

**EARTH ISLAND INSTITUTE, INC.**

**BERKELEY, CALIFORNIA**

**FINANCIAL STATEMENTS**

**JUNE 30, 2020**

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INDEPENDENT AUDITORS' REPORT

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, 2020, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization'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 organization'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 opinions.

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, 2020, 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.

Report on Summarized Comparative Information

We have previously audited Earth Island Institute, Inc.'s 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 11, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*R.J. Ricciardi, Inc.*

R.J. Ricciardi, Inc.  
Certified Public Accountants

San Rafael, California  
November 4, 2020

Earth Island Institute, Inc.  
STATEMENTS OF FINANCIAL POSITION  
June 30, 2020  
(With Comparative Totals for June 30, 2019)

	2020	2019
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 7,496,222	\$ 1,666,796
Investments	8,213,168	9,893,856
Grants receivable	1,017,051	1,435,335
Accounts receivable	207,455	239,027
Bequests receivable	43,640	500
Prepaid expenses and other current assets	304,067	314,851
Deposit for land purchase	4,100,000	4,100,000
Total current assets	21,381,603	17,650,365
Non-current assets:		
Fixed assets, net of accumulated depreciation	1,020,762	1,099,938
Total non-current assets	1,020,762	1,099,938
Total assets	\$ 22,402,365	\$ 18,750,303
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 314,832	\$ 281,502
Accrued vacation	479,450	314,791
Deferred revenue	47,341	161,112
PPP loan payable, current portion	762,462	-
Total current liabilities	1,604,085	757,405
Long-term liabilities:		
PPP loan payable, net of current portion	768,265	-
Total long-term liabilities	768,265	-
Total liabilities	2,372,350	757,405
Net assets:		
Net assets without donor restrictions	10,884,529	8,644,550
Net assets with donor restrictions	9,145,486	9,348,348
Total net assets	20,030,015	17,992,898
Total liabilities and net assets	\$ 22,402,365	\$ 18,750,303

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

Earth Island Institute, Inc.  
STATEMENTS OF ACTIVITIES  
For the Year Ended June 30, 2020  
(With Comparative Totals for the Year Ended June 30, 2019)

	Without Donor Restrictions	With Donor Restrictions	Total 2020	Total 2019
Revenues:				
Grants	\$ 264,117	\$ 7,855,764	\$ 8,119,881	\$ 5,644,802
Contributions and membership	605,917	5,632,418	6,238,335	7,183,021
Events, net	41,739	-	41,739	61,080
Earned revenue	2,050,249	-	2,050,249	1,636,482
In-kind	-	3,329,984	3,329,984	2,923,754
Merchandise sales, net	68,464	-	68,464	164,996
Investment return, net	78,865	-	78,865	742,309
Other revenue	162,613	-	162,613	75,730
Net assets released from restrictions	<u>17,021,028</u>	<u>(17,021,028)</u>	<u>-</u>	<u>-</u>
Total revenues	<u>20,292,992</u>	<u>(202,862)</u>	<u>20,090,130</u>	<u>18,432,174</u>
Expenses:				
Program services	<u>16,242,471</u>	<u>-</u>	<u>16,242,471</u>	<u>12,984,176</u>
Supportive services:				
Administrative and general	1,069,510	-	1,069,510	939,275
Fundraising	<u>741,032</u>	<u>-</u>	<u>741,032</u>	<u>659,069</u>
Total supportive services	<u>1,810,542</u>	<u>-</u>	<u>1,810,542</u>	<u>1,598,344</u>
Total expenses	<u>18,053,013</u>	<u>-</u>	<u>18,053,013</u>	<u>14,582,520</u>
Change in net assets	2,239,979	(202,862)	2,037,117	3,849,654
Net assets, beginning of period	<u>8,644,550</u>	<u>9,348,348</u>	<u>17,992,898</u>	<u>14,143,244</u>
Net assets, end of period	<u>\$ 10,884,529</u>	<u>\$ 9,145,486</u>	<u>\$ 20,030,015</u>	<u>\$ 17,992,898</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, 2020  
(With Comparative Totals for the Year Ended June 30, 2019)

	Program Services								
	Earth Island Advocates	Earth Island Journal	New Leaders Initiative	Agriculture & Food Systems	Clean Energy & Climate Change	Conservation, Preservation & Restoration	Environmental Education	Environmental Justice	Page 5 Subtotal
Expenses:									
Salaries	\$ 106,073	\$ 190,664	\$ 117,003	\$ 924,155	\$ 35,000	\$ 1,039,659	\$ 920,499	\$ 252,817	\$ 3,585,870
Payroll taxes and benefits	16,128	31,371	16,952	168,218	3,315	155,719	141,434	32,590	565,727
Outside services and contractors	418	82,836	117,100	139,206	225	458,617	237,983	25,209	1,061,594
Rent and utilities	9,724	27,784	11,724	15,640	-	22,158	93,604	6,192	186,826
In-kind rent	-	-	-	-	-	-	20,304	-	20,304
Fundraising and membership	-	-	-	-	-	-	-	-	-
Office expenses	-	8,984	3,366	25,846	1,752	52,804	65,181	8,095	166,028
Travel and meetings	802	2,367	13,297	31,456	107	52,076	35,263	11,099	146,467
Insurance, legal and taxes	21	-	-	2,969	6	59,847	14,872	99	77,814
In-kind legal and contractors	-	-	-	78,851	-	129,660	-	-	208,511
Printing and mailing	-	24,137	5,741	1,911	-	6,022	8,993	193	46,997
Promotions and public relations	-	95	-	213	-	4,252	8,552	-	13,112
Grants made to others	-	-	500	47,750	8,708	166,176	7,449	-	230,583
Other	3,029	604	445	10,629	-	22,712	53,493	17,870	108,782
Total expenses	<u>\$ 136,195</u>	<u>\$ 368,842</u>	<u>\$ 286,128</u>	<u>\$ 1,446,844</u>	<u>\$ 49,113</u>	<u>\$ 2,169,702</u>	<u>\$ 1,607,627</u>	<u>\$ 354,164</u>	<u>\$ 6,418,615</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, 2020  
(With Comparative Totals for the Year Ended June 30, 2019)

	Program Services								Program Services Subtotal
	International & Indigenous Communities	Ocean & Water	Pollution & Toxics	Sustainability & Community Resilience	Wildlife Protection	Women's Environmental Leadership	Youth Empowerment	Page 5 Subtotal	
Expenses:									
Salaries	\$ 286,878	\$ 108,370	\$ 1,098,424	\$ 361,227	\$ 805,363	\$ 369,897	\$ 61,829	\$ 3,585,870	\$ 6,677,858
Payroll taxes and benefits	44,900	8,953	196,232	44,309	144,229	33,691	7,107	565,727	1,045,148
Outside services and contractors	72,447	18,168	375,227	116,478	572,608	247,883	21,381	1,061,594	2,485,786
Rent and utilities	38,158	3,102	46,530	4,914	71,766	16,223	14,206	186,826	381,725
In-kind rent	-	-	-	-	-	-	-	20,304	20,304
Fundraising and membership	-	-	-	-	-	-	-	-	-
Office expenses	95,847	5,815	47,691	10,616	31,494	17,329	16,956	166,028	391,776
Travel and meetings	36,849	2,794	163,549	52,256	38,222	25,831	27,232	146,467	493,200
Insurance, legal and taxes	576	363	772	19	6,429	2,802	1,159	77,814	89,934
In-kind legal and contractors	-	-	124,100	-	2,977,069	-	-	208,511	3,309,680
Printing and mailing	1,598	23	963	740	4,463	1,318	-	46,997	56,102
Promotions and public relations	1,402	146	6,957	952	31,519	73	-	13,112	54,161
Grants made to others	177,226	-	471,577	18,217	51,447	145,672	-	230,583	1,094,722
Other	3,869	-	26,035	-	3,171	218	-	108,782	142,075
<b>Total expenses</b>	<b>\$ 759,750</b>	<b>\$ 147,734</b>	<b>\$ 2,558,057</b>	<b>\$ 609,728</b>	<b>\$ 4,737,780</b>	<b>\$ 860,937</b>	<b>\$ 149,870</b>	<b>\$ 6,418,615</b>	<b>\$ 16,242,471</b>

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, 2020  
(With Comparative Totals for the Year Ended June 30, 2019)

	Program	Supportive Services			Total 2020	Total 2019
	Services Subtotal	Administrative and General	Fundraising	Subtotal		
Expenses:						
Salaries	\$ 6,677,858	\$ 671,121	\$ 353,116	\$ 1,024,237	\$ 7,702,095	\$ 6,388,779
Payroll taxes and benefits	1,045,148	97,179	58,870	156,049	1,201,197	950,758
Outside services and contractors	2,485,786	111,510	47,535	159,045	2,644,831	1,735,700
Rent and utilities	381,725	64,221	36,813	101,034	482,759	404,332
In-kind rent	20,304	-	-	-	20,304	20,304
Fundraising and membership	-	-	182,851	182,851	182,851	155,497
Office expenses	391,776	33,080	36,923	70,003	461,779	374,645
Travel and meetings	493,200	6,194	22,496	28,690	521,890	555,563
Insurance, legal and taxes	89,934	41,359	221	41,580	131,514	233,888
In-kind legal and contractors	3,309,680	-	-	-	3,309,680	2,903,450
Printing and mailing	56,102	5,099	-	5,099	61,201	94,054
Promotions and public relations	54,161	299	204	503	54,664	47,822
Grants made to others	1,094,722	-	-	-	1,094,722	564,126
Other	142,075	39,448	2,003	41,451	183,526	153,602
Total expenses	<u>\$ 16,242,471</u>	<u>\$ 1,069,510</u>	<u>\$ 741,032</u>	<u>\$ 1,810,542</u>	<u>\$ 18,053,013</u>	<u>\$ 14,582,520</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, 2020  
(With Comparative Totals for the Year Ended June 30, 2019)

	2020	2019
Cash flows from operating activities:		
Changes in net assets	\$ 2,037,117	\$ 3,849,654
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	90,178	85,877
Net realized/unrealized (gains) and losses on investments	227,020	(484,538)
Changes in certain assets and liabilities:		
Grants receivable	418,284	(771,245)
Accounts receivable	31,572	(140,663)
Bequests receivable	(43,140)	24,500
Inventory	-	34,962
Prepaid expenses and other current assets	10,784	(47,493)
Deposit for land purchase	-	(2,000,000)
Accounts payable and accrued expenses	33,330	(145,608)
Accrued vacation	164,659	89,069
Deferred revenue	(113,771)	5,367
Net cash provided (used) by operating activities	2,856,033	499,882
Cash flows from investing activities:		
Purchase of investments	(6,878,129)	(6,182,408)
Sale of investments	8,331,797	5,369,661
Purchase of fixed assets	(11,002)	(9,651)
Net cash provided by investing activities	1,442,666	(822,398)
Cash flows from financing activities:		
Proceeds from PPP loan payable	1,530,727	-
Net cash provided (used) by financing activities	1,530,727	-
Net increase (decrease) in cash during the period	5,829,426	(322,516)
Cash balance, beginning of period	1,666,796	1,989,312
Cash balance, end of period	\$ 7,496,222	\$ 1,666,796
Supplemental disclosures of cash flow information:		
Noncash investing transaction:		
Disposition of fully depreciated fixed assets	\$ -	\$ 42,958

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

Earth Island Institute, Inc.  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2020

NOTE 1 - GENERAL

A. Organization

Earth Island Institute (the Organization) was founded in 1982 by veteran environmentalist David R. Brower (1912 - 2000) to confront the unprecedented threats to life on Earth. The Organization provides mentorship and training to emerging and seasoned leaders, supports initiatives that are urgent and responsive, and inspires people to get involved and take action. The Organization supports a diverse and vibrant network of more than 75 activist projects, helps emerging youth leaders and builds effective grassroots environmental activism.

For more than 30 years the Organization has been a hub for grassroots campaigns dedicated to conserving, preserving, and restoring the ecosystems on which life depends. The Organization provides comprehensive fiscal sponsorship and project support to a vibrant network of activists and social entrepreneurs. In the tradition of the Organization's founder, David Brower, the Organization recognizes and supports the next generation of young leaders, and inspires people to get involved and take action. To this end, the Organization's Project Support Program has built a network of more than 75 activist projects in the United States and around the world. The Organization's New Leaders Initiative mentors young people and sponsors the annual Brower Youth Awards to recognize tomorrow's environmental leaders. The Organization publishes the award-winning *Earth Island Journal* to inspire and educate. The Organization's Earth Island Advocates program utilizes legal strategies to stand up for wilderness, wildlife, and the Organization's hard-won environmental protection laws.

Life on Earth is imperiled by human degradation of the biosphere. The Organization develops and supports projects that counteract threats to the biological and cultural diversity that sustains the environment. Through education and activism, these projects promote the conservation, preservation, and restoration of the Earth.

B. Program Services

Project Support Program

Earth Island Institute's Project Support Program 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 environmental justice. Since the Organization's founding in 1982, the Organization has helped launch almost 200 campaigns. In fiscal year 2020 the Organization's Project Support Program supported 79 projects – providing governance, financial management, administration, technical assistance, and training. The Organization's projects are located across the United States and the impact of their work reaches around the globe – advancing the causes of agriculture and food systems, clean energy and climate change, environmental education and justice, indigenous rights, ocean and water quality, pollution and toxics, sustainability and resilience, wildlife protection, women's leadership, and youth empowerment. During this period, the Project Support Program adopted 4 new sponsored projects. The Organization's support programs included webinar trainings, peer learning and support, leadership coaching, and skill building workshops. A list of projects under sponsorship during fiscal year 2020 is included below.

Earth Island Institute, Inc.  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2020

NOTE 1 - GENERAL

B. Program Services (continued)

Earth Island Journal

*Earth Island Journal* is an award-winning magazine that goes beyond daily headlines with investigative reporting, incisive commentary, and art. The magazine's quarterly print issues and weekday online edition, cover the environment from diverse angles, including wilderness protection, animal rights, energy and climate, extractive industries, chemicals and pollution, food and farming, environmental injustice, and sustainable development. The *Journal* explores environmental concerns from a wide range of perspectives - from the personal to the political, the local to the global - and produces the type of investigative reporting and narrative writing found in few other environmental magazines. The Organization puts its principles next to its reporting and marshals the facts to make a passionate argument for defending Earth.

New Leaders Initiative

New Leaders Initiative identifies, trains, and supports young environmental leaders in North America. Each year the Organization's Brower Youth Awards program honors the work of six outstanding young environmentalists ages 16 to 20, for their leadership and achievements. Fiscal year 2020 recipients led projects ranging from youth education to climate justice and, in addition to a cash prize and public recognition, received coaching, training, and peer support. Bay Area local programming included events designed to help youth activists gain a sense of community, build capacity, and express themselves through public speaking, visual arts, poetry and music.

Earth Island Advocates

Earth Island Advocates uses the law to fight for justice for the planet's beautiful and varied ecosystems and inhabitants. With the combined knowledge and expertise of the Organization's grassroots 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. In fiscal year 2020, Advocates has helped develop and/or manage legal actions on behalf of projects that cover issues ranging from animal welfare to conservation to toxics, and more.

Earth Island Project Network

For more than 30 years the Organization has been a hub for grassroots campaigns dedicated to conserving, preserving, and restoring the ecosystems on which civilization depends. The Organization 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 environmental justice.

The following is a list of 79 projects under sponsorship with the Organization during all or part of FY 2020. This includes 4 new projects and 1 that either spun-off to become independent organizations or closed down.

\*These projects were *inactive* during all or part of fiscal year 2020.

\*\*These projects *separated* from the Organization during the fiscal year 2020.

~These projects were *new* to the Organization in fiscal year 2020.

NOTE 1 - GENERAL

B. Program Services (continued)

**AGRICULTURE & FOOD SYSTEMS**

- **California Climate and Agriculture Network (CalCAN)**~ is a statewide coalition that advances state and federal policy to realize the powerful climate solutions offered by sustainable and organic agriculture.
- **Castanea Fellowship**~ is a multi-sector collaborative that creates opportunities for transformative leadership to thrive.
- **Cultivate Oregon** is raising awareness about the socio-political and health implications of pesticide-intensive transgenic crops, while also strengthening seed diversity, cultural connections to food, and urban and rural alliances.
- **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.
- **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.
- **Mississippi Farm to School Network** seeks to strengthen the local agricultural economy and educate Mississippians on the importance of eating locally grown, nutritionally dense foods.
- **Oakland Food Policy Council** is a 21-seat community council working towards an equitable and sustainable food system.
- **Real Food Real Stories** humanizes the food system and uplifts local change-makers through authentic storytelling to connect and inspire eaters to social actions.

**CLEAN ENERGY & CLIMATE CHANGE**

- **Covenant Solar Initiative** works to eliminate poverty, diminish climate change, and create thriving indigenous communities with the clean and regenerative power of solar.
- **EcoEquity** is a small, activist think tank working to inform the international climate equity debate by producing political and economic analyses and developing practical policy proposals.
- **ÉnergieRich** offers global solutions for energy access, food sustainability, technology acquisition and employment, by establishing local production of innovative renewable energy powered products.

**CONSERVATION, PRESERVATION, & RESTORATION**

- **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.
- **Armenia Environmental Network** promotes sound environmental policymaking and enforcement; stakeholder education and participation; and sustainable development.
- **Baikal Watch** aims to help nurture the growing environmental movement in northeast Asia.
- **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.

Earth Island Institute, Inc.  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2020

NOTE 1 - GENERAL

B. Program Services (continued)

- **Guias Unidos** works to inspire community based, conservation-minded tourism on Nicaragua's Ometepe Island, by unifying local and international expertise and resources.
- **John Muir Project** is dedicated to the ecological management of the national forests – using scientific research, public outreach, and legal action to protect critical forest ecosystems.
- **John Muir Trail Wilderness Conservancy** (formerly John Muir Trail Foundation) works to restore and conserve the historic John Muir Trail (est. 1915) and its network of access trails and resupply sites, as well as the historic buildings, in its path along the high Sierra Nevada of California.
- **Kelly Creek Protection Project** supports the community effort to protect a 58-acre parcel of land at the edge of Petaluma, California from excessive development.
- **Nature in the City** is inspiring San Francisco to discover local nature – through eco-literacy, restoration, and stewardship.
- **Public Lands Media** provides greater ecological understanding, accuracy, and context by the media for environmental issues by doing research and publishing articles, essays, and editorials on a variety of natural resource/environmental topics.
- **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.
- **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.
- **Wild Oyster Project** is bringing native oysters back to the San Francisco Bay through restoration, community engagement, and thoughtful urban planning.
- **Wild Heritage** works to safeguard ecosystem by advocating for primary forest and protecting wilderness protection around the world.
- **Wild Hope** publishes stories and images that raise awareness of the need to preserve biodiversity heritage and inspire readers to get involved in protecting other species from extinction.

**ENVIRONMENTAL EDUCATION**

- **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.
- **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.
- **Climate Action Now!** cultivates educational and ecological resilience by teaching Californians about climate change while removing pavement to create organic gardens.
- **EcoVillage Farm Learning Center** works towards the creation of a healthy environment and socially/economically just society for present and future generations.
- **Junior Wildlife Rangers** (formerly National Junior Refuge Rangers) propels childhood curiosity into lasting environmental stewardship through education and engagement with the public lands system.
- **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.

Earth Island Institute, Inc.  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2020

NOTE 1 - GENERAL

B. Program Services (continued)

- **Numi Foundation** nurtures and empowers thriving communities through environmental education and access to clean, safe drinking water.
- **Planet Earth Arts** brings together a community of artists from all disciplines in bold new collaborative partnerships with scientists, public policy leaders, universities and non-profit organizations to create work that fosters a commitment to the environment.
- **West County DIGS (Developing Instructional Gardens in the Schools)** supports school gardens in West Contra Costa County by providing resources, advocacy, and partnerships that build community resilience and cultivate wellness, academic achievement, and sustainability.

**ENVIRONMENTAL JUSTICE**

- **Action for a Livable Tomorrow** works for environmental justice in northwest Louisiana by reducing toxic pollution, protecting children's health, and creating better solutions to environmental challenges.
- **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.
- **California Trade Justice Coalition** is an alliance of labor, social justice, public health, and environmental organizations working to stop bad trade schemes and advance an equitable trade agenda that creates quality jobs for the communities while protecting the shared environment.
- **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.
- **PGM ONE (People of the Global Majority in the Outdoors, Nature, and Environment)** convenes emerging and established professionals of the global majority who work in the environmental and outdoor movement to share, learn, collaborate, heal, celebrate, build community, find support and sharpen their analysis of racial equity in their field.

**INTERNATIONAL & INDIGENOUS COMMUNITIES**

- **Borneo Project** brings international attention and support to community-led efforts to defend forests, sustainable livelihoods, and human rights in Malaysian Borneo.
- **Friends of Muonde** supports locally driven efforts to foment creativity and sustainable development in the Mazvihwa and neighboring areas of south central Zimbabwe.
- **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.
- **Seeding Sovereignty** is a multigenerational, youth-led, multi-ethnic coalition working to pool strengths to build a movement based on centuries of traditional native knowledge and modern day environmental protection.
- **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.

Earth Island Institute, Inc.  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2020

NOTE 1 - GENERAL

B. Program Services (continued)

**OCEAN & WATER**

- **1000 Fountains** is focused on eliminating the demand for single-use plastic water bottles by building a network of 1000 drinking fountains throughout San Francisco. If we want to reduce plastic waste in the oceans and rivers, we have to reduce the production of plastic products.
- **Alaska Clean Water Advocacy** (formerly 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.
- **All One Ocean** educates people about the destructive impacts of trash by providing a simple way for beachgoers, any time they visit the beach, to help clean up the Ocean, beautify beaches and prevent needless death and suffering to marine life.
- **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.

**POLLUTION & TOXICS**

- **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.
- **Break Free from Plastic U.S.\*\*** is working towards a plastic free future through systemic change focused on prevention rather than cure and on providing effective solutions.
- **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.
- **Save our Soil** (formerly 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.

**SUSTAINABILITY & COMMUNITY RESILIENCE**

- **California Institute for Community, Art, and Nature** is home to a family of projects designed to create community and capture the human imagination; furthering the battle for a sustainable, healthy, diverse, and beautiful world through beauty, joy, and laughter.
- **Environmental Finance Center (EFC) West** works to create a more sustainable world, through research, training, and capacity building that integrates economy, environment, community, and culture.
- **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.
- **Green Schoolyard America** is a national organization that expands and strengthens the green schoolyard movement and empowers Americans to become stewards of their school and neighborhood environments.
- **Living Well Collaborative~** works to strengthen a municipal and community-based model that demonstrates concretely how resilient, balanced, community-based living is a possible, healthy, and even irresistible path to sustainability.

Earth Island Institute, Inc.  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2020

NOTE 1 - GENERAL

B. Program Services (continued)

- **Richmond Trees** promotes and grows the City of Richmond's urban forest and green infrastructure through community planting, tree care, education and advocacy in order to improve the health and well-being of the diverse Richmond community.
- **Transition Earth** promotes human rights and nature's rights in a world of unsustainable population and economic growth and advocates for global systems change to enable the shift to a sustainable planet for all.

**WILDLIFE PROTECTION**

- **Ecovet Global** partners with organizations and communities around the world to improve animal health (domestic and wildlife) as a sustainable path to resolving issues connecting poverty, threats to public health, food insecurity, and loss of biodiversity.
- **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 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.
- **Stop Fish Bombing U.S.A.** is developing strategies for using blast detection technology to support law enforcement and local communities in their efforts to end the dangerous and destructive practice of “fishing” with explosives.
- **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.

**WOMEN'S ENVIRONMENTAL LEADERSHIP**

- **Climate Wise Women** is a global platform for the promotion of women's leadership on climate change.
- **Global Women's Water Initiative** is training and building a movement of local women water experts – bringing sustainable water solutions to their communities.
- **Women's Climate Centers International** recognizes that the answer to climate security lies within the indigenous knowledge of women. Their goal is to allow these indigenous leaders to share their knowledge and help create a more prosperous and climate resilient future.
- **Women's Earth Alliance** invests in grassroots women's leadership to drive solutions to the most pressing ecological concerns – water, food, land, and climate.
- **Women for Wildlife** is an international movement to support, empower, and unite women and girls around the world who are passionately devoted to wildlife and conservation.

Earth Island Institute, Inc.  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2020

NOTE 1 - GENERAL

B. Program Services (concluded)

**YOUTH EMPOWERMENT**

- **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 sustainability.
- **Conservation Kids** connects the next generation of young adults with the environment through the use of photography.
- **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.
- **Ultimate Civics** is 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.
- **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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting

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

B. Basis of Presentation

On August 18, 2016, Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Organization has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

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*. ASC 958-205 is effective for the Organization for the fiscal year ended June 30, 2019.

Earth Island Institute, Inc.  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation (concluded)

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:

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 and short-term marketable securities 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. Contributions Receivable

The Organization accounts for contributions receivable in accordance with the recommendations of FASB ASC 958, *Accounting for Contributions and Presentation of Financial Statements*. Under FASB ASC 958, contributions receivable are either unconditional or conditional. Unconditional contributions are contributions that depend only on the passage of time or the demand by the pledge for performance. A conditional contribution is a pledge that depends on the occurrence of a specified future and uncertain event to bind the promisor. Unconditional contributions represent the remaining pledges due from the donors who have pledged funds to the Organization for use in its programs.

Earth Island Institute, Inc.  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. 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. The Organization uses \$5,000 as its capitalization threshold for property and equipment.

G. Contributions

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions support depending on the existence and/or nature of any donor restrictions.

The projects of the Organization usually solicit contributions for its own use. All contributions received by the projects are reported as net assets with donor restrictions. Furthermore, for restricted contributions, when restrictions are fulfilled in the same period in which the contribution is received, they are reported first as net assets with donor restrictions and then released to net assets without donor restrictions upon satisfaction of the restrictions.

H. Membership

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

I. Donated Services

Donated services are recognized as contributions in accordance with FASB ASC 958, *Accounting for Contributions and Presentation of Financial Statements*, 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 throughout the year that are not recognized as contributions in the financial statements since the recognition criteria under FASB ASC 958 were not met.

J. Grants Made

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.

K. Functional Expense Allocations

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.

Earth Island Institute, Inc.  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

L. Indirect Costs

The Organization uses a negotiated indirect cost rate approved by the National Oceanic and Atmospheric Administration. The 14.20% indirect rate is charged to each applicable grant on a regular basis.

M. 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.

N. 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.

O. 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, which are covered by commercial insurance.

P. Contingencies

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

Q. Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through November 4, 2020, the date the financial statements were available to be issued.

Earth Island Institute, Inc.  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

R. 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, 2019, from which the summarized information was derived.

S. Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in *Topic 840, Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The new standard is effective for fiscal years beginning after December 15, 2020, including interim periods within those fiscal years. The Organization is currently evaluating the impact of the pending adoption of the new standard on the financial statements.

NOTE 3 - INCOME TAXES

The Organization is an exempt corporation under Section 501(c)(3) of the Internal Revenue Code and 23701(d) of the Revenue and Taxation Code and, therefore, has made no provision for Federal or California income taxes.

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

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 effect 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, 2020.

The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

Earth Island Institute, Inc.  
NOTES TO THE FINANCIAL STATEMENTS  
 June 30, 2020

NOTE 4 - CASH AND CASH EQUIVALENTS

Cash and cash equivalents as of June 30 were as follows:

	<u>2020</u>	<u>2019</u>
Bank of the West	\$ 3,001,846	\$ 800,509
Merrill Lynch	4,487,633	856,962
Petty cash	<u>6,743</u>	<u>9,325</u>
Total	<u>\$ 7,496,222</u>	<u>\$ 1,666,796</u>

The bank balances were insured under the \$250,000 blanket umbrella by the Federal Deposit Insurance Corporation (FDIC). The remaining bank 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 referenced financial institutions is not of particular concern at this time.

NOTE 5 - INVESTMENTS

Activity for the year ended June 30, 2020 is as follows:

	<u>Merrill Lynch</u>
Account balances as of 6/30/19	\$ 9,893,856
Purchases	6,717,168
Dividends and interest	160,961
Sales	(8,331,797)
Net realized/unrealized capital gains and (losses), net of fees	<u>(227,020)</u>
Account balances as of 6/30/20	<u>\$ 8,213,168</u>
Fixed Income	\$ 3,979,477
Equities	2,651,611
Mutual Funds	<u>1,582,080</u>
Total	<u>\$ 8,213,168</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.

Earth Island Institute, Inc.  
NOTES TO THE FINANCIAL STATEMENTS  
 June 30, 2020

NOTE 6 - SUMMARY OF FAIR VALUE EXPOSURE (concluded)

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, 2020:

Level 1: Quoted prices	\$ 8,213,168
Level 2: Other significant observable inputs	-
Level 3: Significant unobservable inputs	-
Total	\$ 8,213,168

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, 2020 are further classified in accordance with FSP FAS 157-4 as follows:

	Total Investment	Level 1	Level 2	Level 3
Fixed Income	\$ 3,979,477	\$ 3,979,477	\$ -	\$ -
Equities	2,651,611	2,651,611	-	-
Mutual Funds	1,582,080	1,582,080	-	-
Total	\$ 8,213,168	\$ 8,213,168	\$ -	\$ -

NOTE 7 - GRANTS RECEIVABLE

Grants receivable as of June 30, 2020 and June 30, 2019 was \$1,017,051 and \$1,435,335, respectively. 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.

NOTE 8 - ACCOUNTS RECEIVABLE

Accounts receivable as of June 30, 2020 and June 30, 2019 was \$207,455 and \$239,027, respectively. 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.

Earth Island Institute, Inc.  
NOTES TO THE FINANCIAL STATEMENTS  
 June 30, 2020

NOTE 9 - BEQUESTS RECEIVABLE

Bequests receivable as of June 30, 2020 and June 30, 2019 was \$43,640 and \$500, respectively. The Organization did not provide a reserve against bequests receivable and believes the amounts to be fully collectible. The Organization has not recorded the discount to net present value because the amount was considered immaterial.

NOTE 10 - 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 11 - FIXED ASSETS

Fixed assets as of June 30, 2020 are as follows:

	Years	Balance June 30, 2020	Balance June 30, 2019
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	15	246,261	235,259
Furniture, equipment & vehicles	3-30	227,466	227,466
Total		1,699,582	1,688,580
Less: accumulated depreciation		(678,820)	(588,642)
Fixed assets, net		\$ 1,020,762	\$ 1,099,938

Depreciation expense was \$90,178 and \$85,877 for the years ended June 30, 2020 and June 30, 2019, respectively.

NOTE 12 - ACCRUED VACATION

Accumulated unpaid employee vacation benefits are recognized as liabilities of the Organization. The amount of accumulated vacation was \$479,450 and \$314,791 as of June 30, 2020 and June 30, 2019, respectively.

NOTE 13 - DEFERRED REVENUE

Deferred revenue represents funds received in advance for camp fees. Deferred revenue was \$47,341 and \$161,112 as of June 30, 2020 and June 30, 2019, respectively.

Earth Island Institute, Inc.  
NOTES TO THE FINANCIAL STATEMENTS  
 June 30, 2020

NOTE 14 - PAYCHECK PROTECTION PROGRAM LOAN PAYABLE

In April 2020, the Organization obtained an SBA Paycheck Protection Program (PPP) loan through Bank of the West in the amount of \$1,530,727 to finance operations during the Coronavirus Pandemic referenced in Note 22. The PPP loan bears an interest rate of 1% and is payable in monthly installments of \$85,726 beginning in October 2020 through March 2022. However, the PPP loan can be forgiven in accordance with the requirements of the Paycheck Protection Program, including the provisions of Section 1106 of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) (P.L. 116-136), as interpreted and clarified by Interim Final Rule published at 13 CFR Part 120 and by any other relevant regulation promulgated or guidance issued by the U.S. Small Business Administration (SBA) or U.S. Treasury. There is no guarantee that the Organization will receive forgiveness of any portion of the Loan. Forgiveness is conditioned on SBA Approval and SBA reimbursement to the Lender.

**Loan Forgiveness:** The Organization may apply to the SBA through Bank of the West for forgiveness within 10 months of the completion of the covered 24-week period. The forgiveness amount will be equal to the sum of the following costs paid by the Organization during this 24-week period, beginning on the date of first disbursement of this loan:

- a. Payroll costs (Not more than 40% of the amount forgiven can be attributable to non-payroll costs.)
- b. Any payment of interest on a covered mortgage obligation (which shall not include any prepayment of or payment of principal on a covered mortgage obligation)
- c. Any payment on a covered rent obligation
- d. Any covered utility payment

Contingent payments for the PPP loan payable are as follows

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2021 (current portion)	\$ 762,462	\$ 15,561
2022	<u>768,265</u>	<u>3,249</u>
Total	<u>\$ 1,530,727</u>	<u>\$ 18,810</u>

Total accrued interest on the PPP loan payable was \$2,594 for the fiscal year ended June 30, 2020.

NOTE 15 - EVENTS, NET

Events, net during the years ended June 30 were as follows:

	<u>2020</u>	<u>2019</u>
Fundraising events income	\$ 182,575	\$ 302,152
Related expenses	<u>(140,836)</u>	<u>(241,072)</u>
Events, net	<u>\$ 41,739</u>	<u>\$ 61,080</u>

Earth Island Institute, Inc.  
NOTES TO THE FINANCIAL STATEMENTS  
 June 30, 2020

NOTE 16 - 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 consisted of the following:

	<u>2020</u>	<u>2019</u>
Merchandise sales	\$ 68,464	\$ 228,822
Cost of goods sold	<u>-</u>	<u>(63,826)</u>
Merchandise sales, net of expenses	<u>\$ 68,464</u>	<u>\$ 164,996</u>

NOTE 17 - NET ASSETS WITHOUT DONOR RESTRICTIONS

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

	<u>2020</u>	<u>2019</u>
Net assets without donor restrictions - undesignated	\$ 4,180,747	\$ 5,021,307
Net assets without donor restrictions - board designated	<u>6,703,782</u>	<u>3,623,243</u>
Total	<u>\$ 10,884,529</u>	<u>\$ 8,644,550</u>

Net assets without donor restrictions were designated by the Board for supported projects. The board designated net assets as of June 30 were available for the following purposes:

	<u>2020</u>	<u>2019</u>
Agriculture and Food Systems	\$ 629,534	\$ 331,016
Clean Energy and Climate Change	9,472	27,682
Conservation, Preservation and Restoration	631,013	10,113
Environmental Education	1,604,822	954,702
Environmental Justice	193,508	76,157
Indigenous Rights	157,282	96,519
Ocean and Water	43,655	21,272
Pollution and Toxics	601,163	304,426
Sustainability and Community Resilience	101,597	-
Wildlife Protection	2,544,220	1,750,187
Women's Environmental Leadership	106,546	27,468
Youth Empowerment	<u>80,970</u>	<u>23,701</u>
Total	<u>\$ 6,703,782</u>	<u>\$ 3,623,243</u>

Earth Island Institute, Inc.  
NOTES TO THE FINANCIAL STATEMENTS  
 June 30, 2020

NOTE 18 - 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, 2020 were available for the following purposes:

	Beginning Balance	Contributions	Releases	Ending Balance
<b>Subject to Expenditure for Specified Purpose</b>				
Earth Island Advocates	\$ -	\$ 48,753	\$ (48,753)	\$ -
Earth Island Journal	-	2,503	(2,503)	-
Earth Island New Leaders Initiative	-	112,625	(112,625)	-
Agriculture and Food Systems	778,753	3,106,248	(1,592,335)	2,292,666
Clean Energy and Climate Change	14,363	(3,142)	(9,071)	2,150
Conservation, Preservation and Restoration	5,082,501	2,405,510	(2,475,373)	5,012,638
Environmental Education	871,365	1,181,899	(1,867,705)	185,559
Environmental Justice	83,199	359,448	(401,794)	40,853
Indigenous Rights	304,811	1,226,128	(903,500)	627,439
Ocean and Water	79,415	228,942	(171,533)	136,824
Pollution and Toxics	636,222	2,285,904	(2,883,530)	38,596
Sustainability and Community Resilience	57,472	436,976	(494,448)	-
Wildlife Protection	1,293,079	4,025,107	(4,910,390)	407,796
Women's Environmental Leadership	120,875	1,307,698	(1,027,608)	400,965
Youth Empowerment	26,293	93,567	(119,860)	-
<b>Total</b>	<u>\$ 9,348,348</u>	<u>\$ 16,818,166</u>	<u>\$ (17,021,028)</u>	<u>\$ 9,145,486</u>

NOTE 19 - 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.

	2020	2019
Cash and cash equivalents	\$ 7,496,222	\$ 1,666,796
Investments	8,213,168	9,893,856
Grants receivable and other receivables	<u>1,268,146</u>	<u>1,674,862</u>
<b>Total financial assets</b>	16,977,536	13,235,514
Donor-imposed restrictions	(9,145,486)	(9,348,348)
Board designations	<u>(6,703,782)</u>	<u>(3,623,243)</u>
<b>Financial assets available to meet cash needs for general expenditures within one year</b>	<u>\$ 1,128,268</u>	<u>\$ 263,923</u>

Earth Island Institute, Inc.  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2020

NOTE 20 - LEASES

The Organization's main office is located at the David Brower Center in Berkeley, California. This lease is for five years commencing on May 1, 2019 with three five-year renewal options. The monthly rent is currently \$27,716.

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 building was owned by Oxford Street Development, LLC until December 2014 when the David Brower Center acquired the building. The David Brower Center held a master lease for the building before its acquisition of the building. Oxford Street Development, LLC has two members, one of which is the 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. 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.

In addition, the projects of the Organization also have separate offices that are under noncancelable term leases, one-time lease, and/or month-to-month leases. The Organization also pays some of the project directors for the usage of their home offices. Some may also sublease its spaces.

The monthly rent of some of these leases increases annually. In addition, one of the Organization's programs has free use of space with value totaling \$20,304 and \$20,304 for the years ended June 30, 2020 and June 30, 2019, respectively. The Organization 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 during the years ended June 30, 2020 and June 30, 2019 for all the leases, net of sublease income, totaled \$503,063 and \$424,636, respectively.

The future minimum payments for these leases are as follows:

<u>Fiscal Year Ending June 30</u>	
2021	\$ 380,719
2022	377,030
2023	350,882
2024	<u>298,467</u>
Total	<u>\$ 1,407,098</u>

NOTE 21 - RELATED PARTY TRANSACTIONS

The Organization leases office space from the David Brower Center (see Note 20). Furthermore, the Organization has several board members that serve on the board of the David Brower Center.

Earth Island Institute, Inc.  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2020

NOTE 22 - CORONAVIRUS PANDEMIC

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) began to spread among various countries, including the United States. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, multiple jurisdictions in the U.S., including California, declared a state of emergency and issued shelter-in-place orders in response to the outbreak. The immediate impact to the Organization's operations included restrictions on employees' and volunteers' ability to work, and it is anticipated that the impacts from this pandemic will continue for some time. As of the report date, the financial impact of the coronavirus outbreak cannot be measured.