ 1,102,195
Contributions receivable	1,691,499	1,239,078
Contracts receivable	47,562	38,667
Other receivables	6,669	5,607
Prepaid expenses	27,343	22,015
Investments	158,040	24,073
Property and equipment, net	43,977	31,535
Deposits	<u>2,401</u>	<u>2,401</u>
TOTAL ASSETS	\$ <u>4,168,992</u>	\$ <u>2,465,571</u>

LIABILITIES AND NET ASSETS**LIABILITIES**

Accounts payable	\$ 429,967	\$ 14,736
Accrued payroll	73,105	39,657
Deferred revenue	122,641	76,539
Deferred rent	10,709	8,341
Loan payable	<u>327,355</u>	<u>-</u>
Total liabilities	<u>963,777</u>	<u>139,273</u>

NET ASSETS

Without donor restrictions	1,125,261	673,621
With donor restrictions	<u>2,079,954</u>	<u>1,652,677</u>
Total net assets	<u>3,205,215</u>	<u>2,326,298</u>
TOTAL LIABILITIES AND NET ASSETS	\$ <u>4,168,992</u>	\$ <u>2,465,571</u>

CENTER FOR INTERNATIONAL ENVIRONMENTAL LAW, INC.

STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2020
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2019

	2020			2019
	Without Donor Restrictions	With Donor Restrictions	Total	Total
SUPPORT AND REVENUE				
Grants	\$ 965,310	\$ 2,233,510	\$ 3,198,820	\$ 2,229,326
Contracts	1,013,333	-	1,013,333	990,842
In-kind contributions	150,298	-	150,298	124,564
Contributions	123,479	3,654	127,133	147,602
Interest and dividends	19,068	610	19,678	17,848
Investment (loss) income	(4,204)	-	(4,204)	4,060
Other income	21,490	-	21,490	25,973
Net assets released from donor restrictions	<u>1,810,497</u>	<u>(1,810,497)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>4,099,271</u>	<u>427,277</u>	<u>4,526,548</u>	<u>3,540,215</u>
EXPENSES				
Program Services:				
Climate and Energy	1,127,519	-	1,127,519	728,692
Environmental Health	1,077,855	-	1,077,855	566,914
People, Land and Resources	514,330	-	514,330	520,819
IPEN Secretariat and Miscellaneous Projects	<u>563,691</u>	<u>-</u>	<u>563,691</u>	<u>593,809</u>
Total program services	<u>3,283,395</u>	<u>-</u>	<u>3,283,395</u>	<u>2,410,234</u>
Supporting Services:				
Management and General	260,156	-	260,156	384,953
Fundraising	<u>104,080</u>	<u>-</u>	<u>104,080</u>	<u>94,473</u>
Total supporting services	<u>364,236</u>	<u>-</u>	<u>364,236</u>	<u>479,426</u>
Total expenses	<u>3,647,631</u>	<u>-</u>	<u>3,647,631</u>	<u>2,889,660</u>
Change in net assets	451,640	427,277	878,917	650,555
Net assets at beginning of year	<u>673,621</u>	<u>1,652,677</u>	<u>2,326,298</u>	<u>1,675,743</u>
NET ASSETS AT END OF YEAR	\$ <u>1,125,261</u>	\$ <u>2,079,954</u>	\$ <u>3,205,215</u>	\$ <u>2,326,298</u>

CENTER FOR INTERNATIONAL ENVIRONMENTAL LAW, INC.

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2019**

	2020					2019				
	Program Services				Total Program Services	Supporting Services			Total Expenses	Total Expenses
Climate and Energy	Environmental Health	People, Land and Resources	IPEN Secretariat and Miscellaneous Projects	Management and General		Fundraising	Total Supporting Services			
Salaries, payroll taxes and benefits	\$ 747,568	\$ 466,602	\$ 391,261	\$ 465,292	\$ 2,070,723	\$ 187,076	\$ 61,089	\$ 248,165	\$ 2,318,888	\$ 2,017,497
Contractors, subgrants and professional services	198,191	507,113	52,783	59,318	817,405	26,296	35,617	61,913	879,318	419,691
Cost of office space	71,434	60,537	40,505	25,981	198,457	17,491	-	17,491	215,948	221,162
Travel, meetings and conferences	82,829	31,819	18,576	1,024	134,248	2,891	797	3,688	137,936	129,772
Communications, postage and printing	10,913	4,350	4,060	2,427	21,750	7,169	4,126	11,295	33,045	43,312
Equipment, furniture and supplies	10,289	4,896	3,322	2,099	20,606	9,648	441	10,089	30,695	28,311
Miscellaneous expenses	3,666	954	2,542	4,797	11,959	3,324	2,010	5,334	17,293	15,427
Commercial insurance	2,629	1,584	1,281	2,753	8,247	6,261	-	6,261	14,508	14,488
TOTAL	\$ 1,127,519	\$ 1,077,855	\$ 514,330	\$ 563,691	\$ 3,283,395	\$ 260,156	\$ 104,080	\$ 364,236	\$ 3,647,631	\$ 2,889,660

See accompanying notes to financial statements.

CENTER FOR INTERNATIONAL ENVIRONMENTAL LAW, INC.

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2019**

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 878,917	\$ 650,555
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	18,081	15,133
Net realized and unrealized loss (gain) on investments	8,795	(3,281)
Deferred rent	2,368	7,134
Loss on disposal of assets	130	509
Receipt of contributed securities	(487)	-
Proceeds from the sale of contributed securities	423	-
(Increase) decrease in:		
Contributions receivable	(452,421)	(358,959)
Contracts receivable	(8,895)	(2,195)
Other receivables	(1,062)	(4,934)
Prepaid expenses	(5,328)	2,005
Deposits	-	(755)
Increase (decrease) in:		
Accounts payable	415,231	(7,262)
Accrued payroll	33,448	(3,814)
Deferred revenue	46,102	(3,243)
Accrued interest on loan payable	<u>510</u>	<u>-</u>
Net cash provided by operating activities	<u>935,812</u>	<u>290,893</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of property and equipment	-	509
Purchases of property and equipment	(30,653)	(8,274)
Proceeds from sale of investments	43,426	26,274
Purchase of investments	<u>(186,124)</u>	<u>(24,976)</u>
Net cash used by investing activities	<u>(173,351)</u>	<u>(6,467)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from loan payable	<u>326,845</u>	<u>-</u>
Net cash provided by financing activities	<u>326,845</u>	<u>-</u>
Net increase in cash and cash equivalents	1,089,306	284,426
Cash and cash equivalents at beginning of year	<u>1,102,195</u>	<u>817,769</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 2,191,501</u>	<u>\$ 1,102,195</u>

See accompanying notes to financial statements.

CENTER FOR INTERNATIONAL ENVIRONMENTAL LAW, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Organization -

The 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.

Basis of presentation -

The accompanying financial statements are presented on the accrual basis of accounting, and in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. As such, net assets are reported within two net asset classifications: without donor restrictions and with donor restrictions. Descriptions of the two net asset categories are as follows:

- **Net Assets Without Donor Restrictions** - Net assets available for use in general operations and not subject to donor restrictions are recorded as "net assets without donor restrictions". Assets restricted solely through the actions of the Board are referred to as Board Designated and are also reported as net assets without donor restrictions.
- **Net Assets With Donor Restrictions** - Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in "net assets with donor restrictions", depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities and Change in Net Assets as net assets released from donor restrictions.

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 CIEL's financial statements for the year ended June 30, 2019, from which the summarized information was derived.

New accounting pronouncements adopted -

During 2019, CIEL early adopted Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606), as amended. The ASU provides a framework for recognizing revenue and is intended to improve comparability of revenue recognition practices across for-profit and non-profit entities. Analysis of the various provisions of this standard resulted in no significant changes in the way CIEL recognized revenue; however, the presentation and disclosures of revenue have been enhanced. CIEL has elected to opt out of all (or certain) disclosures not required for nonpublic entities and also elected a modified retrospective approach for implementation.

Also during 2019, CIEL adopted ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. This guidance is intended to clarify and improve the scope and the accounting guidance for contributions received and contributions made.

CENTER FOR INTERNATIONAL ENVIRONMENTAL LAW, INC.

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)**

New accounting pronouncements adopted (continued) -

Key provisions in this guidance include clarification regarding the accounting for grants and contracts as exchange transactions or contributions, and improve guidance to better distinguish between conditional and unconditional contributions. CIEL adopted the ASU using a modified prospective basis.

Cash and cash equivalents -

CIEL considers all cash and other highly liquid investments with initial maturities of one year or less to be cash equivalents. Bank deposit accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to a limit of \$250,000. At times during the year, CIEL maintains cash balances in excess of the FDIC insurance limits. Management believes the risk in these situations to be minimal.

Investments -

Investments are recorded at their readily determinable fair value. Interest, dividends, realized and unrealized gains and losses are included in investment income in the accompanying Statement of Activities and Change in Net Assets. CIEL does not pay any external advisor fees for its investment holdings. Investments acquired by gift are recorded at their fair value at the date of the gift. CIEL's policy is to review and liquidate any gifts of investments that might conflict with its mission as soon as possible after the gift.

Receivables -

Receivables are recorded at their net realizable value, which approximates fair value. Management considers all amounts to be fully collectible. Accordingly, an allowance for doubtful accounts has not been established.

Property and equipment -

Property and equipment in excess of \$500 are capitalized and stated at cost. Property and equipment are depreciated on a straight-line basis over the estimated useful lives of the related assets, generally three to ten years. Leasehold improvements are amortized over the remaining life of the lease. The cost of maintenance and repairs is recorded as expenses are incurred. Depreciation and amortization expense for the year ended June 30, 2020 totaled \$18,081.

Impairment of long-lived assets -

Management reviews asset carrying amounts whenever events or circumstances indicate that such carrying amounts may not be recoverable. When considered impaired, the carrying amount of the assets is reduced, by a charge to the Statement of Activities and Change in Net Assets, to its current fair value.

Income taxes -

CIEL is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in the accompanying financial statements. CIEL is not a private foundation.

CENTER FOR INTERNATIONAL ENVIRONMENTAL LAW, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)

Uncertain tax positions -

For the year ended June 30, 2020, CIEL has documented its consideration of FASB ASC 740-10, *Income Taxes*, that provides guidance for reporting uncertainty in income taxes and has determined that no material uncertain tax positions qualify for either recognition or disclosure in the financial statements.

Contributions, grants and contracts -

The majority of CIEL's revenue is received through contributions, grants and contracts from foreign governments, international organizations and other entities. Contributions and grants are recognized in the appropriate category of net assets in the period received. CIEL performs an analysis of the individual contribution, grant and contract to determine if the revenue streams follow the contribution rules or if they should be recorded as an exchange transaction depending upon whether the transactions are deemed reciprocal or nonreciprocal.

For contributions, grants and contracts qualifying under the contribution rules, revenue is recognized upon notification of the award and satisfaction of all conditions, if applicable. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Contributions, grants and contracts qualifying as contributions that are unconditional but have donor restrictions are recognized as "without donor restrictions" only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions; such funds in excess of expenses incurred are shown as net assets with donor restrictions in the accompanying financial statements.

Grant and contract agreements qualifying as conditional contributions contain a right of return and a barrier. Revenue is recognized when the condition or conditions are satisfied. Most grants and contract awards from entities are for direct and indirect program costs. These transactions are nonreciprocal and classified as conditional and are recognized as contributions when the revenue becomes unconditional. Typically, these agreements also contain a right of return or right of release from obligation provision and the entity has limited discretion over how funds transferred should be spent. As such, CIEL recognizes revenue for these conditional contributions when the related barrier has been overcome (generally, when qualifying expenditures are incurred). Funds received in advance of the incurrence of qualifying expenditures are recorded as refundable advances. For contributions and grants and contracts treated as contributions, CIEL had \$500,000 in unrecognized conditional awards as of June 30, 2020.

Grants and contracts classified as exchange transactions follow ASU 2014-09, *Revenue from Contracts With Customers* and record revenue when the performance obligations are met. The revenue is recorded directly to without donor restrictions and the transaction price is based on expenses incurred in compliance with the criteria stipulated in the grant or contract agreements. Grants and contracts receivable represents amounts due from funding organizations for reimbursable expenses incurred in accordance with the grant and contract agreements. Funding received in advance of incurring the related expenses is recorded as deferred revenue.

In-kind contributions -

In-kind contributions consist of contributed services from communications and legal interns. Contributions of services are recognized when services received (a) create or enhance non-financial assets or (b) require special skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

CENTER FOR INTERNATIONAL ENVIRONMENTAL LAW, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION**
(Continued)

In-kind contributions (continued) -

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.

Foreign currency translation -

The U. S. Dollar is the functional currency for CIEL's worldwide operations. Transactions in currencies other than U.S. Dollars are translated into dollars at the rate of exchange in effect during the month of the transaction.

Use of estimates -

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

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 and Change in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses directly attributed to a specific functional area of CIEL are reported as direct expenses to the programmatic area and those expenses that benefit more than one function are allocated on a basis of actual time and effort.

Risks and uncertainties -

CIEL invests in various investment securities. Investment securities are exposed to various risks such as interest rates, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying financial statements.

Fair value measurement -

CIEL adopted the provisions of FASB ASC 820, *Fair Value Measurement*. FASB ASC 820 defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs (assumptions that market participants would use in pricing assets and liabilities, including assumptions about risk) used to measure fair value, and enhances disclosure requirements for fair value measurements. CIEL accounts for a significant portion of its financial instruments at fair value or considers fair value in their measurement.

Economic uncertainties -

On March 11, 2020, the World Health Organization declared the Coronavirus disease (COVID-19) a global pandemic. As a result of the spread of COVID-19, economic uncertainties have arisen which may negatively impact CIEL's operations. The overall potential impact is unknown at this time.

CENTER FOR INTERNATIONAL ENVIRONMENTAL LAW, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)

New accounting pronouncement not yet adopted -

FASB issued ASU 2019-01, *Leases* (Topic 842). The ASU changes the accounting treatment for operating leases by recognizing a lease asset and lease liability at the present value of the lease payments in the Statement of Financial Position and disclosing key information about leasing arrangements. During 2020, the FASB issued ASU 2020-05 and delayed the implementation date by one year. The ASU is effective for non public entities beginning after December 15, 2021. Early adoption is still permitted. The ASU can be applied at the beginning of the earliest period presented using a modified retrospective approach or applied at the beginning of the period of adoption recognizing a cumulative-effect adjustment. CIEL plans to adopt the new ASU at the required implementation date and management is currently in the process of evaluating the adoption method and the impact of the new standard on its accompanying financial statements.

2. INVESTMENTS

Investments consisted of the following as of June 30, 2020:

	<u>Fair Value</u>
Stocks, options and ETFs	\$ 61,377
Mutual funds	81,483
Fixed income	<u>15,180</u>
TOTAL INVESTMENTS	<u>\$ 158,040</u>

Included in investment loss are the following:

Dividends	\$ 4,591
Net realized and unrealized loss	<u>(8,795)</u>
TOTAL INVESTMENT LOSS, NET OF INVESTMENT EXPENSES	<u>\$ (4,204)</u>

In accordance with FASB ASC 820, *Fair Value Measurement*, CIEL has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument. Investments recorded in the Statement of Financial Position are categorized based on the inputs to valuation techniques as follows:

Level 1. These are investments where values are based on unadjusted quoted prices for identical assets in an active market CIEL has the ability to access.

Level 2. These are investments where values are based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, or model-based valuation techniques that utilize inputs that are observable either directly or indirectly for substantially the full-term of the investments.

Level 3. These are investments where inputs to the valuation methodology are unobservable and significant to the fair value measurement.

CENTER FOR INTERNATIONAL ENVIRONMENTAL LAW, INC.

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

2. INVESTMENTS (Continued)

Following is a description of the valuation methodology used for investments measured at fair value. There were no changes in methodologies and there were no transfers between levels in the fair value hierarchy during the year ended June 30, 2020. Transfers between levels are recorded at the end of the reporting period, if applicable.

- *Stocks, options and ETFs* - Valued at the closing price reported on the active market in which the individual securities are traded.
- *Mutual funds* - Valued at the daily closing price as reported by the fund. Mutual funds held by CIEL are open-end mutual funds that are registered with the SEC. These funds are required to publish their daily value and to transact at that price. Mutual funds held by CIEL are deemed to be actively traded.
- *Fixed income* - Fair value is based upon current yields available on comparable securities of issuers with similar ratings, the security's terms and conditions, and interest rate and credit risk.

The table below summarizes, the investments measured at fair value on a recurring basis, by level within the fair value hierarchy as of June 30, 2020.

	Level 1	Level 2	Level 3	Total
Investments:				
Stocks, options and ETFs	\$ 61,377	\$ -	\$ -	\$ 61,377
Mutual funds	81,483	-	-	81,483
Fixed income	-	15,180	-	15,180
TOTAL INVESTMENTS	\$ 142,860	\$ 15,180	\$ -	\$ 158,040

3. CONTRIBUTIONS RECEIVABLE

As of June 30, 2020, contributors to CIEL have made unconditional written promises to give, of which \$1,691,499 remained due and outstanding. Amounts due beyond one year of the Statement of Financial Position date have been recorded at the present value of the estimated cash flows, using a discount rate of 5.25%. Following is a schedule of amounts due, by year, as of June 30, 2020:

Less than one year	\$ 1,368,445
One to five years	339,569
Total	1,708,014
Less: Allowance to discount balance to present value	(16,516)
NET RECEIVABLES	\$ 1,691,498

4. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30, 2020:

Furniture	\$ 86,120
Leasehold improvements	19,115
Total property and equipment	105,235
Less: Accumulated depreciation and amortization	(61,258)
NET PROPERTY AND EQUIPMENT	\$ 43,977

CENTER FOR INTERNATIONAL ENVIRONMENTAL LAW, INC.

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

5. LOAN PAYABLE

On May 2, 2020, CIEL received loan proceeds in the amount of \$326,845 under the Paycheck Protection Program. The promissory note calls for monthly principal and interest payments amortized over the term of the promissory note with a deferral of payments for the first six months. Under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), the promissory note may be forgiven by the Small Business Administration in whole or in part. CIEL intends to use the proceeds for purposes consistent with the Paycheck Protection Program and believes that its use of the loan proceeds will meet the conditions for forgiveness of the loan. CIEL intends to apply for forgiveness after completing the 24-week period. If forgiveness is granted, CIEL will record revenue from debt extinguishments during the period that forgiveness was approved. Principal payments as stated in the promissory note are due as follows unless otherwise forgiven:

Year Ending June 30,

2021		\$ 133,508
2022		<u>193,847</u>
		<u>\$ 327,355</u>

6. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at June 30, 2020:

Subject to expenditure for specified purpose:

Climate and Energy		\$ 1,524,803
Environmental Health		469,879
People, Land and Resources		<u>85,272</u>

NET ASSETS WITH DONOR RESTRICTIONS **\$ 2,079,954**

The following net assets with donor restrictions were released from donor restrictions by incurring expenses (or through the passage of time) which satisfied the restricted purposes specified by the donors:

Purpose restrictions accomplished:

Climate and Energy		\$ 636,815
Environmental Health		1,005,378
People, Land and Resources		<u>168,304</u>

NET ASSETS RELEASED FROM DONOR RESTRICTIONS **\$ 1,810,497**

7. LIQUIDITY AND AVAILABILITY

Financial assets available for use for general expenditures within one year of the Statement of Financial Position date comprise the following:

Cash and cash equivalents		\$ 2,191,501
Contributions receivable - current portion		1,368,445
Contracts receivable		47,562
Other receivables		6,669
Investments		158,040
Less: Donor restricted funds		<u>(2,079,954)</u>

**FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR
GENERAL EXPENDITURES WITHIN ONE YEAR** **\$ 1,692,263**

CENTER FOR INTERNATIONAL ENVIRONMENTAL LAW, INC.

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

7. LIQUIDITY AND AVAILABILITY (Continued)

CIEL maintains a liquid cash balance in checking, money market accounts and certificates of deposit in amounts necessary to meet anticipated expenditures for the next nine to twenty-four months. CIEL's objective is to entirely safeguard principal, while maintaining a very high level of liquidity to allow CIEL to meet cash flow needs and earning prevailing rates for short-term investments. The above reflects CIEL's financial assets as of June 30, 2020, reduced by amounts not available for general use within one year of the statement of financial position date because of contractual or donor-imposed restrictions.

8. IN-KIND CONTRIBUTIONS

During the year ended June 30, 2020, CIEL was the beneficiary of donated services which allowed CIEL to provide greater resources toward various programs. To properly reflect total program expenses, the following donations have been included in revenue and expense for the year ended June 30, 2020.

Donated Services	\$ <u>150,298</u>
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The following programs have benefited from these donated services:

Climate and Energy	\$ 76,959
Environmental Health	41,171
People, Land and Resources	24,948
Management and General	<u>7,220</u>
TOTAL	\$ <u>150,298</u>

9. LEASE COMMITMENTS

In January 2017, CIEL entered into a lease for office space in Washington, D.C., which commenced in August 2017 and expires in July 2022. Monthly rental payments were \$15,531 for the first year with a 2.5% escalation each year afterwards.

In February 2016, CIEL entered into a lease for office space in Berkeley, California, which commenced in February 2016, and was extended during 2019 with expiration in January 2022. Monthly rental payments were \$1,825 for the first year with a 3% escalation each year afterwards.

Accounting principles generally accepted in the United States of America require that the total rent commitment should be recognized on a straight-line basis over the term of the lease. Accordingly, the difference between the actual monthly payments and the rent expense being recognized for financial statement purposes is recorded as a deferred rent liability on the accompanying Statement of Financial Position.

CIEL also leased office space in Geneva, Switzerland on a month-to-month basis through January 2020. In February 2020, CIEL entered into a one-year lease agreement for office space with an expiration date of January 2021. Monthly rental payments are 2,031 CHF. As the lease expires within one year of the date of the accompanying Statement of Financial Position, it has not been included in the future minimum payments schedule below.

CENTER FOR INTERNATIONAL ENVIRONMENTAL LAW, INC.

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

9. LEASE COMMITMENTS (Continued)

The following is a schedule of the future minimum lease payments:

Year Ending June 30,

2021	\$ 220,119
2022	220,115
2023	<u>17,144</u>
	<u>\$ 457,378</u>

Rent expense for the year ended June 30, 2020 was \$215,948. The deferred rent liability was \$10,709.

CIEL subleases a portion of its office space under various leases on a short-term basis. Sublease income for the year ended June 30, 2020 was \$16,036 and is included in other revenue in the accompanying Statement of Activities and Change in Net Assets.

10. RETIREMENT PLAN

CIEL 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. CIEL may at times make a discretionary nonelective contribution as defined within the Plan. CIEL elected to make contributions to the retirement plan for the year ended June 30, 2020 at 4% for all eligible employees in the amount of \$73,671, which is included in salaries, payroll taxes and benefits in the accompanying Statement of Functional Expenses.

11. SUBSEQUENT EVENTS

In preparing these financial statements, CIEL has evaluated events and transactions for potential recognition or disclosure through October 20, 2020, the date the financial statements were issued.