

**EARTH ISLAND INSTITUTE INC.**

**FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITOR'S REPORTS**

**FOR THE PERIOD FROM JANUARY 1, 2014  
TO JUNE 30, 2015**

# EARTH ISLAND INSTITUTE INC.

June 30, 2015

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## **Independent Auditor's Report**

To the Board of Directors  
Earth Island Institute Inc.  
Berkeley, California

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Earth Island Institute Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2015, and the related statements of activities, functional expenses, and cash flows for the period from January 1, 2014 to June 30, 2015, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Earth Island Institute Inc. as of June 30, 2015, and the changes in its net assets and its cash flows for the period from January 1, 2014 to June 30, 2015 in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

***Supplemental Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Audit Standards*, we have also issued our report dated December 1, 2015 on our consideration of Earth Island Institute Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Earth Island Institute Inc.'s internal control over financial reporting and compliance.

*Le. Ho i Company, LLP*

Daly City, California  
December 1, 2015

**EARTH ISLAND INSTITUTE INC.**  
**STATEMENT OF FINANCIAL POSITION**  
June 30, 2015

**Assets**

Current Assets	
Cash and cash equivalents	\$ 2,024,158
Wetland Restoration Trust Fund (contra)	702,294
Investments in marketable securities	4,744,363
Accounts and contributions receivable	137,284
Grants receivable	612,203
Bequests receivable	172,153
Merchandise inventory	66,836
Prepaid expenses and others	<u>95,263</u>
Total Current Assets	8,554,554
Grants receivable - noncurrent	35,000
Property and equipment, net of accumulated depreciation	1,252,704
Security deposits for offices	<u>23,373</u>
<b>Total Assets</b>	<b><u>\$ 9,865,631</u></b>

**Liabilities and Net Assets**

Current Liabilities	
Accounts payable and other accrued expenses	\$ 245,240
Accrued vacation	199,227
Agency obligation (contra)	702,294
Deposits and advances	<u>74,888</u>
Total Current Liabilities	<u>1,221,649</u>
Net Assets	
Unrestricted net assets	
General operations	3,698,253
Designated for supported projects	<u>2,462,511</u>
Total unrestricted net assets	6,160,764
Temporarily restricted net assets	<u>2,483,218</u>
Total Net Assets	<u>8,643,982</u>
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 9,865,631</u></b>

See accompanying notes to financial statements.

**EARTH ISLAND INSTITUTE INC.**  
**STATEMENT OF ACTIVITIES**  
For the Period from January 1, 2014 to June 30, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>Support and Revenues</b>			
Contributions	\$ 443,625	\$ 3,430,697	\$ 3,874,322
Foundation and other grants	254,084	8,209,941	8,464,025
Membership dues	370,392	-	370,392
Service and consulting revenue	1,768,166	-	1,768,166
Merchandise sales, net of cost of sales and gifts of \$85,115	200,796	-	200,796
Royalty income	42,340	-	42,340
Advertising income	2,569	-	2,569
Journal sales	35,208	-	35,208
Investment return	412,269	-	412,269
Administrative fee	67,448	-	67,448
Special events, net of costs of direct benefits to donors \$59,773	119,241	-	119,241
In-kind contributions	-	195,470	195,470
Bequests	214,966	-	214,966
Miscellaneous	91,414	-	91,414
Net assets released from restrictions			
Fulfillment of purpose restrictions	11,708,440	(11,708,440)	-
Total support and revenues	<u>15,730,958</u>	<u>127,668</u>	<u>15,858,626</u>
<b>Expenses</b>			
Program services	13,139,826	-	13,139,826
Administrative and general	2,039,374	-	2,039,374
Fundraising	1,305,667	-	1,305,667
Total expenses	<u>16,484,867</u>	<u>-</u>	<u>16,484,867</u>
<b>Change in Net Assets</b>	(753,909)	127,668	(626,241)
<b>Net Assets, beginning of period</b>	3,887,201	5,383,022	9,270,223
Reclassification	3,027,472	(3,027,472)	-
<b>Net Assets, beginning of period, as restated</b>	<u>6,914,673</u>	<u>2,355,550</u>	<u>9,270,223</u>
<b>Net Assets, end of period</b>	<u>\$ 6,160,764</u>	<u>\$ 2,483,218</u>	<u>\$ 8,643,982</u>

See accompanying notes to financial statements.

**EARTH ISLAND INSTITUTE INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
For the Period from January 1, 2014 to June 30, 2015

	Program Services	Administrative and General	Fundraising	Total
<b>Expenses</b>				
Salaries	\$ 5,568,191	\$ 1,193,993	\$ 638,932	\$ 7,401,116
Payroll taxes and fringes	1,025,274	219,858	117,649	1,362,781
Independent contractors	1,154,984	938	5,658	1,161,580
Printing, audio/visual, and publications	164,070	21,490	11,500	197,060
Postage and shipping	90,194	14,469	7,743	112,406
Travel and meetings	692,527	148,504	79,466	920,497
Conferences and training	176,711	37,894	20,277	234,882
Direct mail costs	-	-	39,129	39,129
Special appeals	20,040	-	20,040	40,080
Grants and allocations	888,485	-	-	888,485
Promotion and public education	209,767	-	34,925	244,692
Professional fees	61,169	97,207	-	158,376
Occupancy	537,333	115,224	61,658	714,215
Insurance	76,875	16,485	8,821	102,181
Supplies	143,585	30,790	16,476	190,851
Telephone	80,085	17,173	9,190	106,448
Depreciation and amortization	68,455	14,679	7,855	90,989
Equipment rental and maintenance	192,273	41,231	22,063	255,567
Outside services	1,657,486	8,737	715	1,666,938
Bank fees	-	-	60,063	60,063
Miscellaneous	332,322	60,702	143,507	536,531
<b>Total Expenses</b>	<b>\$ 13,139,826</b>	<b>\$ 2,039,374</b>	<b>\$ 1,305,667</b>	<b>\$ 16,484,867</b>

See accompanying notes to financial statements.

**EARTH ISLAND INSTITUTE INC.**  
**STATEMENT OF CASH FLOWS**  
For the Period from January 1, 2014 to June 30, 2015

<b>Cash Flows from Operating Activities</b>	
Change in net assets	\$ (626,241)
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation and amortization	90,989
Net unrealized gain on investment in marketable securities	(72,024)
Net realized gain on sales of marketable securities	(105,985)
Loans forgiven	(32,000)
(Increase) decrease in:	
Accounts and contributions receivable	45,436
Grants receivable	631,012
Bequests receivable	(117,153)
Merchandise inventory	(42,622)
Prepaid expenses and others	(35,781)
Security deposits for offices	4,730
Increase (decrease) in:	
Accounts payable and other accrued expenses	(154,858)
Accrued vacation	(1,646)
Accrued grants payable	(52,562)
Deposits and advances	4,891
	<u>4,891</u>
Net Cash Used in Operating Activities	<u>(463,814)</u>
 <b>Cash Flows from Investing Activities</b>	
Investment in marketable securities	(1,864,043)
Purchase of furniture and equipment	(33,793)
Proceeds from sales and redemption of marketable securities	<u>1,900,894</u>
Net Cash Provided by Investing Activities	<u>3,058</u>
 <b>Cash Flows from Financing Activities</b>	
Loan repayment	<u>(9,619)</u>
Net Cash Used in Financing Activities	<u>(9,619)</u>
 <b>Net Decrease in Cash and Cash Equivalents</b>	 (470,375)
 <b>Cash and Cash Equivalents, beginning of period</b>	 <u>2,494,533</u>
 <b>Cash and Cash Equivalents, end of period</b>	 <u>\$ 2,024,158</u>

See accompanying notes to financial statements.

**EARTH ISLAND INSTITUTE INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2015

(1) **ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization** – Earth Island Institute Inc. (Earth Island) was incorporated in California in September 1982 as a nonprofit organization for the purposes of promoting, through education, the social welfare of the general public in global conservation, environmental, and ecological principles.

Earth Island promotes the conservation, preservation, and restoration of the Earth through various program services worldwide under the administration of Earth Island Network Services (see Note 11). Many of those activities are carried out through fiscally sponsored projects managed under Earth Island's Project Support core program. Other core programs of Network Services providing services to the public and other constituencies are Publishing/Public Education, Restoration Initiatives, and New Leaders Initiative. Most of Earth Island's revenues come from contributions from the general public and foundation grants.

**Basis of Accounting** – The accompanying financial statements are presented using the accrual method of accounting.

**Change of Fiscal Year** – Earth Island changed its fiscal year-end from December 31 to June 30 effective January 1, 2014.

**Financial Statement Presentation** – With the change of its fiscal year-end from December 31 to June 30, the accompanying financial statements covers the period from January 1, 2014 to June 30, 2015. Information regarding the financial position and activities are classified into the applicable classes of net assets: unrestricted, temporarily restricted, and permanently restricted. Earth Island does not have any permanently restricted net assets.

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

**Cash and Cash Equivalents** – For purposes of the statements of cash flows, Earth Island considers all demand deposits with financial institutions, money market accounts, and short-term investments with an initial maturity of three months or less to be cash equivalents.

**Investments** – Investments in equity securities with readily determinable fair values and all investments in debt securities are reported in the statement of financial position at fair value with realized and unrealized gains and losses included in the statement of activities. Gains and losses are reflected as increases or decreases in the unrestricted class of net assets unless the donor or relevant laws place temporary or permanent restrictions on the gains and losses.

**Accounts Receivable** – No allowance for uncollectible accounts has been provided since the accounts receivable are all deemed to be collectible.

**Merchandise Inventory** – Merchandise inventory consists primarily of T-shirts, books, bicycle parts and other various items sold to the general public for educational and fundraising purposes. The inventory is stated at the lower of cost or market with cost determined by the first-in, first-out method.

**EARTH ISLAND INSTITUTE INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2015

***Property and Equipment*** – Property and equipment are stated at cost of acquisition or construction. Contributed property and equipment are recorded at their estimated fair market values at the date of donation. Earth Island reports donated property and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Restoration works on property that Earth Island's project has no ownership title are reported as expenses. The cost of maintenance and repairs is expensed as incurred while significant renewals and betterments are capitalized. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets. Leasehold improvements are amortized over the term of the lease including extensions.

Earth Island uses \$5,000 as its capitalization threshold for property and equipment.

***Contributions*** – Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions.

Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Material unconditional promises to give and multi-year grants that are expected to be collected in future years are recorded at fair value, which is measured as the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received at the time the unconditional promise to give is initially recognized. Amortization of the discounts is included in foundation grants revenue. Conditional promises to give are not included as support until the conditions are substantially met.

The programs of Earth Island usually solicit contributions for its own use. All contributions received by the programs are reported as temporarily restricted net assets. Furthermore, for restricted contributions which restrictions are fulfilled in the same period in which the contribution is received, they are reported first as temporarily restricted contributions and then released to unrestricted upon satisfaction of the restrictions. For programs that have revenue other than contributions, Earth Island changed its policy starting on January 1, 2014 to expend the temporarily restricted contributions before the expending the unrestricted net assets.

***Donated Services*** – Earth Island receives various volunteer services throughout the year. Only those donated services that met the criteria for recognition under generally accepted accounting principles are recognized in the statement of activities. There is no donated service recorded in the current year.

***Membership Dues*** – Various projects of Earth Island have memberships; the membership dues are in fact small donations and are recognized as revenue upon receipts.

***Grants Made*** – Earth Island periodically provides grants to unrelated nonprofit organizations for the support of various environmental, educational, and informational activities. Unconditional grants made by Earth Island to unrelated nonprofit organizations are recorded as expense upon commitment.

***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. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

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**NOTES TO FINANCIAL STATEMENTS**  
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**Subsequent Events** – Management evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that affects the financial statements. Such events have been evaluated through December 1, 2015, which is the date the financial statements were available to be issued.

**Income Taxes** – Earth Island is exempt from Federal income and California franchise taxes under provisions of Section 501(c)(3) of the Internal Revenue Code and Section 23701d of the California Revenue and Taxation Code, respectively. However, tax-exempt organizations are subject to Federal income and California franchise taxes for unrelated business taxable income and provision for income taxes is provided for the unrelated business taxable income, if any.

Earth Island files the required annual tax returns with the Internal Revenue Service and the California Franchise Tax Board, and these returns are subject to examination by the taxing authorities generally for three years and four years for Federal and California, respectively, starting with the date of filing or the due date of the tax return, whichever is later. Management has considered its tax positions and believes that all of the positions taken in the federal and state tax returns are more likely than not to be sustained upon examination.

Earth Island has elected to utilize Section 501(h) of the Internal Revenue Code, which allows limited lobbying activities by Section 501(c)(3) nonprofit organizations.

**Reclassification** – In the past, for financial reporting purposes, Earth Island considered the unrestricted resources were spent before the temporarily restricted net assets. Starting with the current reporting period, Earth Island changed its policy in that temporarily restricted net assets are expended before the unrestricted resources. The net assets at December 31, 2013 are retroactively reclassified to reflect the change.

(2) **BEQUESTS RECEIVABLE**

The bequests receivable at June 30, 2015 consisted of estimated proceeds from four bequests totaling \$172,153 which are expected to be received in the following fiscal year.

(3) **INVESTMENTS IN MARKETABLE SECURITIES**

Accounting Standards Codification (ASC) 820 established a fair value hierarchy to prioritize the inputs used in valuation techniques. There are three levels to the fair value hierarchy of inputs to fair value (with Level 1 being the highest priority and Level 3 the lowest priority):

- Level 1: Observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active market;
- Level 2: Inputs other than quoted prices included in Level 1 that are observable for the assets or liabilities either directly or indirectly; and
- Level 3: Unobservable inputs which reflect the reporting entity's own assumptions about the assumptions that market participants would use in pricing the assets or liabilities, based on the best information available.

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The marketable securities of Earth Island are valued based on quoted market price and consisted of the following as of June 30, 2015:

	<u>Total</u>	<u>Level I</u>	<u>Level II</u>	<u>Level III</u>
Municipal bonds	\$ 204,204	\$ 204,204	\$ -	\$ -
Certificates of deposit	300,269	300,269	-	-
Corporate bonds	231,132	231,132	-	-
Preferred stocks	111,004	111,004	-	-
Equities	2,522,013	2,522,013	-	-
Mutual funds	<u>1,375,741</u>	<u>1,375,741</u>	-	-
Total	<u>\$ 4,744,363</u>	<u>\$ 4,744,363</u>	<u>\$ -</u>	<u>\$ -</u>

The investment return for the period from January 1, 2014 to June 30, 2015 consisted of the following:

Interest and dividend from banks and brokerage firm	\$ 234,260
Net unrealized gain on investment in marketable securities	72,024
Net realized gain on sales of marketable securities	<u>105,985</u>
Total	<u>\$ 412,269</u>

(4) PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2015 consisted of the following:

	<u>Basis</u>	<u>Accumulated Depreciation</u>	<u>Estimated Useful Life</u>
Furniture and equipment	\$ 166,405	\$ 98,335	Various
House (EcoVillage)	51,951	19,248	30 yrs.
Automobiles (EcoVillage)	20,975	20,975	5 yrs.
Leasehold Improvements at DBC	230,775	96,068	15 yrs.
Building Improvements (EcoVillage)	11,687	2,532	30 yrs.
Land Improvements (EcoVillage)	533,589	154,148	30 yrs.
Land (EcoVillage)	<u>628,628</u>	<u>-</u>	n/a
Total	<u>\$ 1,644,010</u>	<u>\$ 391,306</u>	

(5) LEASES

Earth Island's main office is located at the David Brower Center in Berkeley, CA. This lease is for five years commencing on April 20, 2009 with two five-year renewal options. In November 2013, Earth Island renewed the lease for five years through April 2019. The monthly rent increased from \$21,315 to \$23,044 effective May 1, 2014.

Earth Island has been subleasing some of its office spaces at David Brower Center to other unrelated parties. These subleases are currently on month-to-month basis.

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David Brower Center building was owned by Oxford Street Development, LLC until December 2014 when David Brower Center acquired the building. David Brower Center held a master lease for the building before its acquisition of the building. Oxford Street Development, LLC has two members and one of which is David Brower Center, a California non-profit organization that qualifies within the meaning of Section 509(a)(3) of the Internal Revenue Code as a supporting organization for public charities described in section 509(a)(1) or (2) of the Internal Revenue Code. David Brower Center has designated two supported organizations – one of them is Earth Island Institute. David Brower Center engages in efforts to protect the natural world, educates the public about the natural world, and promotes sustainable human communities.

In addition, the projects of Earth Islands also have separate offices that are under noncancelable term leases, one-time lease, and/or month-to-month leases. Earth Island also pays some of the project directors for the usage of their home offices. Some may also sublease its spaces. The following is a summary of term leases by program that end after June 30, 2015:

<u>Program</u>	<u>Lease Ending Date</u>	<u>Monthly Rent at June 30, 2015</u>
Changing Gears Community		
Bike Shop	September 30, 2017	\$ 1,375
Borneo Project	June 30, 2017	480
Kids for the Bay	June 14, 2017	2,080
Bay Area Wilderness Training	August 31, 2015	3,000
Bay Localize	June 30, 2017	1,324
Renew Missouri	September 30, 2016	800

The monthly rent of some of these leases increases annually. In addition, two of Earth Island programs have free use of space with value totaling \$20,616 for the period from January 1, 2014 to June 30, 2015. Earth Island and some of its projects subleased part of their space to unrelated parties, and the sublease revenue is reported as an offset against the rent expenses. The rent and occupancy costs incurred in the 18-month period ended June 30, 2015 for all the leases, net of sublease income, totaled \$714,215.

The minimum future lease payments for the non-cancelable long-term leases are as follows:

<u>Year Ending June 30,</u>	<u>Rent Payments</u>	<u>Sublet Revenue</u>	<u>Net Payments</u>
2016	\$ 355,883	\$ 40,267	\$ 315,616
2017	339,672	-	339,672
2018	280,651	-	280,651
2019	230,438	-	230,438

(6) WETLAND RESTORATION TRUST FUND

Wetland Restoration Trust Fund was established at Merrill Lynch brokerage firm by Earth Island per a Stipulation and Consent Decree as amended on March 22, 2001 by the United States District Court Southern District of California. This fund is to be used on restoration projects designated by the Southern California Wetlands Recovery Project Work Plan (the Recovery

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Project) and for administrative expenses. The Recovery Project is an inter-agency task force composed of the state and federal resources agencies and for which the California Coastal Conservancy acts as staff. According to the Consent Decree, Earth Island must designate at least 33% of the Fund exclusively for use on any of these projects listed on the Recovery Project 2001-2002 Work Plan and approved by the Governing Board of the Recovery Project on or about May 18, 2001. Earth Island should designate which projects were to be recipients of these funds before the expiration of the 2001-2002 Work Plan on or about June 1, 2002. The remaining funds must be designated to projects listed on any of the Recovery Projects work plan through June 1, 2004. Any funds remaining undesignated after June 1, 2004 should be allocated at the sole discretion of the Recovery Project. Any funds remaining unspent by the Recovery Project by June 1, 2005 might be redirected by Earth Island to another restoration project on the then approved work plan. If any funds remaining unallocated after December 31, 2006, those funds should be released to the California Coastal Conservancy for wetlands restoration projects in Southern California. The parties have agreed to continue the administrative arrangement with Earth Island under the same terms after December 31, 2006 until all funds are allocated. Any disbursement of the funds from Merrill Lynch needs to be approved by the California Coastal Conservancy.

The Wetland Restoration Trust Fund not yet spent is recorded as agency obligation. The fund is invested through Merrill Lynch and the fair market value at June 30, 2015 was \$702,294.

(7) LOANS PAYABLE

At December 31, 2013, the total outstanding loan payable balance to the program directors of \$41,619 included \$35,000 under Global Service Corps, \$5,000 under Wholly H2O, and \$1,619 under EcoVillage. All loan payables carry no interest. In the current period, \$27,000 loan from program director of Global Service Corps and \$5,000 from the program director of Wholly H2O were forgiven and the rest was repaid.

(8) TEMPORARILY RESTRICTED NET ASSETS

Earth Island categorized its projects into six groups based on the common nature of the projects. The groups are: International/Indigenous Communities, Wildlife Protection, Energy/Climate Change, Restoration/Preservation, Education/Youth Development, and Sustainability/Community Resilience.

Reclassification of temporarily restricted to unrestricted was made in the current period for the change in the policy that would expend temporarily restricted net assets before expending unrestricted net assets. The following is a summary of the temporarily restriction donations by the groups for the period from January 1, 2014 to June 30, 2015:

	Beginning of Period	Reclassification to Unrestricted	Additions	Releases	End of Period
International/Indigenous Communities	\$ 643,890	\$ (284,446)	\$ 2,272,984	\$ (2,138,175)	\$ 494,253
Wildlife Protection	1,648,270	(1,334,245)	1,487,450	(1,419,979)	381,496

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Energy/Climate Change	579,001	(188,535)	1,732,437	(1,896,401)	226,502
Restoration/Preservation	209,001	(113,066)	2,621,621	(2,632,716)	84,840
Education/Youth					
Development	1,859,614	(923,781)	1,684,590	(1,686,794)	933,629
Sustainability/Community					
Resilience	433,246	(173,399)	2,037,026	(1,934,375)	362,498
Earth Island Journal	<u>10,000</u>	<u>(10,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Total	 <u>\$ 5,383,022</u>	 <u>\$ (3,027,472)</u>	 <u>\$ 11,836,108</u>	 <u>\$(11,708,440)</u>	 <u>\$ 2,483,218</u>

(9) CONCENTRATION OF CREDIT RISK

Earth Island maintains its cash, cash equivalents, and investments at one bank and one brokerage firm. The cash balances in the banks are insured by the Federal Deposit Insurance Corporation (FDIC) for up to \$250,000 per customer per bank. The securities in the brokerage accounts are protected by Security Investor Protection Corporation (SIPC) for a maximum of \$500,000; moreover, the brokerage firms usually carry additional insurance to provide further protection for their customers. Neither SIPC nor the additional coverage protects against losses on investments due to market fluctuations.

At times, these balances may exceed the FDIC limits or the SIPC limits; however, Earth Island has not experienced any losses with respect to its bank and brokerage accounts.

(10) CONTINGENCIES

Earth Island participates in grant programs assisted by various governmental agencies. Those programs are subject to financial and compliance audits by the grantors or their representatives, the purpose of which is to ensure compliance with condition precedent and subsequent to the granting of funds. According to management, any liability for reimbursements, which may arise as the result of these audits, is believed not to be material.

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(11) **EARTH ISLAND PROJECTS**

Earth Island Network Services cultivates environmental leadership by acting as an incubator for new programs and providing long-term support for established environmental projects, giving crucial assistance to groups and individuals promoting ecological sustainability and social justice. Our four core programs are: **Project Support** provides fiscal sponsorship, capacity building resources, and peer support programs to our project network; **Public Education** publishes *Earth Island Journal*, a quarterly publication on international environmental issues as well as Earth Island's website, blog, and monthly IslandWire e-newsletter; our **New Leaders Initiative** oversees the Brower Youth Awards and emerging leaders program; and **Restoration Initiative** supports grassroots environmental restoration.

The following are Earth Island's 70 projects in the period from January 1, 2014 to June 30, 2015, which are grouped into separate categories by common nature:

**CLEAN ENERGY & CLIMATE CHANGE**

- **CarbonfreeDC\*** is a grassroots initiative to promote local environmental causes and build community resilience in Washington, DC.
- **Climate Wise Women** is a global platform for the promotion of women's leadership on climate change.
- **CoalSwarm** serves as an information clearinghouse for the worldwide clean energy movement.
- **Connect the Dots\*\*** helps the nonprofit community to "green" their business practices and facilities - reducing their environmental impact as they continue to focus on their social missions.
- **EcoEquity** is a small, activist think tank working to inform the international climate justice debate through its work on the Greenhouse Development Rights project and the Climate Equity Reference Project.
- **Energy Action Coalition\*\*** is a coalition of more than 40 organizations from across the US and Canada, founded and led by youth to help support and strengthen the student and youth clean energy movement in North America.
- **Project Survival Media** is a global media network producing photo and video documentaries on climate change issues.
- **Renew Missouri** is working to transform Missouri into a leading state in renewable energy and energy efficiency.
- **Solar Campus Initiative\*** (formerly Solar College Initiative) serves as a partner to colleges and universities helping them to bring solar photovoltaic systems to their campuses.

**ENVIRONMENTAL EDUCATION & LEADERSHIP DEVELOPMENT**

- **Bay Area Wilderness Training** creates opportunities for youth from the San Francisco Bay Area to experience wilderness first hand. To this end, they train teachers and youth workers, provide outdoor gear loans, give financial support, and foster community collaboration.

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- **Changing Gears Community Bike Shop** is a social enterprise that recycles used bikes and benefits the under-served people of our local area through bicycle sales, repairs, job training, and service opportunities.
- **Children in Nature Collaborative** is part of a network of regional movements across the country focused on helping people to create healthier lives and more vibrant communities through restoring their relationship with nature and each other.
- **EcoVillage Farm Learning Center** works towards the creation of a healthy environment and socially/economically just society for present and future generations.
- **Green Life** peer education, self-sufficiency, and eco-literacy program teaches incarcerated individuals and those reentering community the importance of a healthy relationship with the Earth.
- **Generation Waking Up~** is igniting a generation of young people to bring forth a thriving, just, and sustainable world. Through workshops and leadership training programs, GWU is empowering the rising generation with the skills they need to thrive in the 21<sup>st</sup> century.
- **iMatter, Kids vs. Global Warming** is a youth-driven organization dedicated to listening to and amplifying the voice of the generation that will be most impacted by the effects of climate change.
- **Kids for the Bay** (formerly Estuary Action Challenge) collaborates with teachers to inspire environmental consciousness in children and cultivate a love of learning. They are committed to equal access to environmental education and to restoring a healthy environment for all.
- **Los Angeles Wilderness Training** creates opportunities for urban youth to experience wilderness first-hand by training and equipping their adult leaders.
- **Rooted in Community** is a national network that empowers young people to take leadership in their own communities -- fostering health and food justice through urban and rural agriculture, community gardening, food security, and related environmental justice work.
- **Sustainable World Coalition** (formerly World Sustainability Hearings) produces programs, events, and education materials to promote engagement and action that restores and maintains the health of the planet.
- **True Colors Mural Project\*\*** supports the development of young artist activists for the improvement of the urban environment through the creation of public murals that educate the community through images that promote ecological sustainability, conservation and restoration.
- **Urban Farmacy~** is a wellness, entrepreneurship and education organization that provides personalized sustainable food production programs for schools, businesses, and communities.
- **West County DIGS (Developing Instructional Gardens in the Schools)~** support school gardens in West Contra Costa County by providing resources, advocacy, and partnerships that build community resilience and cultivate wellness, academic achievement, and sustainability.
- **Youth Empowered Action (YEA) Camp** is a summer camp focused on leadership development for teens interested in environmental and social change. A life changing camp for world-changing teens.

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**INTERNATIONAL & INDIGENOUS COMMUNITIES**

- **Altai Project** protects the natural and cultural heritage of the Altai – a uniquely diverse, mountainous region of southern Siberia – through small grants, professional exchanges, and joint projects with indigenous partners.
- **AlterTerra** works for restoration, protection, conservation and sustainable development of coastal zones through the design and implementation of innovative and effective education, scientific research, and infrastructure projects that promote healthy terrestrial and aquatic ecosystems.
- **Armenia Environmental Network** has a dual mission: increase information sharing among Armenians, the Armenian Diaspora, and the wider conservation community; and facilitate partnerships between these communities to promote sustainable development in Armenia.
- **Baikal Watch** aims to help nurture the growing environmental movement in northeast Asia.
- **Borneo Project** brings international attention and support to community-led efforts to defend forests, sustainable livelihoods, and human rights in Malaysian Borneo.
- **Center for Safe Energy** strengthens democratic society and improves environmental conditions with a focus on energy issues in the former Soviet Union.
- **Ethical Traveler** is dedicated to educating travelers about the social and environmental impact of their decisions, showing how travel can be a potent form of diplomacy, and giving travelers a forum through which their united voices can serve the world community.
- **Friends of Barefoot College USA~** (formerly Barefoot College Global) works to champion the work and values of barefoot education internationally through the creation of regional barefoot education centers – transforming rural communities through the empowerment of women.
- **Friends of Muonde** supports locally driven efforts to foment creativity and sustainable development in the Mazvihwa and neighboring areas of south central Zimbabwe.
- **Global Service Corps\*\*** provides opportunities for adult volunteer participants to live and work on environmental and social justice projects in Africa and Thailand.
- **Global Women’s Water Initiative~** is training and building a movement of local women water experts – bringing sustainable water solutions to their communities.
- **Resilience Fund\*\*** provides financial investment and knowledge sharing to support projects that help coffee farmers and their communities adapt and survive the impacts of climate change.
- **Sacred Land Film Project** produces a variety of media and educational materials designed to rekindle reverence for land, increase respect for cultural diversity, stimulate dialogue about nature and culture, and help protect sacred lands and diverse spiritual practices.
- **Serengeti Watch** (formerly Save the Serengeti) is building a strong coalition of support, advocacy, and funding for the Serengeti ecosystem, the people living near it, and adjacent reserves and protected areas.
- **Viva Sierra Gorda** (formerly Friends of Sierra Gorda) is building public and private partnerships for long-term conservation and sustainability of high biodiversity regions in extreme poverty, particularly the Sierra Gorda Biosphere Reserve, Mexico.

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- **Women’s Earth Alliance** invests in grassroots women’s leadership to drive solutions to our most pressing ecological concerns – water, food, land, and climate.

#### **RESTORATION & PRESERVATION**

- **California Urban Stream Partnership** (formerly Urban Creeks Coalition and Urban Stream Alliance) works to protect, restore, and steward urban streams and watersheds in California. They advocate for the improvement of habitat and the return of functioning ecosystems.
- **Center for Ecosystem Restoration** improves communities through projects that restore land and water, strengthen local economies, and foster civic engagement.
- **Global Trails Alliance’s** mission is to identify, inform, and inspire trail visionaries – expanding the environmental, cultural, health and economic benefits of trails worldwide.
- **John Muir Project** is dedicated to the ecological management of our national forests – using scientific research, public outreach, and legal action to protect critical forest ecosystems.
- **Nature in the City** is inspiring San Francisco to discover local nature – through eco-literacy, restoration, and stewardship.
- **South Coast Habitat Restoration’s** mission is to protect, conserve, and restore the various habitats and native biodiversity of the Santa Barbara and Ventura areas.
- **Urban Biofilter** designs, implements, and advocates for the integration of biological systems into our existing urban infrastructure. They focus on transforming undervalued urban resources, such as brownfields and wastewater, into community assets.

#### **SUSTAINABILITY & COMMUNITY RESILIENCE**

- **ALERT: A Locally Empowered Response Team~** (formerly Energy Democracy Program) empowers front-line communities, at-risk from social, economic, and environmental impacts of oil activities, to have a voice in the energy choices that impact them.
- **All One Ocean** educates people about the destructive impacts of our trash by providing a simple way for beachgoers, any time they visit the beach, to help clean up our Ocean, beautify beaches and prevent needless death and suffering to marine life.
- **Bay Localize** inspires and supports community leaders in building equitable, resilient communities.
- **California Student Sustainability Coalition** unites, connects, supports, and empowers students from across California to transform their educational institutions and communities into models of ecological, economic, and social responsibility.
- **Campaign to Safeguard America’s Waters** works to protect and maintain the beneficial uses of all public waters by advocating for the full implementation of the goals and objectives of the Clean Water Act.
- **CoCo San Farm’s\*\*** goal is to create a sustainable urban farm which will provide food and education opportunities to local schools and food banks – increasing local food security and decreasing nutritional poverty.

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- **Environmental Finance Center West**~ works to create a more sustainable world, through research, training, and capacity building that integrates economy, environment, community, and culture.
- **Food Shift** is developing sustainable solutions that reduce wasted food and hunger by addressing the underlying structural causes and developing an effective and equitable system for food recovery and redistribution.
- **Green Café Network\*\*** (formerly Paradigm Café Network) is dedicated to addressing America's over-consumption by reducing the ecological impacts of the coffeehouse industry and harnessing café culture for environmental education.
- **Greenwash Action** (formerly Alliance Against Greenwash) supports progress towards a healthy, biodiverse, and climate-stable world by defending programs that represent true environmental leadership and challenging special interests that use greenwash to confuse the marketplace.
- **Hempstead Project HEART**'s mission is to use music and the arts to raise awareness of the many benefits of hemp for people and the planet.
- **Oakland Food Policy Council** is a 21-seat community council working towards an equitable and sustainable food system.
- **Plastic Pollution Coalition** is a global alliance of individuals, organizations, businesses, and policy makers working toward a world free of plastic pollution and its toxic impact on humans, animals, the ocean, and the environment.
- **Safe Food and Fertilizer** seeks to ban the use of hazardous and other industrial wastes in fertilizer, soil amendments, and animal feeds due to of their potential risk to human health and the environment.
- **Ultimate Civics** – changing minds, changing culture, changing the Constitution: they work in schools and communities across the nation to empower youth and adults to challenge corporate power and co-create the democracy we thought we had.
- **Wholly H2O** is a catalyst for sustainable, localized water management in California. Their education and outreach advances locally-appropriate solutions for water conservation and water reuse.

#### **WILDLIFE PROTECTION**

- **International Marine Mammal Project** is leading the international effort to stop the slaughter of dolphins, end commercial whaling, eliminate the use of drift nets, halt commercial exploitation of cetaceans by aquariums and sea parks, and protect key whale and dolphin habitats.
- **Project Coyote** is a coalition of wildlife scientists, educators, ranchers, and community leaders promoting compassionate conservation and coexistence between people and wildlife through education, science, and advocacy.
- **Raptors Are the Solution** educates people about the ecological role of raptors and the enormous danger to raptors and all wildlife, as well as pets and children, from the wide use and availability of rat poisons.
- **SAVE International** (Spoonbill Action Voluntary Echo) seeks to protect the critically endangered Black-faced Spoonbill and its Asian habitat throughout its flyway by promoting

**EARTH ISLAND INSTITUTE INC.**  
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alternative economic development and long-term sustainability of the ecosystems and local communities.

- **Shark Stewards** mission is to protect sharks and other imperiled marine life – restoring health to the oceans and protecting critical marine habitat.
- **Urban Bird Foundation** (formerly Burrowing Owl Conservation Network) works to engage, educate and nurture a broad-based constituency to ensure the conservation of bird populations, and preserve the interconnected relationship between people and nature.
- **WildFutures** (formerly the Wildlife Network) works with scientists, government agencies, and nonprofits to bridge the gap between science and conservation, finding collaborative ways to develop and implement effective conservation strategies.

\* These projects were *inactive* during the period from January 1, 2014 to June 30, 2015.

\*\*These projects *separated* from Earth Island during the period from January 1, 2014 to June 30, 2015.

~These projects were *new* to Earth Island during the period from January 1, 2014 to June 30, 2015.

SUPPLEMENTAL INFORMATION

**EARTH ISLAND INSTITUTE INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the Period from January 1, 2014 to June 30, 2015

<u>Federal/Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Expenditures</u>
<u>Department of Commerce</u>		
<u>National Oceanic and Atmospheric Administration</u>		
Marine Sanctuary Program	11.429	\$ 59,997
Pacific Coast Salmon Recovery – Pacific Salmon Treaty Program	11.438	686,316
Habitat Conservation	11.463	<u>57,027</u>
Total Department of Commerce		<u>803,340</u>
<u>Department of Interior</u>		
<u>US Fish and Wildlife Services</u>		
Hurricane Sandy Disaster Relief Activities - FWS	15.677	18,901
Natural Resource Damage Assessment Restoration and Implementation	15.658	9,151
Coastal Program	15.630	<u>1,166</u>
Total Department of Interior		<u>29,218</u>
<u>Department of Agriculture</u>		
<u>National Forest Foundation</u>		
Watershed Restoration and Enhancement Agreement Authority	10.693	<u>9,636</u>
Total Department of Agriculture		<u>9,636</u>
<u>Department of State</u>		
<u>Office of the Coordinator of U.S. Assistance to Europe and Eurasia</u>		
AEECA/ESF PD Program	19.900	<u>98,000</u>
Total Department of State		<u>98,000</u>
<u>Department of Housing and Urban Development</u>		
Pass through Metropolitan Transportation Commission, Oakland, California		
Sustainable Communities Regional Planning Grant Program	14.703	<u>75,000</u>
Total Department of Housing and Urban Development		<u>75,000</u>
<b>TOTAL FEDERAL AWARDS</b>		<b><u>\$ 1,015,194</u></b>

**EARTH ISLAND INSTITUTE INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the Period from January 1, 2014 to June 30, 2015

(1) Basis of Presentation

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal grant activity of Earth Island under programs of the federal government for the period from January 1, 2014 to June 30, 2015. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the schedule presents only a selected portion of the operations of Earth Island, it is not intended to and does not present the financial position, changes in net assets or cash flows of Earth Island.

(2) Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-122, *Cost Principles for Non-profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

**Independent Auditor's Report on Internal Control over Financial  
Reporting and on Compliance and Other Matters Based on  
an Audit of Financial Statements Performed in Accordance  
With Government Auditing Standards**

To the Board of Directors  
Earth Island Institute Inc.  
Berkeley, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Earth Island Institute Inc., which comprise the statement of financial position as of June 30, 2015, and the related statements of activities, functional expenses, and cash flows for the period from January 1, 2014 to June 30, 2015, and the related notes to the financial statements, and have issued our report thereon dated December 1, 2015.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Earth Island Institute Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Earth Island Institute Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Earth Island Institute Inc.'s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Earth Island Institute Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Earth Island Institute Inc.'s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Le. Ho i Company, LLP*

Daly City, California  
December 1, 2015

**Independent Auditor's Report on Compliance For Each  
Major Federal Program and on Internal Control over  
Compliance Required by OMB Circular A-133**

To the Board of Directors  
Earth Island Institute Inc.  
Berkeley, California

**Report on Compliance for Each Major Federal Program**

We have audited Earth Island Institute Inc.'s compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Earth Island Institute Inc.'s major federal programs for the period from January 1, 2014 to June 30, 2015. Earth Island Institute Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of Earth Island Institute Inc.'s major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Earth Island Institute Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Earth Island Institute Inc.'s compliance.

***Opinion on Each Major Federal Program***

In our opinion, Earth Island Institute Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the period from January 1, 2014 to June 30, 2015.

## Report on Internal Control over Compliance

Management of Earth Island Institute Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Earth Island Institute Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion of the effectiveness of Earth Island Institute Inc.'s internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Le. Ho i Company, LLP*

Daly City, California  
December 1, 2015

**EARTH ISLAND INSTITUTE INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
For the Period from January 1, 2014 to June 30, 2015

**Section I – Summary of Auditors’ Results**

Financial Statements

Type of auditor’s report issued: unmodified

Internal control over financial reporting:

- Material weakness(es) identified?  yes  no
- Significant deficiency (ies) identified that are not considered to be material weaknesses?  yes  none reported

Noncompliance material to financial statements noted?  yes  no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified?  yes  no
- Significant deficiency (ies) identified that are not considered to be material weakness(es)?  yes  none reported

Type of auditor’s report issued on compliance for major program: unmodified

Any audit findings disclosed that are:

- Required to be reported in accordance with section 510(a) of Circular A-133?  yes  no

Identification of major program:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
11.438 Program	Pacific Coast Salmon Recovery – Pacific Salmon Treaty

Dollar threshold used to distinguish Between type A and type B programs \$300,000

Auditee qualified as low-risk auditee?  yes  no

**EARTH ISLAND INSTITUTE INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
For the Period from January 1, 2014 to June 30, 2015

**Section II - Financial Statement Findings**

NONE

**Section III - Federal Award Findings and Questioned Costs**

NONE

**EARTH ISLAND INSTITUTE INC.**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
For the Period from January 1, 2014 to June 30, 2015

OMB A-133 audit was not required for prior year.