

FINANCIAL STATEMENTS



**FOR THE YEAR ENDED JUNE 30, 2021
WITH SUMMARIZED FINANCIAL
INFORMATION FOR 2020**

CENTER FOR INTERNATIONAL ENVIRONMENTAL LAW, INC.

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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, 2021, 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, 2021, 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

We have previously audited CIEL's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 20, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in cursive script that reads "Gelman Rosenberg & Freedman". The signature is written in black ink on a light-colored background.

October 21, 2021

CENTER FOR INTERNATIONAL ENVIRONMENTAL LAW, INC.

STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2021
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2020

ASSETS

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 3,141,224	\$ 2,191,501
Investments	611,159	158,040
Contributions receivable	1,270,021	1,691,499
Contracts receivable	48,474	47,562
Other receivables	1,662	6,669
Prepaid expenses	31,821	27,343
Property and equipment, net	39,913	43,977
Deposits	<u>2,401</u>	<u>2,401</u>
TOTAL ASSETS	\$ <u>5,146,675</u>	\$ <u>4,168,992</u>

LIABILITIES AND NET ASSETS**LIABILITIES**

Loan payable	\$ -	\$ 327,355
Accounts payable	317,787	429,967
Accrued payroll	79,928	73,105
Deferred revenue	284,235	122,641
Deferred rent	<u>8,191</u>	<u>10,709</u>
Total liabilities	<u>690,141</u>	<u>963,777</u>

NET ASSETS

Without donor restrictions	1,573,981	1,125,261
With donor restrictions	<u>2,882,553</u>	<u>2,079,954</u>
Total net assets	<u>4,456,534</u>	<u>3,205,215</u>
TOTAL LIABILITIES AND NET ASSETS	\$ <u>5,146,675</u>	\$ <u>4,168,992</u>

CENTER FOR INTERNATIONAL ENVIRONMENTAL LAW, INC.

STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2021
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2020

	2021			2020
	Without Donor Restrictions	With Donor Restrictions	Total	Total
SUPPORT AND REVENUE				
Grants	\$ 638,009	\$ 3,210,948	\$ 3,848,957	\$ 3,198,820
Contracts	911,679	-	911,679	1,013,333
In-kind contributions	12,785	-	12,785	150,298
Contributions	161,329	125	161,454	127,133
Interest	3,513	62	3,575	19,678
Investment income	59,551	-	59,551	(4,204)
Other income	335,688	-	335,688	21,490
Net assets released from donor restrictions	<u>2,408,536</u>	<u>(2,408,536)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>4,531,090</u>	<u>802,599</u>	<u>5,333,689</u>	<u>4,526,548</u>
EXPENSES				
Program Services:				
Climate and Energy	1,811,427	-	1,811,427	1,127,519
Environmental Health	822,830	-	822,830	1,077,855
People, Land and Resources	476,522	-	476,522	514,330
IPEN Secretariat and Miscellaneous Projects	<u>444,276</u>	<u>-</u>	<u>444,276</u>	<u>563,691</u>
Total program services	<u>3,555,055</u>	<u>-</u>	<u>3,555,055</u>	<u>3,283,395</u>
Supporting Services:				
Management and General	365,784	-	365,784	260,156
Fundraising	<u>161,531</u>	<u>-</u>	<u>161,531</u>	<u>104,080</u>
Total supporting services	<u>527,315</u>	<u>-</u>	<u>527,315</u>	<u>364,236</u>
Total expenses	<u>4,082,370</u>	<u>-</u>	<u>4,082,370</u>	<u>3,647,631</u>
Change in net assets	448,720	802,599	1,251,319	878,917
Net assets at beginning of year	<u>1,125,261</u>	<u>2,079,954</u>	<u>3,205,215</u>	<u>2,326,298</u>
NET ASSETS AT END OF YEAR	<u>\$ 1,573,981</u>	<u>\$ 2,882,553</u>	<u>\$ 4,456,534</u>	<u>\$ 3,205,215</u>

CENTER FOR INTERNATIONAL ENVIRONMENTAL LAW, INC.

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2020**

	2021					2020				
	Program Services				Supporting Services					
	Climate and Energy	Environmental Health	People, Land and Resources	IPEN Secretariat and Miscellaneous Projects	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total Expenses	Total Expenses
Salaries, payroll taxes and benefits	\$ 1,164,273	\$ 637,252	\$ 362,397	\$ 396,507	\$ 2,560,429	\$ 297,539	\$ 111,048	\$ 408,587	\$ 2,969,016	\$ 2,318,888
Contractors, subgrants and professional services	502,883	99,559	78,163	25,513	706,118	29,762	45,975	75,737	781,855	879,318
Cost of office space	98,977	62,425	27,646	14,115	203,163	11,104	-	11,104	214,267	215,948
Travel, meetings and conferences	5,549	1,848	69	421	7,887	178	56	234	8,121	137,936
Communications, postage and printing	9,981	4,614	2,721	1,615	18,931	5,855	4,452	10,307	29,238	33,045
Equipment, furniture and supplies	17,353	11,595	2,811	2,027	33,786	13,761	-	13,761	47,547	30,695
Miscellaneous expenses	9,522	3,917	1,499	1,723	16,661	1,109	-	1,109	17,770	17,293
Commercial insurance	2,889	1,620	1,216	2,355	8,080	6,476	-	6,476	14,556	14,508
TOTAL	\$ 1,811,427	\$ 822,830	\$ 476,522	\$ 444,276	\$ 3,555,055	\$ 365,784	\$ 161,531	\$ 527,315	\$ 4,082,370	\$ 3,647,631

See accompanying notes to financial statements.

CENTER FOR INTERNATIONAL ENVIRONMENTAL LAW, INC.

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2020**

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 1,251,319	\$ 878,917
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	20,919	18,081
Net realized and unrealized (gain) loss on investments	(50,931)	8,795
Change in discount on contributions receivable	(16,516)	(33,195)
Deferred rent	(2,518)	2,368
Loss on disposal of assets	-	130
Forgiveness of loan payable	(327,355)	-
Receipt of contributed securities	(11,169)	(487)
Proceeds from the sale of contributed securities	11,169	423
Decrease (increase) in:		
Contributions receivable	437,994	(419,225)
Contracts receivable	(912)	(8,895)
Other receivables	5,007	(1,062)
Prepaid expenses	(4,478)	(5,328)
(Decrease) increase in:		
Accounts payable	(112,180)	415,230
Accrued payroll	6,823	33,448
Deferred revenue	161,594	46,102
Accrued interest on loan payable	-	510
Net cash provided by operating activities	<u>1,368,766</u>	<u>935,812</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(16,855)	(30,653)
Proceeds from sale of investments	-	43,426
Purchase of investments	<u>(402,188)</u>	<u>(186,124)</u>
Net cash used by investing activities	<u>(419,043)</u>	<u>(173,351)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from loan payable	<u>-</u>	<u>326,845</u>
Net cash provided by financing activities	<u>-</u>	<u>326,845</u>
Net increase in cash and cash equivalents	949,723	1,089,306
Cash and cash equivalents at beginning of year	<u>2,191,501</u>	<u>1,102,195</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 3,141,224</u>	<u>\$ 2,191,501</u>

CENTER FOR INTERNATIONAL ENVIRONMENTAL LAW, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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, 2020, from which the summarized information was derived.

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.

CIEL had approximately \$23,271 of cash and cash equivalents held at a financial institution in Switzerland as of June 30, 2021. Deposits are insured up to CHF 100,000 based on a three-tiered system protection.

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.

CENTER FOR INTERNATIONAL ENVIRONMENTAL LAW, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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

Investments (continued) -

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 receiving 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, 2021 totaled \$20,919.

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.

Uncertain tax positions -

For the year ended June 30, 2021, 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 under ASU 2018-08, Not-for-Profit Entities (Topic 958): *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*.

CENTER FOR INTERNATIONAL ENVIRONMENTAL LAW, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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

Contributions, grants and contracts (continued) -

For contributions and grants qualifying under the contribution rules, revenue is recognized upon notification of the award and satisfaction of all conditions, if applicable. Contributions and grants qualifying as contributions that are unconditional and 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. Funds in excess of expenses incurred are shown as net assets with donor restrictions in the accompanying financial statements.

Grant and contribution agreements qualifying as conditional contributions contain a right of return from obligation provision that limits CIEL on how funds transferred should be spent. Additionally, a barrier is present that is related to the purpose of the agreement. Revenue is recognized when the condition or conditions on which they depend are substantially met. 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 \$125,000 in unrecognized conditional awards as of June 30, 2021.

Grants and contracts classified as exchange transactions follow ASU 2014-09, *Revenue from Contracts With Customers* and are recorded as revenue at a point in time when the performance obligations are met. CIEL has elected to opt out of certain disclosures not required for nonpublic entities. Transaction price is based on cost. Funding received in advance of satisfying performance obligations are 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.

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. Assets and liabilities denominated in currencies other than U.S. Dollars are translated into dollars at the exchange rate in effect at the date of the Statement of Financial Position.

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.

CENTER FOR INTERNATIONAL ENVIRONMENTAL LAW, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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

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.

Investment 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.

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.

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.

Reclassification -

Certain amounts in the prior year's financial statements have been reclassified to conform to the current year's presentation.

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.

CENTER FOR INTERNATIONAL ENVIRONMENTAL LAW, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

2. INVESTMENTS

Investments consisted of the following as of June 30, 2021:

	<u>Fair Value</u>
Stocks and ETFs	\$ 240,714
Mutual funds	360,395
Fixed income (bonds)	<u>10,050</u>
TOTAL INVESTMENTS	<u>\$ 611,159</u>

Included in investment income are the following:

Dividends	\$ 8,620
Net realized and unrealized gain	<u>50,931</u>
TOTAL INVESTMENT INCOME	<u>\$ 59,551</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.

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, 2021. Transfers between levels are recorded at the end of the reporting period, if applicable.

- *Stocks 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 (bonds)* - 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.

CENTER FOR INTERNATIONAL ENVIRONMENTAL LAW, INC.

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

2. INVESTMENTS (Continued)

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, 2021.

	Level 1	Level 2	Level 3	Total
Investments:				
Stocks and ETFs	\$ 240,714	\$ -	\$ -	\$ 240,714
Mutual funds	360,395	-	-	360,395
Fixed income (bonds)	<u>-</u>	<u>10,050</u>	<u>-</u>	<u>10,050</u>
TOTAL INVESTMENTS	<u>\$ 601,109</u>	<u>\$ 10,050</u>	<u>\$ -</u>	<u>\$ 611,159</u>

3. CONTRIBUTIONS RECEIVABLE

As of June 30, 2021, contributors to CIEL have made unconditional written promises to give, of which \$1,270,021 remained due and outstanding. There were no amounts due beyond one year of the Statement of Financial Position date.

4. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30, 2021:

Furniture	\$ 65,869
Leasehold improvements	<u>19,116</u>
Total property and equipment	84,985
Less: Accumulated depreciation and amortization	<u>(45,072)</u>
NET PROPERTY AND EQUIPMENT	<u>\$ 39,913</u>

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 called 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 used the proceeds for purposes consistent with the Paycheck Protection Program and applied for forgiveness of the loan.

During the year ended June 30, 2021, forgiveness was granted, and accordingly, CIEL recorded revenue from debt extinguishments, which is included in other income on the accompanying Statement of Activities and Change in Net Assets. This includes both original proceeds on the loan, as well as accrued interest as of June 30, 2020 in the amount of \$510.

CENTER FOR INTERNATIONAL ENVIRONMENTAL LAW, INC.

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

6. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at June 30, 2021:

Subject to expenditure for specified purpose:	
Climate and Energy	\$ 2,286,384
Environmental Health	310,692
People, Land and Resources	<u>285,477</u>

NET ASSETS WITH DONOR RESTRICTIONS **\$ 2,882,553**

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	\$ 1,540,931
Environmental Health	667,622
People, Land and Resources	<u>199,983</u>

NET ASSETS RELEASED FROM DONOR RESTRICTIONS **\$ 2,408,536**

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	\$ 3,141,224
Contributions receivable - current portion	1,270,021
Contracts receivable	48,474
Other receivables	1,662
Investments	611,159
Less: Donor restricted funds	<u>(2,882,553)</u>

**FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS
FOR GENERAL EXPENDITURES WITHIN ONE YEAR** **\$ 2,189,987**

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, 2021, 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, 2021, CIEL was the beneficiary of donated services which allowed CIEL to provide greater resources toward various programs.

CENTER FOR INTERNATIONAL ENVIRONMENTAL LAW, INC.

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

8. IN-KIND CONTRIBUTIONS (Continued)

To properly reflect total program expenses, the following donations have been included in revenue and expense for the year ended June 30, 2021.

Donated Services	\$ <u>12,785</u>
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The following programs have benefited from these donated services:

Climate and Energy	\$ 9,608
Environmental Health	180
People, Land and Resources	2,592
Management and General	<u>405</u>
TOTAL	\$ <u>12,785</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.

In February 2020, CIEL entered into a one-year lease agreement for office space in Geneva, Switzerland with an original expiration date of January 2021; however, the lease agreement continues month-to-month until terminated by both parties. Monthly rental payments are 2,031 CHF. As the lease is on a month-to-month basis, it has not been included in the future minimum payments schedule below.

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

Year Ending June 30,

2022	\$ 220,115
2023	<u>17,144</u>
	\$ <u>237,259</u>

Rent expense for the year ended June 30, 2021 was \$214,267. The deferred rent liability was \$8,191.

CIEL subleases a portion of its office space under various leases on a short-term basis. Sublease income for the year ended June 30, 2021 was \$7,560 and is included in other revenue in the accompanying Statement of Activities and Change in Net Assets.

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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, 2021 at 4% for all eligible employees in the amount of \$90,248, 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 21, 2021, the date the financial statements were issued.