

**EARTH ISLAND INSTITUTE, INC.**

**BERKELEY, CALIFORNIA**

**FINANCIAL STATEMENTS  
AND  
SINGLE AUDIT REPORT**

**FOR THE YEAR ENDED**

**JUNE 30, 2024**

**Hiep Pham, CPA Inc.**

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## INDEPENDENT AUDITOR'S REPORT

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

### **Report on the Audit of the Financial Statements**

#### **Opinion**

I 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, 2024, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In my opinion, the financial statements present fairly, in all material respects, the financial position of Earth Island Institute, Inc. as of June 30, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinion**

I conducted my 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. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of Earth Island Institute, Inc. and to meet my other ethical responsibilities in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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 Earth Island Institute, Inc.'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**

My 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 my 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 and *Government Auditing Standards* will always detect a material misstatement when it exists. 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 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 and *Government Auditing Standards*, I:

- 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 Earth Island Institute, Inc.'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 my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Earth Island Institute, Inc.'s ability to continue as a going concern for a reasonable period of time.

I am 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 I identified during the audit.

#### **Report on Summarized Comparative Information**

I have previously audited Earth Island Institute, Inc.'s 2023 financial statements, and I expressed an unmodified audit opinion on those audited financial statements in my report dated April 24, 2024. In my opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

#### **Supplementary Information**

My 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 Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 my opinion, the accompanying schedule of expenditures of federal awards 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 Auditing Standards*, I have also issued my report dated March 25, 2025, on my consideration of Earth Island Institute, Inc.'s internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of my testing of internal control over financial reporting 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 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.

*Hiep Pham, CPA Inc.*

Fremont, California

March 25, 2025

EARTH ISLAND INSTITUTE, INC.  
STATEMENTS OF FINANCIAL POSITION  
June 30, 2024  
(With Comparative Totals for June 30, 2023)

	<u>2024</u>	<u>2023</u>
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 3,667,495	\$ 2,810,038
Investments	20,960,682	18,647,910
Grants receivable	8,547,375	14,221,360
Accounts receivable	280,493	247,869
Prepaid expenses and other current assets	710,416	392,988
Deposit for land purchase	<u>4,100,000</u>	<u>4,100,000</u>
Total current assets	<u>38,266,461</u>	<u>40,420,165</u>
Non-current assets:		
Operating lease right-of-use asset, net of accumulated amortization	906,995	1,209,467
Fixed assets, net of accumulated depreciation	<u>759,409</u>	<u>848,373</u>
Total non-current assets	<u>1,666,404</u>	<u>2,057,840</u>
Total assets	<u>\$ 39,932,865</u>	<u>\$ 42,478,005</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 2,108,253	\$ 533,439
Accrued vacation	789,104	672,482
Deferred revenue	84,396	137,578
Operating lease liability, current portion	<u>331,384</u>	<u>314,380</u>
Total current liabilities	<u>3,313,137</u>	<u>1,657,879</u>
Long-term liabilities:		
Operating lease liability, net of current portion	<u>592,067</u>	<u>923,451</u>
Total long-term liabilities	<u>592,067</u>	<u>923,451</u>
Total liabilities	<u>3,905,204</u>	<u>2,581,330</u>
Net assets:		
Net assets without donor restrictions	20,699,353	17,879,185
Net assets with donor restrictions	<u>15,328,308</u>	<u>22,017,490</u>
Total net assets	<u>36,027,661</u>	<u>39,896,675</u>
Total liabilities and net assets	<u>\$ 39,932,865</u>	<u>\$ 42,478,005</u>

The accompanying notes are an integral part of these financial statements.

EARTH ISLAND INSTITUTE, INC.  
STATEMENTS OF ACTIVITIES  
For the Year Ended June 30, 2024  
(With Comparative Totals for the Year Ended June 30, 2023)

	Without Donor Restrictions	With Donor Restrictions	Total 2024	Total 2023
Revenues:				
Grants	\$ 180,001	\$ 16,116,510	\$ 16,296,511	\$ 22,192,932
Contributions	642,498	9,470,314	10,112,812	9,486,433
Service and contract revenues	1,975,805	-	1,975,805	1,897,295
Membership	51,253	-	51,253	56,276
Events, net	128,581	-	128,581	189,992
Merchandise sales, net	3,410	-	3,410	6,186
In-kind contributions	-	1,165,546	1,165,546	1,185,086
Investment return, net	2,264,272	-	2,264,272	1,031,696
Other revenue	74,796	-	74,796	75,780
Net assets released from restrictions	<u>33,441,552</u>	<u>(33,441,552)</u>	<u>-</u>	<u>-</u>
Total revenues	<u>38,762,168</u>	<u>(6,689,182)</u>	<u>32,072,986</u>	<u>36,121,676</u>
Expenses:				
Program services	<u>30,798,299</u>	<u>-</u>	<u>30,798,299</u>	<u>21,892,548</u>
Supportive services:				
Administrative and general	3,030,165	-	3,030,165	1,935,554
Fundraising	<u>2,113,536</u>	<u>-</u>	<u>2,113,536</u>	<u>1,183,446</u>
Total supportive services	<u>5,143,701</u>	<u>-</u>	<u>5,143,701</u>	<u>3,119,000</u>
Total expenses	<u>35,942,000</u>	<u>-</u>	<u>35,942,000</u>	<u>25,011,548</u>
Change in net assets	2,820,168	(6,689,182)	(3,869,014)	11,110,128
Net assets, beginning of period	<u>17,879,185</u>	<u>22,017,490</u>	<u>39,896,675</u>	<u>28,786,547</u>
Net assets, end of period	<u>\$ 20,699,353</u>	<u>\$ 15,328,308</u>	<u>\$ 36,027,661</u>	<u>\$ 39,896,675</u>

The accompanying notes are an integral part of these financial statements.

EARTH ISLAND INSTITUTE, INC.  
STATEMENTS OF FUNCTIONAL EXPENSES  
For the Year Ended June 30, 2024  
(With Comparative Totals for the Year Ended June 30, 2023)

	Program Services								
	Earth Island Advocates	Sustainable Agriculture & Food Systems	Climate Change Solutions	Conservation	Environmental Education	Environmental Justice	Indigenous Communities	International Initiatives	Subtotal
Expenses:									
Salaries	\$ 82,735	\$ 1,776,316	\$ 395,771	\$ 790,017	\$ 819,146	\$ 149,791	\$ 493,164	\$ 88,717	\$ 4,595,657
Payroll taxes and benefits	13,491	279,857	66,588	150,638	162,832	20,875	85,522	14,981	794,784
Outside services and contractors	489	898,836	4,169,207	2,207,267	160,366	128,530	111,251	61,458	7,737,404
Rent and utilities	-	11,333	2,487	14,232	124,353	5,119	47,209	2,000	206,733
Fundraising and membership	-	-	-	-	-	-	-	-	-
Office expenses	744	68,423	59,920	27,477	63,914	4,097	16,201	3,377	244,153
Travel and meetings	9,774	311,614	1,843,991	85,668	66,237	14,644	34,948	14,030	2,380,906
Insurance, legal and taxes	155	18,400	40,407	68,979	6,671	949	3,317	7,104	145,982
Printing and mailing	-	2,811	28,017	5,908	14,193	1,097	12,365	52	64,443
Promotions and public education	-	525	2,362	-	2,190	35	1,041	25	6,178
Grants made to others	-	137,461	1,168,580	79,547	-	9,500	1,045,000	96,000	2,536,088
In-kind services	-	46,727	-	-	-	-	-	-	46,727
Other expenses	(16)	37,853	92,576	10,762	43,361	1,831	18,611	43	205,021
Total expenses	<u>\$ 107,372</u>	<u>\$ 3,590,156</u>	<u>\$ 7,869,906</u>	<u>\$ 3,440,495</u>	<u>\$ 1,463,263</u>	<u>\$ 336,468</u>	<u>\$ 1,868,629</u>	<u>\$ 287,787</u>	<u>\$ 18,964,076</u>

The accompanying notes are an integral part of these financial statements.



EARTH ISLAND INSTITUTE, INC.  
STATEMENTS OF FUNCTIONAL EXPENSES  
For the Year Ended June 30, 2024  
(With Comparative Totals for the Year Ended June 30, 2023)

	Program Services								
	Earth Island	New Leaders & Brower Youth	Ocean & Water	Pollution & Toxics	Community Resilience	Wildlife Protection	Women's Environmental Leadership	Youth Empowerment	Subtotal
	Journal	Awards							
Expenses:									
Salaries	\$ 259,143	\$ 148,956	\$ 476,114	\$ 1,518,896	\$ 892,153	\$ 1,053,427	\$ 1,079,792	\$ 11,921	\$ 5,440,402
Payroll taxes and benefits	56,703	28,549	66,823	267,131	149,955	190,227	202,241	1,560	963,189
Outside services and contractors	62,276	50,070	283,791	472,160	269,961	348,279	407,315	1,155	1,895,007
Rent and utilities	-	-	216	75	10,232	58,376	9,994	(500)	78,393
Fundraising and membership	-	-	-	-	-	-	-	-	-
Office expenses	13,058	619	14,488	70,908	25,456	41,334	28,063	5,882	199,808
Travel and meetings	3,578	19,408	746	74,597	117,909	32,494	76,380	2,097	327,209
Insurance, legal and taxes	3,750	-	2,728	16,577	10,104	8,922	14,555	151	56,787
Printing and mailing	35,723	-	571	5,750	1,135	11,231	822	-	55,232
Promotions and public education	-	-	567	272,735	-	5,179	-	-	278,481
Grants made to others	-	-	275	58,548	16,160	10,000	1,281,394	6,521	1,372,898
In-kind services	-	-	-	1,118,819	-	-	-	-	1,118,819
Other expenses	845	17	120	15,338	7,623	7,593	16,342	120	47,998
Total expenses	<u>\$ 435,076</u>	<u>\$ 247,619</u>	<u>\$ 846,439</u>	<u>\$ 3,891,534</u>	<u>\$ 1,500,688</u>	<u>\$ 1,767,062</u>	<u>\$ 3,116,898</u>	<u>\$ 28,907</u>	<u>\$ 11,834,223</u>

The accompanying notes are an integral part of these financial statements.

EARTH ISLAND INSTITUTE, INC.  
STATEMENTS OF FUNCTIONAL EXPENSES  
For the Year Ended June 30, 2024  
(With Comparative Totals for the Year Ended June 30, 2023)

	Program	Supportive Services				
	Services	Administrative			Total	Total
	Subtotal	and General	Fundraising	Subtotal	2024	2023
Expenses:						
Salaries	\$ 10,036,059	\$ 1,903,992	\$ 1,414,362	\$ 3,318,354	\$ 13,354,413	\$ 12,415,375
Payroll taxes and benefits	1,757,973	336,190	257,700	593,890	2,351,863	2,095,841
Outside services and contractors	9,632,411	280,298	260,515	540,813	10,173,224	4,464,290
Rent and utilities	285,126	161,653	-	161,653	446,779	537,737
Fundraising and membership	-	-	176,488	176,488	176,488	217,741
Office expenses	443,961	103,594	1,682	105,276	549,237	665,247
Travel and meetings	2,708,115	142,474	857	143,331	2,851,446	805,580
Insurance, legal and taxes	202,769	5,390	-	5,390	208,159	220,798
Printing and mailing	119,675	409	1,603	2,012	121,687	95,712
Promotions and public education	284,659	12,969	125	13,094	297,753	223,718
Grants made to others	3,908,986	-	-	-	3,908,986	1,824,246
In-kind services	1,165,546	-	-	-	1,165,546	1,185,086
Other expenses	253,019	83,196	204	83,400	336,419	260,177
Total expenses	<u>\$ 30,798,299</u>	<u>\$ 3,030,165</u>	<u>\$ 2,113,536</u>	<u>\$ 5,143,701</u>	<u>\$ 35,942,000</u>	<u>\$ 25,011,548</u>

The accompanying notes are an integral part of these financial statements.

EARTH ISLAND INSTITUTE, INC.  
STATEMENTS OF CASH FLOWS  
For the Year Ended June 30, 2024  
(With Comparative Totals for the Year Ended June 30, 2023)

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities:		
Change in net assets	\$ (3,869,014)	\$ 11,110,128
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Amortization of operating lease	302,472	297,835
Depreciation	74,614	71,842
Net realized and unrealized (gains)/losses on investments	(1,248,210)	(419,627)
Changes in certain assets and liabilities:		
Grants receivable	5,673,985	(10,947,274)
Accounts receivable	(32,624)	103,182
Prepaid expenses and other current assets	(317,428)	(96,054)
Accounts payable and accrued expenses	1,574,814	420,160
Accrued vacation	116,622	105,613
Deferred revenue	(53,182)	(10,950)
Operating lease liability	(314,380)	(269,471)
Net cash provided (used) by operating activities	<u>1,907,669</u>	<u>365,384</u>
Cash flows from investing activities:		
Purchase of investments	(15,776,637)	(6,166,628)
Sale of investments	14,712,075	3,632,571
Purchase of fixed assets	(10,850)	(16,900)
Disposition of fixed assets	25,200	-
Net cash provided (used) by investing activities	<u>(1,050,212)</u>	<u>(2,550,957)</u>
Net increase (decrease) in cash	857,457	(2,185,573)
Cash and cash equivalents, beginning of period	<u>2,810,038</u>	<u>4,995,611</u>
Cash and cash equivalents, end of period	<u>\$ 3,667,495</u>	<u>\$ 2,810,038</u>
Supplemental disclosures of cash flow information:		
Noncash operating activities:		
Acquisition of right-of-use asset under operating lease	\$ -	\$ 1,507,302

The accompanying notes are an integral part of these financial statements.

EARTH ISLAND INSTITUTE, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended June 30, 2024

NOTE 1 - GENERAL

A. Organization

Earth Island Institute, Inc. (the Organization) was founded in 1982 to confront the threats to life on Earth. The Organization supports environmental initiatives, celebrates emerging youth leaders, and inspires citizens to engage with their community and the environment. As a fiscal sponsor to a network of more than 70 environmental projects, the Organization provides counsel and training for new and seasoned leaders, and builds effective environmental organizations.

B. Program Services

Project Support Program

The Organization's Project Support Program cultivates environmental leadership by serving as an incubator for new projects and providing long-term support for established projects, providing critical assistance at all levels and stages. Since our founding in 1982, we have helped launch some 225 projects. During the fiscal year, our Project Support Program supported 74 projects with financial and managerial services, capacity building, strategic advising, technical assistance, and training. The Organization's projects are located throughout the United States and the impact of their work reaches around the globe. During the fiscal year, the Project Support Program adopted one new sponsored project.

Earth Island Journal

For nearly four decades, *Earth Island Journal* has been publishing a unique, wide-angle perspective, which strives to make the connections between the environment and other issues. Over the course of publishing more than 145 issues, the *Journal* has broken ground on covering critical environmental topics and received a number of media awards for excellence in journalism.

New Leaders Initiative

Earth Island's New Leaders Initiative celebrates and supports young environmental leaders in North America. Each year our Brower Youth Awards program honors the work of six outstanding young environmentalists, ages 13 to 22, for their leadership and achievements. In addition to a cash prize and public recognition, the winners received coaching, training, and peer support designed to provide them with the skills to advance their initiatives.

Earth Island Advocates

Earth Island Advocates develops and coordinates litigation to protect the planet's ecosystems and inhabitants. With the combined knowledge and expertise of our project network and the pro bono resources of law firms, legal clinics, and nonprofit organizations, Earth Island Advocates is achieving tangible results for the environment.

Project Network

Following is a list of 74 projects under sponsorship with the Organization during all or part of the fiscal year. This includes one new project and four that closed down or left the Organization to incorporate independently, merge with another organization, or work with a new fiscal sponsor.

EARTH ISLAND INSTITUTE, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended June 30, 2024

NOTE 1 - GENERAL (continued)

B. Program Services (continued)

\* These projects were *inactive* during all or part of the fiscal year ending June 30, 2024.

\*\* These projects *separated* from the Organization during the fiscal year ending June 30, 2024.

\*\*\* These projects were *new* to the Organization in the fiscal year ending June 30, 2024.

**CLIMATE CHANGE SOLUTIONS**

- California Urban Streams Partnership
- EcoEquity
- ÉnergieRich
- Fossil Fuel Nonproliferation Treaty
- Law Students for Climate Accountability
- Nature in the City

**COMMUNITY RESILIENCE**

- The Capacity Collaborative (formerly EFC West)
- Green Schoolyards America
- Living Well Collaborative\*
- Richmond Trees\*
- Transition Earth

**CONSERVATION**

- Eurasian Wildlife and Peoples (formerly Altai Project)
- Armenian Environmental Network
- Baikal Watch
- Guías Unidos
- John Muir Project
- Kelly Creek Protection Project
- Public Lands Media
- Serengeti Watch
- South Coast Habitat Restoration
- Wild Heritage
- Wild Hope

**ENVIRONMENTAL EDUCATION**

- Bay Area Wilderness Training
- Children in Nature Collaborative\*\*
- EcoVillage Farm Learning Center
- Garden for the Environment
- Junior Wildlife Ranger\*
- Kids for the Bay
- Numi Foundation\*
- Planet Earth Arts

EARTH ISLAND INSTITUTE, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended June 30, 2024

NOTE 1 - GENERAL (continued)

B. Program Services (continued)

**ENVIRONMENTAL EDUCATION (concluded)**

- West County DIGS (Developing Instructional Gardens in the Schools)

**ENVIRONMENTAL JUSTICE**

- Action for a Livable Tomorrow\*\*
- Alter Terra
- California Trade Justice Coalition
- Green Life's\*\*
- Mapping for Environmental Justice\*
- PGM ONE (People of the Global Majority in the Outdoors, Nature, and Environment)

**INDIGENOUS COMMUNITIES**

- California Institute for Community, Art, and Nature
- Sacred Land Film Project
- Seeding Sovereignty\*\*
- Tallgrass Institute\*\*\* (formerly First Peoples Worldwide at CU Boulder)

**INTERNATIONAL INITIATIVES**

- Borneo Project
- Ethical Traveler
- Friends of Muonde
- Viva Sierra Gorda

**OCEANS and WATER**

- 1000 Fountains\*
- Alaska Clean Water Advocacy
- All One Ocean.
- Stop Fish Bombing U.S.A.
- Wild Oyster Project

**POLLUTION and TOXICS**

- ALERT: A Locally Empowered Response Team
- Plastic Pollution Coalition
- Rise St. James
- Save Our Soils

**SUSTAINABLE AGRICULTURE and FOOD SYSTEMS**

- California Climate and Agriculture Network
- Castanea Fellowship
- Cultivate Oregon\*
- Food Culture Collective (formerly Real Food Real Stories)

EARTH ISLAND INSTITUTE, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended June 30, 2024

NOTE 1 - GENERAL (continued)

B. Program Services (continued)

**SUSTAINABLE AGRICULTURE and FOOD SYSTEMS (concluded)**

- Food Shift
- Friends of Alemany Farm
- Mississippi Farm to School Network

**WILDLIFE PROTECTION**

- Ecovet Global
- International Marine Mammal Project
- Project Coyote
- Raptors Are the Solution
- SAVE (Spoonbill Action Voluntary Echo) International
- Shark Stewards
- WildFutures

**WOMEN'S ENVIRONMENTAL LEADERSHIP**

- Global Women's Water Initiative
- Women's Climate Centers International
- Women's Earth Alliance

**YOUTH EMPOWERMENT**

- Conservation Kids
- Ultimate Civics
- Youth Empowered Action (YEA) Camp

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting

The financial statements and records of the Organization are prepared on the accrual basis of accounting and, therefore, include all support and revenues when earned and all expenses when incurred, regardless of whether the support and revenues or expenses were received or paid as of the end of the period. Grants are recognized as support when earned in accordance with the terms of each grant or agreement.

B. Basis of Presentation

The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 and the provisions of the American Institute of Certified Public Accountants (AICPA) *Audit and Accounting Guide for Not-for-Profit Organizations*. Under the provisions, net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified as follows:

EARTH ISLAND INSTITUTE, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended June 30, 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation (concluded)

Net Assets without Donor Restrictions - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. The Organization's board may designate assets without restrictions for specific operational purposes from time to time.

Net Assets with Donor Restrictions - Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

C. Cash and Cash Equivalents

For purposes of reporting the statement of cash flows, cash and cash equivalents include cash on deposit with financial institutions with a maturity of three months or less.

D. Investments

The Organization invests in marketable securities and money market funds. All debt securities and equity securities are carried at quoted market prices as of the last trading date of the Organization's fiscal year. Gains and losses that result from market fluctuations are recognized in the period such fluctuations occur. Realized gains or losses resulting from sales or maturities are calculated on an adjusted cost basis. Adjusted cost is the estimated fair value of the security at the beginning of the year, or the cost if purchased during the year. Dividend and interest income are accrued when earned. Investment return is presented net of investment fees.

E. Grants and Accounts Receivable

Grants and accounts receivable represent amounts earned but not yet collected. The Organization has not accrued a loss for allowances for uncollectible receivables since it is the opinion of management that it is highly probable all receivables will be collected. The Organization will accrue an allowance for doubtful accounts when management considers that the receivables cannot be fully collected.



EARTH ISLAND INSTITUTE, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended June 30, 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Fixed Assets

The Organization uses \$5,000 as its capitalization threshold for 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. The Organization reports donated property and equipment as net assets without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Restoration works on property where the Organization'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.

G. Deferred Revenue

Deferred revenue represents funds received in advance for camp fees.

H. Grants

Grants awarded by government agencies or passed through to the Organization from another donor that received funding from the government agencies are generally considered nonreciprocal transactions restricted by the awarding agency for certain purposes. Revenue is recognized when qualified expenditures are incurred and conditions under the grant agreement are met.

I. Revenue Recognition

Revenue is recognized in accordance with authoritative guidance, including *ASU 2018-08, Not-for-Profit Entities (Topic 605)* and *ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606)*.

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met. A transfer of funds with a conditional promise to contribute are accounted for as a refundable advance until the conditions have been substantially met. Certain payments received include both elements of contributed income and earned income, and management evaluates such transactions to determine the proper revenue rules to apply and to bifurcate the revenue components. When applicable, revenue earned under a contractual arrangement (an "exchange transaction") is recognized when earned and therefore measured as services are provided in accordance with Topic 606.

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized.

EARTH ISLAND INSTITUTE, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended June 30, 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. Service and Contract Revenues

Service and contract revenues represent funds paid for projects and camp fees.

K. Membership

Various projects of the Organization have memberships; the membership dues are in fact small donations and are recognized as revenue upon receipt.

L. Donated Goods and Services

In-kind contributions are recognized as follows: Donated goods are recorded at their estimated fair market value on the date of donation. Donated services are recognized as contributions in accordance with FASB ASC 958, *Accounting for Contributions Received and Contributions Made*, if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Volunteers also provided services that are not recognized as contributions in the financial statements since the recognition criteria under FASB ASC 958 were not met.

M. Grants Made to Others

The Organization periodically provides grants to unrelated nonprofit organizations for the support of various environmental, educational, and informational activities. Unconditional grants made by the Organization to unrelated nonprofit organizations are recorded as expense upon commitment.

N. 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 on the basis of periodic time and expense studies. Such allocations are determined by management on an equitable basis. Management and general expense include those expenses that are not directly identifiable with any other specific function but provide the overall support and direction of the Organization.

EARTH ISLAND INSTITUTE, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended June 30, 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

N. Functional Allocation of Expenses (concluded)

The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Payroll related expenses	Time and effort
Outside services and contractors	Function and usage
Rent and utilities	Function and usage
Office expenses	Function and usage
Travel and meetings	Function and usage
Insurance, legal and taxes	Function and usage
Printing and mailing	Function and usage
Promotions and public education	Function and usage
Other expenses	Function and usage

O. Indirect Costs

The Organization uses a negotiated indirect cost rate approved by the United States Department of the Interior. The 20.18% indirect rate is the maximum rate charged to each applicable grant on a regular basis.

P. Concentration of Credit Risk

The Organization 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, the Organization has not experienced any losses with respect to its bank and brokerage accounts.

Q. Contingencies

The Organization participates in numerous federal grants. Disbursement of funds received under these grants requires compliance with terms and conditions specified in the grant agreement and is subject to audit by the grantor agency. Any disallowed costs resulting from such an audit could become a liability of the general fund or other applicable funds.

EARTH ISLAND INSTITUTE, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended June 30, 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

R. Use of Estimates

The financial statements have been prepared in conformity with U.S. generally accepted accounting principles and, as such, include amounts based on informed estimates and judgments of management with consideration given to materiality. Actual results could differ from those estimates.

S. Risk Management

The Organization is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Organization carries commercial insurance.

T. Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through March 25, 2025, the date the financial statements were available to be issued.

U. Comparative Financial Information

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 Earth Island Institute, Inc.'s financial statements for the year ended June 30, 2023, from which the summarized information was derived.

NOTE 3 - INCOME TAXES

The Organization is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization is also exempt from California franchise taxes under Section 23701(d) of the Revenue and Taxation Code and, therefore, has made no provision for Federal or California income taxes. Contributors, donors, and grantors may obtain tax benefits. In addition, the Organization has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a) of the Code.

EARTH ISLAND INSTITUTE, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended June 30, 2024

NOTE 3 - INCOME TAXES (concluded)

The Organization adopted the recognition requirements for uncertain income tax positions as required by generally accepted accounting principles, with no cumulative effect adjustment required. Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return, only when it is determined that the income tax position will more-likely-than-not be sustained upon examination by taxing authorities. The Organization has analyzed tax positions taken for filing with the Internal Revenue Service and all state jurisdictions where it operates. The Organization believes that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse affect on the Organization's financial condition, results of operations or cash flows. Accordingly, the Organization has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions at June 30, 2024 and June 30, 2023. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

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

NOTE 4 - CASH AND CASH EQUIVALENTS

The cash balances as of June 30 are as follows:

	<u>2024</u>	<u>2023</u>
Bank of the West	\$ -	\$ 1,326,546
BMO Bank	2,452,672	-
Merrill Lynch	-	12,048
Morgan Stanley	1,214,650	1,471,271
Petty cash	<u>173</u>	<u>173</u>
Total	<u>\$ 3,667,495</u>	<u>\$ 2,810,038</u>

The account balances were insured under the \$250,000 blanket umbrella by the Federal Deposit Insurance Corporation (FDIC). The remaining balances were uninsured and held by the financial institutions in the Organization's name. It is the opinion of management that the solvency of the financial institutions is not of particular concern at this time.

EARTH ISLAND INSTITUTE, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended June 30, 2024

NOTE 5 - INVESTMENTS

The investment activity for the year ended June 30 is as follows:

	2024	2023
Account balances, beginning of period	\$ 18,647,910	\$ 15,694,226
Dividends and interest	407,600	243,205
Purchases	15,369,037	5,923,423
Sales	(14,712,075)	(3,632,571)
Net realized and unrealized gains and (losses)	<u>1,248,210</u>	<u>419,627</u>
Account balances, end of period	<u>\$ 20,960,682</u>	<u>\$ 18,647,910</u>
 Fixed Income	 \$ 8,041,752	 \$ 5,336,550
Equities	11,579,803	12,233,194
Mutual Funds	<u>1,339,127</u>	<u>1,078,166</u>
Total	<u>\$ 20,960,682</u>	<u>\$ 18,647,910</u>

NOTE 6 - SUMMARY OF FAIR VALUE EXPOSURE

FASB ASC 820-10 and subsections, *Fair Value Measurements and Disclosures* clarifies the definition of fair value for financial reporting, establishes a framework for measuring fair value, and requires additional disclosure about the use of fair value measurements in an effort to make the measurement of fair value more consistent and comparable. The Organization has adopted FASB ASC 820-10 for its financial assets and liabilities measured on a recurring and nonrecurring basis.

FASB ASC 820-10 defines fair value as the amount that would be received from the sale of an asset or paid for the transfer of a liability in an orderly transaction between market participants, i.e. an exit price. To estimate an exit price, a three-tier hierarchy is used to prioritize the inputs:

Level 1: Quoted prices in active markets for identical securities.

Level 2: Other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment spreads, credit risk, etc.)

Level 3: Significant unobservable inputs (including the Organization's own assumptions in determining the fair value of investments).

The inputs and methodology used for valuing the Organization's financial assets and liabilities are not indicators of the risks associated with those investments.

The following table provides fair value measurement information for financial assets and liabilities measured at fair value on a recurring basis as of June 30:

	2024	2023
Level 1: Quoted prices	\$ 20,960,682	\$ 18,647,910
Level 2: Other significant observable inputs	-	-
Level 3: Significant unobservable inputs	<u>-</u>	<u>-</u>
Total	<u>\$ 20,960,682</u>	<u>\$ 18,647,910</u>

EARTH ISLAND INSTITUTE, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended June 30, 2024

NOTE 6 - SUMMARY OF FAIR VALUE EXPOSURE (concluded)

FSP FAS 157-4, which supersedes FSP FAS 157-3, provides further clarification on SFAS 157 in determining an inactive market and a non-distressed transaction. The above investments for June 30 are further classified in accordance with FSP FAS 157-4 as follows:

2024	Total Investment	Level 1	Level 2	Level 3
Fixed Income	\$ 8,041,752	\$ 8,041,752	\$ -	\$ -
Equities	11,579,803	11,579,803	-	-
Mutual Funds	<u>1,339,127</u>	<u>1,339,127</u>	-	-
Total	<u>\$ 20,960,682</u>	<u>\$ 20,960,682</u>	<u>\$ -</u>	<u>\$ -</u>

  

2023	Total Investment	Level 1	Level 2	Level 3
Fixed Income	\$ 5,336,550	\$ 5,336,550	\$ -	\$ -
Equities	12,233,194	12,233,194	-	-
Mutual Funds	<u>1,078,166</u>	<u>1,078,166</u>	-	-
Total	<u>\$ 18,647,910</u>	<u>\$ 18,647,910</u>	<u>\$ -</u>	<u>\$ -</u>

NOTE 7 - DEPOSIT FOR LAND PURCHASE - KELLY CREEK PROTECTION PROJECT

During the year ended June 30, 2018, the Organization started the Kelly Creek Protection Project to raise funds to purchase land in Petaluma named the Helen Putnam Regional Park extension. The Organization raised \$3,040,000 during the year ended June 30, 2018 and raised another \$1,087,000 during the subsequent year ending June 30, 2019 for a grand total of \$4,127,000 for the project.

In May 2018, the Organization made a deposit of \$2,100,000 for the purchase of the land. In August 2018, the Organization made another deposit of \$2,000,000 for a total of \$4,100,000 which is currently being held as a deposit in escrow for the purchase of the land.

NOTE 8 - FIXED ASSETS

Fixed assets as of June 30 are as follows:

	Years	2024	2023
Land - EcoVillage	N/A	\$ 628,628	\$ 628,628
Land improvements - EcoVillage	15	533,589	533,589
Building and improvements - EcoVillage	30	63,638	63,638
Leasehold improvements - David Brower Center	5-15	246,261	246,261
Furniture, equipment and vehicles	3-15	<u>294,753</u>	<u>309,104</u>
Total		1,766,869	1,781,220
Less accumulated depreciation		<u>(1,007,460)</u>	<u>(932,847)</u>
Fixed assets, net		<u>\$ 759,409</u>	<u>\$ 848,373</u>

EARTH ISLAND INSTITUTE, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended June 30, 2024

NOTE 8 - FIXED ASSETS (concluded)

Depreciation expense was \$74,614 and \$71,842 for the years ended June 30, 2024 and June 30, 2023, respectively.

NOTE 9 - ACCRUED VACATION

Accumulated unpaid employee vacation benefits are recognized as liabilities of the Organization. The amount of accumulated vacation was \$789,104 and \$672,482 as of June 30, 2024 and June 30, 2023, respectively..

NOTE 10 - OPERATING LEASE RIGHT-OF-USE ASSET AND LIABILITY

**David Brower Center**

The Organization's main office is located at the David Brower Center in Berkeley, California. This lease expires on April 30, 2027. The monthly rent at June 30, 2024, was \$26,620. The Organization has been subleasing some of its office spaces at David Brower Center to other unrelated parties. These subleases are currently on a month-to-month basis.

The David Brower Center is 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. The David Brower Center has designated two supported organizations – one of them is the Earth Island Institute, Inc. The David Brower Center engages in efforts to protect the natural world, educates the public about the natural world, and promotes sustainable human communities.

**Other Offices**

In addition, the projects of the Organization also have separate offices that are under month-to-month leases. The Organization also pays some of the project directors for the usage of their home offices.

The rent and occupancy costs incurred during the years ended June 30, 2024 and June 30, 2023 for all the leases, net of sublease income, totaled \$446,779 and \$537,737, respectively.



EARTH ISLAND INSTITUTE, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended June 30, 2024

NOTE 10 - OPERATING LEASE RIGHT-OF-USE ASSET AND LIABILITY (concluded)

Amounts recognized as right-of-use assets related to operating leases are included in the accompanying Statement of Financial Position, while related lease liabilities are included in the operating lease liabilities. As of June 30, 2024, right-of-use assets and lease liabilities related to operating leases were as follows:

Operating lease right-of-use asset	\$ 1,507,302
Less accumulated amortization	<u>(600,307)</u>
Operating lease right-of-use asset, net	<u>\$ 906,995</u>
Operating lease liability:	
Operating lease liability, current portion	\$ 331,384
Operating lease liability, net of current portion	<u>592,067</u>
Total	<u>\$ 923,451</u>

During the year ended June 30, 2024, the Organization had the following cash and non-cash activities associated with the leases:

Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	\$ 345,588

Future minimum lease payments under these agreements are as follows:

Year Ending June 30, 2025	\$ 353,412
Year Ending June 30, 2026	328,791
Year Ending June 30, 2027	<u>279,678</u>
Total	961,881
Less effects of discounting	<u>(38,430)</u>
Lease liabilities recognized	<u>\$ 923,451</u>

NOTE 11 - RELATED PARTY TRANSACTION

The Organization leases office space from the David Brower Center (see Note 10). Furthermore, the Organization has several board members that serve on the board of the David Brower Center.

NOTE 12 - EVENTS, NET

During the year ended June 30, fundraising events are as follows:

	2024	2023
Fundraising events income	\$ 219,881	\$ 215,749
Less related expenses	<u>(91,300)</u>	<u>(25,757)</u>
Events, net	<u>\$ 128,581</u>	<u>\$ 189,992</u>

EARTH ISLAND INSTITUTE, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended June 30, 2024

NOTE 13 - MERCHANDISE SALES, NET

Merchandise sales consists of sales of T-shirts, books, bicycle parts and other various items sold to the general public for educational and fundraising purposes. Merchandise sales, net of cost of goods sold as of June 30, 2024 and June 30, 2023 were \$3,410 and \$6,186, respectively.

NOTE 14 - IN-KIND CONTRIBUTIONS - CONTRIBUTED NONFINANCIAL ASSETS

For the years ended June 30, contributed nonfinancial assets recognized within revenue included:

	2024	2023
Professional services	\$ 1,118,819	\$ 1,153,512
Facility rent	-	26,984
Supplies	46,727	4,590
Total	<u>\$ 1,165,546</u>	<u>\$ 1,185,086</u>

The Organization received contributed nonfinancial assets within revenue, including contributed professional services, facility rent, supplies and a vehicle. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions.

**Professional Services**

Contributed professional services recognized comprise of outside services from legal firms which would be normally paid for by the Organization. Contributed services are valued and are reported at the estimated fair value in the financial statements based on current rates for similar services.

**Facility Rent**

The Sobrato Center allowed the Organization to use office space on the Center's property rent-free. The Organization estimates the fair value on the basis of recent comparable rental prices of the contributed rent and utilities.

**Supplies**

The Organization estimated the fair value of supplies on the basis of estimates that the Organization would purchase on the market.

NOTE 15 - NET ASSETS WITHOUT DONOR RESTRICTIONS

Net assets without donor restrictions as of June 30 were as follows:

	2024	2023
Net assets without donor restrictions - undesignated	\$ 9,213,083	\$ 7,911,694
Net assets without donor restrictions - board designated	11,486,270	9,967,491
Total	<u>\$ 20,699,353</u>	<u>\$ 17,879,185</u>

EARTH ISLAND INSTITUTE, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended June 30, 2024

NOTE 15 - NET ASSETS WITHOUT DONOR RESTRICTIONS (concluded)

Net assets without donor restrictions were designated by the Board for supported projects. Board designated net assets without donor restrictions as of June 30 were as follows:

	<u>2024</u>	<u>2023</u>
Climate Change Solutions	\$ 630,912	\$ 411,871
Community Resilience	453,780	347,180
Conservation	1,643,015	1,178,236
Environmental Education	1,676,294	1,430,493
Environmental Justice	52,312	185,981
Indigenous Communities	187,674	171,376
International Initiatives	242,340	-
Ocean and Water	503,372	726,602
Pollution and Toxics	777,371	690,194
Sustainable Agriculture and Food Systems	1,080,599	872,311
Wildlife Protection	3,847,765	3,579,841
Women's Environmental Leadership	322,478	321,203
Youth Empowerment	<u>68,358</u>	<u>52,203</u>
Total	<u>\$ 11,486,270</u>	<u>\$ 9,967,491</u>

EARTH ISLAND INSTITUTE, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended June 30, 2024

NOTE 16 - NET ASSETS WITH DONOR RESTRICTIONS

The Organization categorized its projects into groups based on the common nature of the projects. Net assets with donor restrictions as of June 30 were available for the following purposes:

<b>Subject to Expenditure for Specified Purpose</b>	Beginning Balance 6/30/23	Contributions and Earnings	Releases	Ending Balance 6/30/24
Earth Island Advocates	\$ -	\$ 65,465	\$ 65,465	\$ -
Earth Island Journal	-	45,313	45,313	-
Earth Island New Leaders Initiative	-	54,541	54,541	-
Sustainable Agriculture and Food Systems	1,887,196	4,033,821	4,189,472	1,731,545
Climate Change Solutions	10,870,010	4,687,837	8,658,736	6,899,111
Conservation	3,771,038	3,486,332	3,919,507	3,337,863
Environmental Education	-	1,674,205	1,674,205	-
Environmental Justice	-	159,703	159,703	-
Indigenous Communities	1,586,693	496,743	2,000,556	82,880
International Initiatives	54,285	320,753	337,778	37,260
Ocean and Water	46,562	707,441	754,003	-
Pollution and Toxics	617,125	4,670,944	4,382,502	905,567
Community Resilience	1,572,487	1,135,586	1,787,355	920,718
Wildlife Protection	-	1,965,906	1,965,906	-
Women's Environmental Leadership	1,612,094	3,227,679	3,426,409	1,413,364
Youth Empowerment	-	20,101	20,101	-
Total	<u>\$ 22,017,490</u>	<u>\$ 26,752,370</u>	<u>\$ 33,441,552</u>	<u>\$ 15,328,308</u>

EARTH ISLAND INSTITUTE, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended June 30, 2024

NOTE 17 - AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Organization's financial assets as of June 30, reduced by amounts not available for general use within one year of the year end date because of contractual or donor-imposed restrictions or internal designations. Amounts not available include amounts set aside for long-term investing in the operating and other reserves that could be drawn upon if the governing board approves that action.

	2024	2023
Cash and cash equivalents	\$ 3,667,495	\$ 2,810,038
Investments	20,960,682	18,647,910
Grants and other receivables	<u>8,827,868</u>	<u>14,469,229</u>
Total financial assets	33,456,045	35,927,177
Board designations	(11,486,270)	(9,967,491)
Donor-imposed restrictions	<u>(15,328,308)</u>	<u>(22,017,490)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 6,641,467</u>	<u>\$ 3,942,196</u>

EARTH ISLAND INSTITUTE, INC.  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended June 30, 2024

Federal Award Source/Federal Program Name/Cluster Name	Federal Assistance Listing Number	Award Identification	Award Amount	Amount Expended	Federal Amount Passed Through to Subrecipients
<b>U.S. Department of Agriculture:</b>					
Direct awards:					
Sustainable Forestry in Altai: Community and Policy Engagement to Combat Illegal Logging	10.069	20-DG-11132762-313	\$ 20,000	\$ 19,996	\$ -
Technical Assistance and Training Grant	10.761	TAT FY21	170,190	77,084	-
Solid Waste Management Grant	10.762	04-01-942889684-0	336,100	195,406	-
Passed through from the Multinational Exchange for Sustainable Agriculture, Inc.:					
Growing the Urban Food and Farming Web with Community-based Education, Land, and Market Access	10.U02	#2018-33800-28408	60,000	7,500	-
Total U.S. Department of Agriculture			586,290	299,986	-
<b>National Oceanic and Atmospheric Administration:</b>					
Passed through from the California Department of Fish and Wildlife:					
Maria Ygnacio Creek Fish Passage Project	11.U01	Q2250406	2,194,802	12,348	-
Santa Anita Creek Fish Passage Project	11.U02	Q2396044	1,614,119	1,383,076	-
Total National Oceanic and Atmospheric Administration			3,808,921	1,395,424	-
<b>U.S. Department of Interior:</b>					
Passed through from the U.S. Fish and Wildlife:					
Thomas Fire Recovery Efforts in the Lower Carpinteria Watershed	15.631	F18AC00791	24,716	13,295	-
Passed through from the National Fish and Wildlife Foundation:					
Manzana Creek Watershed Sediment Reduction, Aquatic Protection and Road Restoration	15.U02	0806.20.067785	788,669	162,270	-
Passed through from the California Department of Fish and Wildlife:					
Wheeler Gorge Campground	15.U03	P1850901	131,283	378,525	-
Fish Passage Barrier Removal Golteta and the Gaviota Coast	15.U04	Q2150902	130,315	23,640	-
Total U.S. Department of Interior			1,074,983	577,730	-
<b>U.S. Environmental Protection Agency:</b>					
Passed through from the California State Water Resources Control Board:					
Carpinteria Creek Sediment Reduction and Habitat Enhancement Project	66.460	SWRCB-D2013306	798,653	113,419	-
Passed through from the Regents of the University of New Mexico:					
Building TMF Capacity for Small Public Water Systems	66.468	281131-87FX	150,000	95,366	-
Passed through from Treatment Works					
TA for Wastewater Treatment Works for the Prevention Reduction and Elimination of Pollution	66.446	84035701	284,036	81,824	-
	66.436 &				
Training and Technical Assistance to Improve Water Quality and Enab	66.424	8406471	481,974	130,604	-
Total U.S. Environmental Protection Agency			1,714,663	421,213	-
Total federal programs			\$ 7,184,857	\$ 2,694,353	\$ -

EARTH ISLAND INSTITUTE, INC.  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended June 30, 2024

NOTE 1 - BASIS OF PRESENTATION

The Schedule of Expenditures of Federal Awards includes the federal grant activity of Earth Island Institute, Inc. and is presented on the accrual basis. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The amounts reported in the accompanying Schedule of Expenditures of Federal Awards agree, in all material respects, to amounts reported within Earth Island Institute, Inc.'s financial statements.

NOTE 2 - PASS-THROUGH ENTITY'S IDENTIFYING NUMBER

When federal awards were received from a pass-through entity, the Schedule of Expenditures of Federal Awards shows, if available, the identifying number assigned by the pass-through entity. When no identifying number is shown, Earth Island Institute, Inc. determined that no identifying number is assigned for the program or Earth Island Institute, Inc. was unable to obtain an identifying number from the pass-through entity.

NOTE 3 - FEDERAL ASSISTANCE LISTING NUMBERS

The Federal assistance listing number included in the accompanying Schedule of Expenditures of Federal Awards was determined based on the program name, review of the award contract, and the Office of Management and Budget's Federal assistance listing numbers.

NOTE 4 - INDIRECT COSTS

Earth Island Institute, Inc. elected not to use the 10% de minimis cost rate as covered in the Uniform Guidance Part 200.414 Indirect (F&A) Costs.

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

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

I 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. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued my report thereon dated March 25, 2025.

### **Report on Internal Control over Financial Reporting**

In planning and performing my audit of the financial statements, I considered Earth Island Institute, Inc.'s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing my 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, I 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 a 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.

My consideration of 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 my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Earth Island Institute, Inc.'s financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my 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 my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization'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.

*Hiep Pham, CPA Inc.*

Fremont, California

March 25, 2025

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH  
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY THE UNIFORM GUIDANCE

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

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

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

I have audited Earth Island Institute, Inc.'s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Earth Island Institute, Inc.'s major federal programs for the year ended June 30, 2024. 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.

In my 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 year ended June 30, 2024.

### **Basis for Opinion on Each Major Federal Program**

I conducted my 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). My responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of my report.

I am required to be independent of Earth Island Institute, Inc. and to meet my other ethical responsibilities, in accordance with relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion on compliance for each major federal program. My audit does not provide a legal determination of Earth Island Institute, Inc.'s compliance with the compliance requirements referred to above.

### **Responsibilities of Management for Compliance**

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Earth Island Institute, Inc.'s federal programs.

### **Auditor's Responsibilities for the Audit of Compliance**

My objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Earth Island Institute, Inc.'s compliance based on my audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Earth Island Institute, Inc.'s compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, I:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Earth Island Institute, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as I considered necessary in the circumstances.
- Obtain an understanding of Earth Island Institute, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Earth Island Institute, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

I am required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that I identified during the audit.

### **Report on 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 a 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 a 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.

My consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during my audit I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

My audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of my testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Hiep Pham, CPA Inc.*

Fremont, California

March 25, 2025

EARTH ISLAND INSTITUTE, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2024

**Section I - Summary of Auditor's Results**

**Financial statements**

1. Type of auditor's report issued:..... Unmodified
2. Internal control over financial reporting:
  - A. Material weaknesses identified?..... No
  - B. Significant deficiency(ies) identified that are not considered to be material weaknesses?..... None reported
  - C. Noncompliance which is material to the financial statements noted?.... No

**Federal awards**

3. Internal control over major programs:
  - A. Material weaknesses identified?..... No
  - B. Significant deficiency(ies) identified that are not considered to be material weaknesses?..... None reported
  - C. Type of auditor's report issued on compliance for major programs:..... Unmodified
  - D. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?..... No

**Major programs**

Federal Assistance	Amount
<u>Listing Number</u> <u>Federal Program Name or Cluster Name</u>	<u>Expended</u>
11.U01 & 11.U02      Maria Ygnacio Creek Fish Passage Project and Santa Anita Creek Fish Passage Project	\$ 1,395,424

4. Dollar threshold to distinguish between Type A and Type B programs:..... \$ 750,000
5. Auditee qualifies as a low-risk auditee?..... No

**Section II - Financial Statement Findings**..... None noted

**Section III - Federal Award Findings and Questioned Costs**..... None noted

EARTH ISLAND INSTITUTE, INC.  
STATUS OF PRIOR AUDIT FINDINGS  
For the Year Ended June 30, 2024

There were no prior year audit findings.