

EARTH ISLAND INSTITUTE, INC.

BERKELEY, CALIFORNIA

**FINANCIAL STATEMENTS
AND
SINGLE AUDIT REPORT**

FOR THE YEAR ENDED

JUNE 30, 2022

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, 2022, 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, 2022, 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

The financial statements of Earth Island Institute, Inc. as of June 30, 2021, and for the year then ended were audited by other auditors. Those auditors expressed an unmodified opinion on those financial statements in their report dated December 17, 2021. In my opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, 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 31, 2023, 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 31, 2023

EARTH ISLAND INSTITUTE, INC.
STATEMENTS OF FINANCIAL POSITION

June 30, 2022

(With Comparative Totals for June 30, 2021)

	2022	2021
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 4,995,611	\$ 6,642,560
Investments	15,694,226	15,738,183
Grants receivable	3,274,086	901,448
Accounts receivable	351,051	77,930
Bequests receivable	-	43,640
Prepaid expenses and other current assets	296,934	282,857
Deposit for land purchase	4,100,000	4,100,000
Total current assets	28,711,908	27,786,618
Non-current assets:		
Fixed assets, net of accumulated depreciation	903,315	971,404
Total non-current assets	903,315	971,404
Total assets	\$ 29,615,223	\$ 28,758,022
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 113,279	\$ 396,357
Accrued vacation	566,869	508,974
Deferred revenue	148,528	100,028
Total current liabilities	828,676	1,005,359
Net assets:		
Net assets without donor restrictions	16,097,043	17,061,915
Net assets with donor restrictions	12,689,504	10,690,748
Total net assets	28,786,547	27,752,663
Total liabilities and net assets	\$ 29,615,223	\$ 28,758,022

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

EARTH ISLAND INSTITUTE, INC.
STATEMENTS OF ACTIVITIES
For the Year Ended June 30, 2022
(With Comparative Totals for the Year Ended June 30, 2021)

	Without Donor Restrictions	With Donor Restrictions	Total 2022	Total 2021
Revenues:				
Grants	\$ 383,300	\$ 14,388,750	\$ 14,772,050	\$ 6,820,557
Contributions and bequests	554,040	8,189,609	8,743,649	10,381,312
Service and contract revenues	1,869,691	-	1,869,691	1,512,431
Membership	-	165,646	165,646	140,036
Events, net	(13,825)	-	(13,825)	90,106
Merchandise sales, net	14,121	-	14,121	10,982
In-kind contributions	-	1,204,530	1,204,530	57,384
Investment return, net	(1,939,525)	-	(1,939,525)	2,838,619
Gain on extinguishment of debt	-	-	-	1,530,727
Other revenue	40,911	-	40,911	66,849
Net assets released from restrictions	<u>21,949,779</u>	<u>(21,949,779)</u>	<u>-</u>	<u>-</u>
Total revenues	<u>22,858,492</u>	<u>1,998,756</u>	<u>24,857,248</u>	<u>23,449,003</u>
Expenses:				
Program services	<u>21,070,428</u>	<u>-</u>	<u>21,070,428</u>	<u>13,720,465</u>
Supportive services:				
Administrative and general	1,614,339	-	1,614,339	1,213,102
Fundraising	<u>1,138,597</u>	<u>-</u>	<u>1,138,597</u>	<u>792,788</u>
Total supportive services	<u>2,752,936</u>	<u>-</u>	<u>2,752,936</u>	<u>2,005,890</u>
Total expenses	<u>23,823,364</u>	<u>-</u>	<u>23,823,364</u>	<u>15,726,355</u>
Change in net assets	(964,872)	1,998,756	1,033,884	7,722,648
Net assets, beginning of period	<u>17,061,915</u>	<u>10,690,748</u>	<u>27,752,663</u>	<u>20,030,015</u>
Net assets, end of period	<u>\$ 16,097,043</u>	<u>\$ 12,689,504</u>	<u>\$ 28,786,547</u>	<u>\$ 27,752,663</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, 2022
(With Comparative Totals for the Year Ended June 30, 2021)

	Program Services								Subtotal
	Earth Island Journal	New Leaders & Brower Youth Awards	Earth Island Advocates	Climate Change Solutions	Community Resilience	Conservation	Environmental Education	Environmental Justice	
Expenses:									
Salaries	\$ 199,948	\$ 127,169	\$ 112,939	\$ 821,064	\$ 524,027	\$ 762,410	\$ 754,819	\$ 222,440	\$ 3,524,816
Payroll taxes and benefits	32,242	22,751	18,177	123,711	75,464	117,661	116,440	37,544	543,990
Outside services and contractors	54,891	42,363	469	619,387	23,338	4,027,092	102,443	80,380	4,950,363
Rent and utilities	-	-	-	10,558	216	12,228	110,991	45	134,038
Fundraising and membership	-	-	-	-	-	-	-	-	-
Office expenses	15,614	1,312	962	97,418	28,921	31,845	80,396	5,084	261,552
Travel and meetings	124	4,459	-	55,814	41,622	38,041	43,683	-	183,743
Insurance, legal and taxes	-	-	531	11,941	6,379	131,616	15,532	1,344	167,343
Printing and mailing	34,236	-	-	1,412	6	3,022	7,584	19	46,279
Promotions and public education	180	2,101	-	1,825	-	204	4,003	-	8,313
Grants made to others	-	-	-	-	30,683	130,809	16,854	-	178,346
In-kind services	-	-	-	-	-	-	-	-	-
Other expenses	614	-	615	3,813	60,789	19,016	45,903	-	130,750
Total expenses	\$ 337,849	\$ 200,155	\$ 133,693	\$ 1,746,943	\$ 791,445	\$ 5,273,944	\$ 1,298,648	\$ 346,856	\$ 10,129,533

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, 2022
(With Comparative Totals for the Year Ended June 30, 2021)

	Program Services								Subtotal
	Indigenous Communities	International Initiatives	Ocean & Water	Pollution & Toxics	Sustainable Agriculture & Food Systems	Wildlife Protection	Women's Environmental Leadership	Youth Empowerment	
Expenses:									
Salaries	\$ 541,217	\$ 86,836	\$ 159,056	\$ 1,166,977	\$ 1,559,636	\$ 896,849	\$ 625,782	\$ 52,750	\$ 5,089,103
Payroll taxes and benefits	93,806	15,285	14,929	202,315	235,811	163,785	89,644	4,761	820,336
Outside services and contractors	138,148	20,527	281,844	419,168	526,714	223,602	270,767	20,262	1,901,032
Rent and utilities	43,476	-	184	3,150	24,014	62,982	1,760	10,000	145,566
Fundraising and membership	-	-	-	-	-	-	-	-	-
Office expenses	47,052	4,447	11,423	98,222	94,343	32,765	13,116	2,029	303,397
Travel and meetings	16,813	6,764	3,613	110,567	154,551	13,858	28,015	1,877	336,058
Insurance, legal and taxes	4,058	848	1,624	10,940	16,895	26,394	6,029	483	67,271
Printing and mailing	5,325	-	-	3,412	2,285	24,450	3,412	-	38,884
Promotions and public education	110	30	-	62,326	2,229	5,575	-	-	70,270
Grants made to others	15,165	64,450	-	64,468	230,808	18,000	506,422	15,000	914,313
In-kind services	-	-	-	1,113,199	47,096	19,235	-	-	1,179,530
Other expenses	14,155	417	428	9,175	24,363	6,316	18,597	1,684	75,135
Total expenses	<u>\$ 919,325</u>	<u>\$ 199,604</u>	<u>\$ 473,101</u>	<u>\$ 3,263,919</u>	<u>\$ 2,918,745</u>	<u>\$ 1,493,811</u>	<u>\$ 1,563,544</u>	<u>\$ 108,846</u>	<u>\$ 10,940,895</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, 2022
(With Comparative Totals for the Year Ended June 30, 2021)

	Program	Supportive Services			Total 2022	Total 2021
	Services Subtotal	Administrative and General	Fundraising	Subtotal		
Expenses:						
Salaries	\$ 8,613,919	\$ 887,899	\$ 632,484	\$ 1,520,383	\$ 10,134,302	\$ 8,178,236
Payroll taxes and benefits	1,364,326	129,254	87,049	216,303	1,580,629	1,364,851
Outside services and contractors	6,851,395	254,796	160,504	415,300	7,266,695	2,616,830
Rent and utilities	279,604	158,692	-	158,692	438,296	401,682
Fundraising and membership	-	-	197,431	197,431	197,431	191,671
Office expenses	564,949	66,635	3,514	70,149	635,098	530,252
Travel and meetings	519,801	25,803	2,949	28,752	548,553	109,750
Insurance, legal and taxes	234,614	31,162	144	31,306	265,920	269,990
Printing and mailing	85,163	5,200	24	5,224	90,387	82,716
Promotions and public education	78,583	-	10,305	10,305	88,888	50,521
Grants made to others	1,092,659	-	-	-	1,092,659	1,701,400
In-kind services	1,179,530	-	-	-	1,179,530	54,000
Other expenses	205,885	54,898	44,193	99,091	304,976	174,456
Total expenses	<u>\$ 21,070,428</u>	<u>\$ 1,614,339</u>	<u>\$ 1,138,597</u>	<u>\$ 2,752,936</u>	<u>\$ 23,823,364</u>	<u>\$ 15,726,355</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, 2022
(With Comparative Totals for the Year Ended June 30, 2021)

	2022	2021
Cash flows from operating activities:		
Change in net assets	\$ 1,033,884	\$ 7,722,648
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Gain on extinguishment of debt	-	(1,530,727)
Depreciation	101,256	92,929
Net realized and unrealized (gains)/losses on investments	2,501,454	(2,453,323)
Changes in certain assets and liabilities:		
Grants receivable	(2,372,638)	115,603
Accounts receivable	(273,121)	129,525
Bequests receivable	43,640	-
Prepaid expenses and other current assets	(14,077)	21,210
Accounts payable and accrued expenses	(283,078)	81,525
Accrued vacation	57,895	29,524
Deferred revenue	48,500	52,687
Net cash provided (used) by operating activities	843,715	4,261,601
Cash flows from investing activities:		
Purchase of investments	(5,234,127)	(8,415,390)
Sale of investments	2,776,630	3,343,698
Purchase of fixed assets	(33,167)	(43,571)
Net cash provided (used) by investing activities	(2,490,664)	(5,115,263)
Net increase (decrease) in cash	(1,646,949)	(853,662)
Cash, beginning of period	6,642,560	7,496,222
Cash, end of period	\$ 4,995,611	\$ 6,642,560

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, 2022

NOTE 1 - GENERAL

A. Organization

Earth Island Institute, Inc. (the Organization) was founded in 1982 by legendary environmentalist David R. Brower (1912-2000) to confront the unprecedented threats to life on Earth. The Organization supports environmental initiatives that are urgent and responsive, celebrates emerging youth leaders, and inspires citizens to get involved and take action. As a fiscal sponsor to a diverse and vibrant network of more than 75 activist projects, the Organization provides counsel and training for new and seasoned leaders, and builds effective environmental campaigns.

B. Program Services

Project Support Program

The Organization's Project Support Program cultivates environmental leadership and inspires action 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 campaigns. In fiscal year 2022, our Project Support Program supported 79 projects with financial and managerial services, technical assistance, and training. The Organization's projects are located throughout the United States and the impact of their work reaches around the globe, advancing the causes of sustainable agriculture and food systems, climate-change solutions, environmental education and justice, Indigenous rights, ocean and water conservation, pollution and toxics prevention, sustainability and resilience, wildlife protection, women's environmental leadership, and youth empowerment. In fiscal year 2022, 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 human rights and social justice issues. Over the course of publishing more than 140 issues, the *Journal* has broken ground on covering critical environmental topics and received a number of media awards for excellence in journalism.

In fiscal year 2022, the *Journal* published a mix of hard-hitting investigative features and reports from around the world in its print issues, including a cover story investigating the troubling world of wildlife killing contests in the U.S. where tens of thousands of coyotes, bobcats, foxes, and other wild animals are massacred every year for prize money; a feature from Puerto Rico, where scientists are racing to find a treatment for a mysterious and lethal disease that has been devouring coral populations with alarming speed; and on-the-ground reports from Argentine Patagonia where the Indigenous Mapuche people's efforts to reclaim their land is being met by increasing state violence, and more. The *Journal* also produced a special, extended print issue exploring a wide range of issues and solutions related to cities and their environmental impact.

EARTH ISLAND INSTITUTE, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 1 - GENERAL (continued)

B. Program Services (continued)

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. Fiscal year 2022 recipients led diverse projects, which included developing a more just, inclusive, and equitable environmental movement; fostering interest in STEM education and coastal protection; advancing climate-related disaster preparedness and environmental justice; ending the toxic influence of fossil-fuel money on climate-change research in universities; developing a carbon-neutral program without the use of carbon offsets; and restoring numerous acres of Texas prairie lands. 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 uses the law to fight for justice for the planet's beautiful and varied ecosystems and inhabitants. With the combined knowledge and expertise of our 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 2022, Advocates filed lawsuits to prevent unlawful logging on federal land, achieved important advances in its corporate greenwashing litigation, and obtained settlements that protect wildlife.

Project Network

Following is a list of 79 projects under sponsorship with the Organization during all or part of fiscal year 2022. This includes one new project and five that closed down or left the Organization to incorporate independently, merge with another organization, or work with a new fiscal sponsor.

*These projects were *inactive* during all or part of fiscal year 2022.

**These projects *separated* from the Organization during the fiscal year 2022.

***These projects were *new* to the Organization in fiscal year 2022.

CLIMATE CHANGE SOLUTIONS

- **California Urban Streams Partnership** 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.
- **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.
- **Indigenous Energy Initiative** (formerly Indigenized Energy Initiative and formerly Covenant Solar Initiative) works to eliminate poverty, diminish climate change, and create thriving Indigenous communities with the clean and regenerative power of solar.

EARTH ISLAND INSTITUTE, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 1 - GENERAL (continued)

B. Program Services (continued)

- **Nature in the City** is inspiring San Francisco to discover local nature and advocate for nature-based climate solutions through eco-literacy, restoration, and stewardship.

COMMUNITY RESILIENCE

- **EFC West** catalyzes capacity in Native American tribes, vulnerable communities, and organizations in the United States and abroad through leadership, entrepreneurship, and resiliency training.
- **Green Schoolyards America** is a national organization that expands and strengthens the green schoolyards 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.
- **Richmond Trees*** promotes and grows the urban forest and green infrastructure in the city of Richmond, California, 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.

CONSERVATION

- **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.
- **Armenian Environmental Network*** promotes sound environmental policymaking and enforcement, stakeholder education and participation, and sustainable development in Armenia.
- **Baikal Watch** engages both local and international partners in an effort to promote the permanent protection of biologically rich areas within the larger Lake Baikal watershed.
- **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 our national forests by using scientific research, public outreach, and legal action to protect critical forest ecosystems.
- **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.
- **Public Lands Media** provides greater ecological understanding, accuracy, and context on the media coverage of environmental issues by presenting research and publishing articles, essays, and editorials on a variety of natural resource and environmental topics.
- **Serengeti Watch** 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.

EARTH ISLAND INSTITUTE, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 1 - GENERAL (continued)

B. Program Services (continued)

- **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 in Southern California.
- **Wild Heritage** works to safeguard ecosystems by advocating for primary forests and wilderness protection around the world.
- **Wild Hope** publishes stories and images that raise awareness of the need to preserve our biodiversity heritage and inspire readers to get involved in protecting 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 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 toward the creation of a healthy environment and a socially and economically just society for present and future generations.
- **Garden for the Environment***** is San Francisco's dedicated site for gardening and composting education, teaching people about the environment — soil, water, plants, creatures, and climate — so together we can grow a resilient, more beautiful world.
- **Junior Wildlife Ranger** propels childhood curiosity into lasting environmental stewardship through education and engagement with our public lands system.
- **Kids for the Bay** collaborates with teachers in the San Francisco Bay Area 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.
- **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 nonprofit 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 in the San Francisco Bay Area by providing resources, advocacy, and partnerships that build community resilience and cultivate wellness, academic achievement, and sustainability.

EARTH ISLAND INSTITUTE, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 1 - GENERAL (continued)

B. Program Services (continued)

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.
- **Alter Terra** takes an innovative approach to addressing the environmental and socioeconomic effects of unplanned urbanization by promoting initiatives that reduce poverty, create jobs, and improve the general health of neighborhoods that lack sanitation and healthcare.
- **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 our communities while protecting our shared environment.
- **Green Life’s** peer education, self-sufficiency, and eco-literacy program teaches incarcerated individuals and those reentering community the importance of a healthy relationship with the Earth.
- **Mapping for Environmental Justice** creates community-informed maps to paint a holistic picture of intersecting environmental, social, and health impacts experienced by communities across the United States.
- **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.

INDIGENOUS COMMUNITIES

- **California Institute for Community, Art, and Nature** preserves and supports California Indian arts and culture; promotes the City of Berkeley, California, as a center of social, cultural, and political innovation; and creates public programming weaving the arts and the environment together.
- **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 our strengths to build a movement based on centuries of traditional Native knowledge and modern-day environmental protection.

INTERNATIONAL INITIATIVES

- **Borneo Project** brings international attention and support to community-led efforts to defend forests, sustainable livelihoods, and human rights in Malaysian Borneo.
- **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.

EARTH ISLAND INSTITUTE, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 1 - GENERAL (continued)

B. Program Services (continued)

- **Friends of Muonde** supports locally driven efforts to foment creativity and sustainable development in the Mazvihwa and neighboring areas of south-central Zimbabwe.
- **Viva Sierra Gorda** is building public and private partnerships for long-term conservation and sustainability of high biodiversity regions in extreme poverty, particularly in the Sierra Gorda Biosphere Reserve in Mexico.

OCEANS and 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 our oceans and rivers, we have to reduce the production of plastic products.
- **Alaska Clean Water Advocacy** 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 communities about the destructive impact of litter on our oceans and waterways and to provide simple, sustainable, and effective ways to reduce that impact.
- **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.
- **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.
- **Wild Oyster Project** is bringing native oysters back to the San Francisco Bay through restoration, community engagement, and thoughtful urban planning.

POLLUTION and TOXICS

- **ALERT: A Locally Empowered Response Team** empowers frontline communities, at risk from the social, economic, and environmental impacts of oil activities, to have a voice in the energy choices that impact them.
- **Herbicide-Free Campus**** is working to eliminate synthetic herbicide-use on school campuses, advocate for a transition to organic land care maintenance, and train students to be holistic environmental leaders.
- **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.
- **Rise St. James** is a grassroots faith-based organization working to protect the St. James Parish, Louisiana, community from the detrimental health and environmental impacts of the petrochemical industry.
- **Save Our Soil** seeks to ban the use of hazardous and other industrial wastes in fertilizer, soil amendments, and animal feeds due to their potential risk to human health and the environment.

EARTH ISLAND INSTITUTE, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 1 - GENERAL (continued)

B. Program Services (continued)

SUSTAINABLE AGRICULTURE and 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 two-year fellowship for diverse leaders working for a racially just food system in the areas of health, environment, agriculture, regional economies, or community development.
- **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 Culture Collective** (formerly Real Food Real Stories) is an arts-integrated culture-change organization cultivating place-based community across geographies through storytelling, media arts, and cultural strategy initiatives.
- **Food Shift** develops practical solutions to reduce food waste, nourish communities, and provide jobs.
- **Friends of Alemany Farm** manages the horticulture, volunteer, and educational programs at Alemany Farm, a 3.5-acre organic farm ecosystem in southeast San Francisco. All of the food grown on the farm is given away for free to neighbors, volunteers, and other groups.
- **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.
- **Urban Beet** empowers people experiencing homelessness to grow their own food, connecting people and planet for the healing of both.

WILDLIFE PROTECTION

- **Ecovet Global** brings a veterinary lens to environmental challenges that affect humans, animals, and ecosystems. By improving the health and wellbeing of animals, locally and globally, they strengthen the health and resilience of the Earth, and the people and animals that share its resources.
- **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.

EARTH ISLAND INSTITUTE, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 1 - GENERAL (concluded)

B. Program Services (concluded)

- **SAVE (Spoonbill Action Voluntary Echo) International** 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.
- **WildFutures** advances the conservation of mountain lions, builds the skills of environmental leaders, and advises major donors to allocate funding to effective organizations addressing climate change and species extinction.

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 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.
- **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 our most pressing ecological concerns — water, food, land, and climate.

YOUTH EMPOWERMENT

- **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, Generation Waking Up is empowering the rising generation with the skills they need to thrive in the 21st century.
- **Ultimate Civics** works toward a government of, for, and by the people by empowering youth in activating democracy to emerge as game-changers.
- **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.

EARTH ISLAND INSTITUTE, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

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:

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.

EARTH ISLAND INSTITUTE, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. 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.

F. Deferred Revenue

Deferred revenue represents funds received in advance for camp fees.

G. 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.

H. 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, 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. Service and Contract Revenues

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

J. Membership

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

K. 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.

L. 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.

M. 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.

N. Indirect Costs

The Organization uses a negotiated indirect cost rate approved by the United States Department of the Interior. The 22.25% indirect rate is the maximum rate charged to each applicable grant on a regular basis.

EARTH ISLAND INSTITUTE, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

O. 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.

P. 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.

Q. 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.

R. 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.

S. Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through March 31, 2023, the date the financial statements were available to be issued.

T. 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, 2021, from which the summarized information was derived.

EARTH ISLAND INSTITUTE, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

U. Implementation of Accounting Pronouncements

In September 2020, the FASB issued ASU No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, to improve transparency in the reporting of contributed nonfinancial assets, also known as gifts-in-kind, for not-for-profit organizations through enhancements to presentation and disclosure. ASU No. 2020-07 was issued to address certain stakeholders' concerns about the lack of transparency about the measurement of contributed nonfinancial assets recognized by not-for-profits, as well as the amount of those contributions used in an entity's programs and other activities. The Organization adopted the standards on July 1, 2021. The adoption of this standard did not materially affect changes in net assets, financial position, or cash flows.

V. 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, 2021, 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 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.

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, 2022. 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
For the Year Ended June 30, 2022

NOTE 3 - INCOME TAXES (concluded)

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:

	2022	2021
Bank of the West	\$ 2,008,927	\$ 1,804,066
Merrill Lynch	2,980,166	4,831,776
Petty cash	6,518	6,718
Total	<u>\$ 4,995,611</u>	<u>\$ 6,642,560</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.

NOTE 5 - INVESTMENTS

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

	2022	2021
Account balances, beginning of period	\$ 15,738,183	\$ 8,213,168
Dividends and interest	223,471	167,661
Purchases	5,010,656	8,247,729
Sales	(2,776,630)	(3,343,698)
Net realized and unrealized gains and (losses)	<u>(2,501,454)</u>	<u>2,453,323</u>
Account balances, end of period	<u>\$ 15,694,226</u>	<u>\$ 15,738,183</u>
Fixed Income	\$ 5,267,428	\$ 5,220,437
Equities	7,196,267	7,076,880
Mutual Funds	<u>3,230,531</u>	<u>3,440,866</u>
Total	<u>\$ 15,694,226</u>	<u>\$ 15,738,183</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
For the Year Ended June 30, 2022

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:

	2022	2021
Level 1: Quoted prices	\$ 15,694,226	\$ 15,738,183
Level 2: Other significant observable inputs	-	-
Level 3: Significant unobservable inputs	-	-
Total	\$ 15,694,226	\$ 15,738,183

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:

	Total Investment	Level 1	Level 2	Level 3
2022				
Fixed Income	\$ 5,267,428	\$ 5,267,428	\$ -	\$ -
Equities	7,196,267	7,196,267	-	-
Mutual Funds	3,230,531	3,230,531	-	-
Total	\$ 15,694,226	\$ 15,694,226	\$ -	\$ -
2021				
Fixed Income	\$ 5,220,437	\$ 5,220,437	\$ -	\$ -
Equities	7,076,880	7,076,880	-	-
Mutual Funds	3,440,866	3,440,866	-	-
Total	\$ 15,738,183	\$ 15,738,183	\$ -	\$ -

EARTH ISLAND INSTITUTE, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 7 - GRANTS RECEIVABLE

Grants receivable as of June 30, 2022 and June 30, 2021 was \$3,274,086 and \$901,448, 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. The Organization will accrue an allowance for doubtful accounts when management considers that the receivables cannot be fully collected.

NOTE 8 - ACCOUNTS RECEIVABLE

Accounts receivable as of June 30, 2022 and June 30, 2021 was \$351,051 and \$77,930, 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. The Organization will accrue an allowance for doubtful accounts when management considers that the receivables cannot be fully collected.

NOTE 9 - BEQUESTS RECEIVABLE

Bequests receivable as of June 30, 2022 and June 30, 2021 was \$0 and \$43,640, respectively. 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.

EARTH ISLAND INSTITUTE, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 11 - FIXED ASSETS

Fixed assets as of June 30 are as follows:

	<u>Years</u>	<u>2022</u>	<u>2021</u>
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>292,204</u>	<u>271,036</u>
Total		1,764,320	1,743,152
Less accumulated depreciation		<u>(861,005)</u>	<u>(771,748)</u>
Fixed assets, net		<u>\$ 903,315</u>	<u>\$ 971,404</u>

Depreciation expense was \$101,256 and \$92,929 for the years ended June 30, 2022 and June 30, 2021, respectively.

NOTE 12 - ACCRUED VACATION

Accumulated unpaid employee vacation benefits are recognized as liabilities of the Organization. The amount of accumulated vacation was \$566,869 and \$508,974 as of June 30, 2022 and June 30, 2021, respectively..

NOTE 13 - DEFERRED REVENUE

Deferred revenue represents funds received in advance for camp fees. Deferred revenue was \$148,528 and \$100,028 as of June 30, 2022 and June 30, 2021, respectively.

NOTE 14 - GAIN ON EXTINGUISHMENT OF DEBT

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 23. 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, in November 2021, the PPP loan and accrued interest in the amount of \$1,530,727 was 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. At June 30, 2021, the amount of \$1,530,727 has been recognized as a gain on extinguishment of debt in the Statement of Activities.

EARTH ISLAND INSTITUTE, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 15 - EVENTS, NET

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

	2022	2021
Fundraising events income	\$ 142,655	\$ 147,446
Less related expenses	(156,480)	(57,340)
Events, net	\$ (13,825)	\$ 90,106

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, 2022 and June 30, 2021 were \$14,121 and \$10,982, respectively.

NOTE 17 - IN-KIND CONTRIBUTIONS - CONTRIBUTED NONFINANCIAL ASSETS

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

	2022	2021
Professional services	\$ 1,132,434	\$ 54,000
Facility rent	-	3,384
Supplies	47,096	-
Vehicle	25,000	-
Total	\$ 1,204,530	\$ 57,384

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.

Vehicle

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

EARTH ISLAND INSTITUTE, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 18 - NET ASSETS WITHOUT DONOR RESTRICTIONS

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

	<u>2022</u>	<u>2021</u>
Net assets without donor restrictions - undesignated	\$ 7,049,920	\$ 8,639,387
Net assets without donor restrictions - board designated	<u>9,047,123</u>	<u>8,422,528</u>
Total	<u>\$ 16,097,043</u>	<u>\$ 17,061,915</u>

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>2022</u>	<u>2021</u>
Agriculture and Food Systems	\$ 727,725	\$ 657,749
Clean Energy and Climate Change	219,367	11,651
Conservation, Preservation and Restoration	1,052,414	883,805
Environmental Education	1,368,737	1,742,421
Environmental Justice	122,025	235,015
Indigenous Rights	390,793	329,892
Ocean and Water	726,052	44,305
Pollution and Toxics	631,783	616,231
Sustainability and Community Resilience	316,465	319,062
Wildlife Protection	3,139,608	3,317,209
Women's Environmental Leadership	321,203	138,953
Youth Empowerment	<u>30,951</u>	<u>126,235</u>
Total	<u>\$ 9,047,123</u>	<u>\$ 8,422,528</u>

EARTH ISLAND INSTITUTE, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 19 - 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:

Subject to Expenditure for Specified Purpose	Beginning Balance <u>6/30/21</u>	Contributions and Earnings <u> </u>	Releases <u> </u>	Ending Balance <u>6/30/22</u>
Earth Island Advocates	\$ -	\$ 34,956	\$ 34,956	\$ -
Earth Island Journal	-	41,001	41,001	-
Earth Island New Leaders Initiative	-	69,173	69,173	-
Agriculture and Food Systems	1,914,990	4,121,744	3,599,121	2,437,613
Clean Energy and Climate Change	-	1,800,243	1,800,243	-
Conservation, Preservation and Restoration	4,161,173	5,901,739	5,669,611	4,393,301
Environmental Education	-	619,326	619,326	-
Environmental Justice	-	190,773	190,773	-
Indigenous Rights	1,001,795	1,814,990	1,279,381	1,537,404
Ocean and Water	548,786	90,915	482,521	157,180
Pollution and Toxics	511,272	4,374,840	3,862,022	1,024,090
Sustainability and Community Resilience	1,600,539	449,133	841,039	1,208,633
Wildlife Protection	549,425	1,507,441	1,702,403	354,463
Women's Environmental Leadership	402,768	2,893,047	1,758,209	1,537,606
Youth Empowerment	-	39,214	-	39,214
Total	<u>\$ 10,690,748</u>	<u>\$ 23,948,535</u>	<u>\$ 21,949,779</u>	<u>\$ 12,689,504</u>

EARTH ISLAND INSTITUTE, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 20 - LEASE COMMITMENT

David Brower Center

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 and expiring on April 30, 2024 with three five-year renewal options. The monthly rent at June 30, 2022 was \$25,347. 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. In addition, one of the Organization's programs had free use of space with value totaling \$3,384 for the year ended June 30, 2021.

The rent and occupancy costs incurred during the years ended June 30, 2022 and June 30, 2021 for all the leases, net of sublease income, totaled \$438,296 and \$401,682, respectively.

Future minimum lease payments under these agreements are as follows:

<u>Year Ending June 30</u>	
2023	\$ 305,316
2024	<u>259,708</u>
Total	<u>\$ 565,024</u>

NOTE 21 - RELATED PARTY TRANSACTION

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
For the Year Ended June 30, 2022

NOTE 22 - 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.

	2022	2021
Cash and cash equivalents	\$ 4,995,611	\$ 6,642,560
Investments	15,694,226	15,738,183
Grants and other receivables	3,625,137	1,023,018
Total financial assets	24,314,974	23,403,761
Board designations	(9,047,123)	(8,422,528)
Donor-imposed restrictions	(12,689,504)	(10,690,748)
Financial assets available to meet cash needs for general expenditures within one year	\$ 2,578,347	\$ 4,290,485

NOTE 23 - CONTINGENCY - 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.

NOTE 24 - RECLASSIFICATION

Certain amounts in the June 30, 2021 financial statements have been reclassified to conform to the June 30, 2022 presentation. These reclassifications have no effect on the change in net assets as previously reported.

NOTE 25 - NEW EXECUTIVE DIRECTOR

On March 29, 2023, Sumona Majumdar was named the new Executive Director for the Organization.

EARTH ISLAND INSTITUTE, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2022

Federal Award Source/Federal Program Name/Cluster Name	Federal Assistance Listing Number	Award Identification	Award Amount	Amount Expended	Federal Amount Passed Through to Subrecipients
U.S. Department of Agriculture:					
Direct awards:					
		CN-F2S- IMPL-20-CA-			
Farm to School Implementation Grant	10.575	4	\$ 79,961	\$ 39,961	\$ -
Technical Assistance and Training Grant	10.761	TAT FY21	62,000	35,882	-
		04-01-			
Solid Waste Management Grant	10.762	942889684-0	157,600	106,929	-
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.U01	#2018-33800- 28408	60,000	30,000	-
Total U.S. Department of Agriculture			<u>359,561</u>	<u>212,772</u>	<u>-</u>
U.S. Department of Interior:					
Passed through from the U.S. Fish and Wildlife:					
Thomas Fire Recovery	15.U01	F18AC00791	24,716	21,511	-
Passed through from the National Fish and Wildlife Foundation:					
		0806.19.06443			
Davy Brown Munch Creek Fish Passage Construction Project	15.U02	8	2,405,051	885,282	-
Manzana Creek Watershed Sediment Reduction, Aquatic Protection and Road	15.U03	0806.20.06778 5	423,908	39,637	-
Passed through from the CA State Coastal Conservancy:					
Davy Brown Munch Creek Fish Passage Construction Project	15.U04	21-036	755,820	2,882,158	-
Passed through from the California Department of Fish and Wildlife:					
Wheeler Gorge Campground	15.U05	P1850901	131,283	(4)	-
Total U.S. Department of Interior			<u>3,740,778</u>	<u>3,828,584</u>	<u>-</u>
National Endowment for the Humanities:					
Direct awards:					
NEH CARES	45.129	PB-276735-20	30,000	5,233	-
Total National Endowment for the Humanities:			<u>30,000</u>	<u>5,233</u>	<u>-</u>
U.S. Environmental Protection Agency:					
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	25,245	-
Passed through from the University of Southern Maine:					
Advancing Community Driven Projects for Improved Environmental Outcomes	66.U01	00A00060A	38,000	38,000	-
Passed through from the California State Water Resources Control Board:					
Carpinteria Creek Sediment Reduction and Habitat Enhancement Project	66.U02	SWRCB- D2013306	798,653	220,065	-
Total U.S. Environmental Protection Agency			<u>986,653</u>	<u>283,310</u>	<u>-</u>
Total federal programs			<u>\$ 5,116,992</u>	<u>\$ 4,329,899</u>	<u>\$ -</u>

EARTH ISLAND INSTITUTE, INC.
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2022

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, 2022, 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 31, 2023.

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 31, 2023

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, 2022. 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, 2022.

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 31, 2023

EARTH ISLAND INSTITUTE, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 For the Year Ended June 30, 2022

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>
15.U02 & 15.U04	Davy Brown Munch Creek Fish Passage Construction Project	\$ 3,767,440
66.U02	Carpinteria Creek Sediment Reduction and Habitat Enhancement Project	220,065

- 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, 2022

There were no prior year audit findings.