

FINANCIAL STATEMENTS



**FOR THE YEAR ENDED JUNE 30, 2023
WITH SUMMARIZED FINANCIAL
INFORMATION FOR 2022**

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.

Opinion

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, 2023, 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CIEL as of June 30, 2023, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of CIEL and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists.

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The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of CIEL's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about CIEL's ability to continue as a going concern for a reasonable period of time.

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

Report on Summarized Comparative Information

We have previously audited CIEL's 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 3, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.



December 11, 2023

CENTER FOR INTERNATIONAL ENVIRONMENTAL LAW, INC.

STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2023
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2022

ASSETS

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 5,655,914	\$ 3,580,682
Investments	1,665,763	1,620,895
Contributions receivable	4,979,232	3,943,107
Contracts receivable	112,352	181,823
Other receivables	35,818	2,743
Prepaid expenses	68,411	33,398
Property and equipment, net	52,078	45,756
Deposits	41,338	2,401
Right-of-use assets, net	<u>261,552</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 12,872,458</u>	<u>\$ 9,410,805</u>

LIABILITIES AND NET ASSETS**LIABILITIES**

Accounts payable	\$ 562,670	\$ 99,518
Accrued payroll	141,251	102,378
Deferred revenue	124,210	106,787
Operating lease liabilities	273,089	-
Deferred rent	<u>-</u>	<u>662</u>
Total liabilities	<u>1,101,220</u>	<u>309,345</u>

NET ASSETS

Without donor restrictions	3,602,456	2,904,186
With donor restrictions	<u>8,168,782</u>	<u>6,197,274</u>
Total net assets	<u>11,771,238</u>	<u>9,101,460</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 12,872,458</u>	<u>\$ 9,410,805</u>

CENTER FOR INTERNATIONAL ENVIRONMENTAL LAW, INC.

STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2023
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2022

	2023			2022
	Without Donor Restrictions	With Donor Restrictions	Total	Total
SUPPORT AND REVENUE				
Grants	\$ 767,367	\$ 7,954,447	\$ 8,721,814	\$ 8,618,799
Contracts	1,143,569	-	1,143,569	1,160,426
In-kind contributions	5,606	-	5,606	8,540
Contributions	270,621	5,000	275,621	535,278
Interest	74,256	1,272	75,528	4,119
Investment return	37,893	-	37,893	(218,148)
Other income	11,895	-	11,895	10,637
Net assets released from donor restrictions	<u>5,989,211</u>	<u>(5,989,211)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>8,300,418</u>	<u>1,971,508</u>	<u>10,271,926</u>	<u>10,119,651</u>
EXPENSES				
Program Services:				
Climate and Energy	3,385,603	-	3,385,603	2,406,258
Environmental Health	1,855,005	-	1,855,005	1,003,320
People, Land and Resources	661,126	-	661,126	677,852
IPEN Secretariat and Miscellaneous Projects	<u>656,242</u>	<u>-</u>	<u>656,242</u>	<u>726,520</u>
Total program services	<u>6,557,976</u>	<u>-</u>	<u>6,557,976</u>	<u>4,813,950</u>
Supporting Services:				
Management and General	889,269	-	889,269	497,254
Fundraising	<u>154,903</u>	<u>-</u>	<u>154,903</u>	<u>163,521</u>
Total supporting services	<u>1,044,172</u>	<u>-</u>	<u>1,044,172</u>	<u>660,775</u>
Total expenses	<u>7,602,148</u>	<u>-</u>	<u>7,602,148</u>	<u>5,474,725</u>
Change in net assets	698,270	1,971,508	2,669,778	4,644,926
Net assets at beginning of year	<u>2,904,186</u>	<u>6,197,274</u>	<u>9,101,460</u>	<u>4,456,534</u>
NET ASSETS AT END OF YEAR	<u>\$ 3,602,456</u>	<u>\$ 8,168,782</u>	<u>\$ 11,771,238</u>	<u>\$ 9,101,460</u>

CENTER FOR INTERNATIONAL ENVIRONMENTAL LAW, INC.

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2023
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2022**

	2023					2022				
	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	\$ 2,603,274	\$ 1,097,293	\$ 527,115	\$ 600,385	\$ 4,828,067	\$ 600,381	\$ 75,018	\$ 675,399	\$ 5,503,466	\$ 3,946,409
Contractors, subgrants and professional services	379,308	579,330	100,904	13,831	1,073,373	142,284	45,527	187,811	1,261,184	897,485
Travel, meetings and conferences	185,818	90,038	24,628	2,452	302,936	24,204	106	24,310	327,246	219,244
Cost of office space	148,085	65,032	3,911	29,621	246,649	36,051	-	36,051	282,700	247,881
Equipment, furniture and supplies	36,066	9,969	557	3,934	50,526	49,395	91	49,486	100,012	73,469
Communications, postage and printing	10,015	6,170	1,673	2,295	20,153	9,715	33,910	43,625	63,778	44,890
Miscellaneous expenses	18,745	5,932	2,338	1,495	28,510	18,430	251	18,681	47,191	30,458
Commercial insurance	4,292	1,241	-	2,229	7,762	8,809	-	8,809	16,571	14,889
TOTAL	\$ 3,385,603	\$ 1,855,005	\$ 661,126	\$ 656,242	\$ 6,557,976	\$ 889,269	\$ 154,903	\$ 1,044,172	\$ 7,602,148	\$ 5,474,725

See accompanying notes to financial statements.

CENTER FOR INTERNATIONAL ENVIRONMENTAL LAW, INC.

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2023
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2022**

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 2,669,778	\$ 4,644,926
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	27,441	23,959
Net realized and unrealized loss on investments	221	263,984
Change in discount on contributions receivable	(13,340)	13,340
Loss on disposal of assets	750	-
Amortization of right-of-use assets	222,211	-
Receipt of contributed securities	-	(3,056)
Proceeds from the sale of contributed securities	-	3,044
(Increase) decrease in:		
Contributions receivable	(1,022,785)	(2,686,426)
Contracts receivable	69,471	(133,349)
Other receivables	(33,075)	(1,080)
Prepaid expenses	(35,013)	(1,578)
Deposits	(38,937)	-
Increase (decrease) in:		
Accounts payable	463,152	(218,269)
Accrued payroll	38,873	22,450
Deferred revenue	17,423	(177,448)
Operating lease liabilities	(211,336)	-
Deferred rent	-	(7,529)
Net cash provided by operating activities	<u>2,154,834</u>	<u>1,742,968</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(34,513)	(29,802)
Proceeds from sale of investments	973,371	256,493
Purchase of investments	<u>(1,018,460)</u>	<u>(1,530,201)</u>
Net cash used by investing activities	<u>(79,602)</u>	<u>(1,303,510)</u>
Net increase in cash and cash equivalents	2,075,232	439,458
Cash and cash equivalents at beginning of year	<u>3,580,682</u>	<u>3,141,224</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 5,655,914</u>	<u>\$ 3,580,682</u>
SCHEDULE OF NONCASH TRANSACTIONS		
Right-of-Use Assets	<u>\$ 483,763</u>	<u>\$ -</u>
Operating Lease Liabilities Incurred for Right-of-Use Assets	<u>\$ 484,425</u>	<u>\$ -</u>

See accompanying notes to financial statements.

CENTER FOR INTERNATIONAL ENVIRONMENTAL LAW, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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, 2022, from which the summarized information was derived.

New accounting pronouncements adopted -

During 2023, CIEL adopted ASU 2019-01, *Leases (Topic 842)*, which changed the accounting treatment for operating leases by requiring recognition of a lease asset and lease liability at the present value of the lease payments in the Statement of Financial Position and disclosure of key information about leasing arrangements. CIEL applied the new standard using the modified retrospective approach. See Note 7 for further details.

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.

CENTER FOR INTERNATIONAL ENVIRONMENTAL LAW, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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

Cash and cash equivalents (continued) -

CIEL had \$50,933 of cash and cash equivalents held at a financial institution in Switzerland as of June 30, 2023. 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. Dividends and realized and unrealized gains and losses are included in investment return in the accompanying Statement of Activities and Change in Net Assets. CIEL does not incur any fees on its investments.

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 -

Contributions, contracts, and other receivables are recorded at their net realizable value, which approximates fair value. Receivables that are expected to be collected in future years are recorded at fair value, measured as the present value of their future cash flows. The discounts on these amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in grants and contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met. As of June 30, 2023, all receivables are due within one year of the Statement of Financial Position date and are also considered by management to be fully collectible. Accordingly, an allowance for doubtful accounts has not been established.

Property and equipment -

Property and equipment in excess of \$1,000 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, 2023 totaled \$27,441 and is included in equipment, furniture and supplies in the accompanying Statement of Functional Expense..

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, 2023, 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.

CENTER FOR INTERNATIONAL ENVIRONMENTAL LAW, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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

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*.

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. CIEL had \$1,100,000 in unrecognized conditional awards as of June 30, 2023.

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 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.

CENTER FOR INTERNATIONAL ENVIRONMENTAL LAW, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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

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.

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.

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.

New accounting pronouncement not yet adopted -

Accounting Standard Update (ASU) 2016-13, *Financial Instruments – Credit Losses* (Topic 326), replaces the incurred loss impairment methodology in current U.S. GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. The ASU is effective for CIEL for the year ending June 30, 2024. The ASU can be applied at the beginning of the earliest period presented using a modified retrospective approach.

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, 2023**

2. INVESTMENTS

Investments consisted of the following as of June 30, 2023:

	<u>Fair Value</u>
Stocks and ETFs	\$ 164,185
Mutual funds	266,069
Fixed income (bonds)	<u>1,235,509</u>
TOTAL INVESTMENTS	<u>\$ 1,665,763</u>

Included in investment return are the following:

Dividends	\$ 38,114
Net realized and unrealized loss	<u>(221)</u>
TOTAL INVESTMENT RETURN	<u>\$ 37,893</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, 2023. 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, 2023**

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, 2023.

	Level 1	Level 2	Level 3	Total
Investments:				
Stocks and ETFs	\$ 164,185	\$ -	\$ -	\$ 164,185
Mutual funds	266,069	-	-	266,069
Fixed income (bonds)	-	1,235,509	-	1,235,509
TOTAL INVESTMENTS	\$ 430,254	\$ 1,235,509	\$ -	\$ 1,665,763

3. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30, 2023:

Furniture	\$ 113,407
Leasehold improvements	-
Total property and equipment	113,407
Less: Accumulated depreciation and amortization	(61,329)
NET PROPERTY AND EQUIPMENT	\$ 52,078

4. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at June 30, 2023:

Subject to expenditure for specified purpose:	
Climate and Energy	\$ 2,874,402
Environmental Health	1,400,076
People, Land and Resources	584,463
Miscellaneous Projects	239,842
Fossil Economy	3,069,999
NET ASSETS WITH DONOR RESTRICTIONS	\$ 8,168,782

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	\$ 3,373,059
Environmental Health	1,660,019
People, Land and Resources	474,807
Miscellaneous Projects	481,326
NET ASSETS RELEASED FROM DONOR RESTRICTIONS	\$ 5,989,211

CENTER FOR INTERNATIONAL ENVIRONMENTAL LAW, INC.

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

5. 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	\$ 5,655,914
Investments	1,665,763
Contributions receivable	4,979,232
Contracts receivable	112,352
Other receivables	35,818
Less: Donor restricted funds	<u>(8,168,782)</u>

**FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS
FOR GENERAL EXPENDITURES WITHIN ONE YEAR** **\$ 4,280,297**

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, 2023, 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.

6. IN-KIND CONTRIBUTIONS

During the year ended June 30, 2023, CIEL was the beneficiary of donated services which allowed CIEL to provide greater resources toward various programs. There were no donor-imposed restrictions associated with the in-kind contributions during the year ended June 30, 2023. To properly reflect total program expenses, the following donations have been included in revenue and expense for the year ended June 30, 2023.

Donated Services **\$ 5,606**

The following programs have benefited from these donated services:

Climate and Energy	\$ 3,098
People, Land and Resources	2,340
Management and General	<u>168</u>
TOTAL	<u>\$ 5,606</u>

7. LEASE COMMITMENTS

In January 2017, CIEL entered into a lease for office space in Washington, D.C., which commenced in August 2017 and was extended during fiscal year 2023 through July 2024. Monthly lease payments were \$15,531 for the first year with a 2.5% escalation each year afterwards. Effective January 2023 with the extension amendment, total monthly payments were \$17,752 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 fiscal year 2022 through January 2025. Monthly lease payments were \$2,179 as of January 2022 with a 3% escalation each year afterwards.

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**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

7. LEASE COMMITMENTS (Continued)

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. As of June 30, 2023 the agreement has not yet been terminated. 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 lease payments schedule below. Subsequent to year-end, CIEL expanded the office space in Geneva and will require monthly payments of 4,303 CHF.

ASU 2019-01, *Leases* (Topic 842), changes the accounting treatment for operating leases by requiring recognition of a lease asset and lease liability at the present value of the lease payments in the Statement of Financial Position and disclosure of key information about leasing arrangements. CIEL elected the practical expedient package to not reassess at adoption (i) expired or existing contracts for whether they are or contain a lease, (ii) the lease classification of any existing leases or (iii) initial indirect costs for existing leases. CIEL also elected the practical expedient that allows lessees to choose to not separate lease and non-lease components by class of underlying asset and are applying this expedient to all relevant asset classes. CIEL adopted the package of practical expedients to not perform any lease reclassification, did not reevaluate embedded leases and did not reassess initial direct costs. As a result, CIEL recorded right-of-use assets in the amount of \$483,763, net of the deferred rent balance of \$662 that remained on the date of implementation. CIEL recorded operating lease liabilities in the amount of \$484,425 by calculating the present value using the discount rate of 2.841% on the DC lease and 2.846% on the Berkeley, CA lease. As of June 30, 2023, the weighted-average remaining lease term and rate for the operating leases is 1.17 years and 2.84%, respectively.

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

<u>Year Ending June 30,</u>	
2024	\$ 242,939
2025	<u>34,377</u>
	277,316
Less: Imputed interest	<u>(4,227)</u>
OPERATING LEASE LIABILITIES	<u>\$ 273,089</u>

Lease expense for the year ended June 30, 2023 was \$282,382.

CIEL subleases a portion of its office space under one lease on a short-term basis. Sublease income for the year ended June 30, 2023 was \$7,756 and is included in other income in the accompanying Statement of Activities and Change in Net Assets.

8. 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, 2023 at 5% for all eligible employees in the amount of \$191,825, which is included in salaries, payroll taxes and benefits in the accompanying Statement of Functional Expenses.

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**NOTES TO FINANCIAL STATEMENTS
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9. SUBSEQUENT EVENTS

In preparing these financial statements, CIEL has evaluated events and transactions for potential recognition or disclosure through December 11, 2023, the date the financial statements were issued.