

ENVIRONMENTAL LAW ALLIANCE WORLDWIDE U.S.

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

WITH

INDEPENDENT AUDITOR'S REPORT

Environmental Law Alliance Worldwide U.S.

December 31, 2020

OFFICERS

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Treasurer	Scott Pope

MEMBERS

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Environmental Law Alliance Worldwide U.S.

Years ended December 31, 2020 and 2019

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FINANCIAL STATEMENTS



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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Environmental Law Alliance Worldwide U.S.
Eugene, Oregon

Report on the Financial Statements

We have audited the accompanying financial statements of Environmental Law Alliance Worldwide U.S., ("ELAW"), (a nonprofit organization), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, and 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 the 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 audits. We conducted our audits 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 of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of ELAW as of December 31, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Isler CPA

Isler CPA
April 20, 2021

Environmental Law Alliance Worldwide U.S.

Statements of Financial Position

December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Cash	\$ 3,182,586	\$ 2,261,660
Accounts receivable	867	2,057
Contributions receivable	10,317	33,776
Grants receivable	1,251,977	201,400
Prepaid expenses	3,132	-
Fixed assets, net of accumulated depreciation	937,500	945,750
Sustainability Fund investments	390,736	286,840
Total assets	<u>\$ 5,777,115</u>	<u>\$ 3,731,483</u>
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable	\$ 1,495	\$ 6,952
Payroll payable	25,400	21,964
Vacation payable	101,480	71,444
Subgrants payable	<u>224,286</u>	<u>212,985</u>
Total liabilities	<u>352,661</u>	<u>313,345</u>
Net assets:		
Without donor restrictions:		
Undesignated	1,622,797	1,290,380
Designated - Sustainability Fund	<u>390,736</u>	<u>286,840</u>
Total without donor restrictions	2,013,533	1,577,220
With donor restrictions	<u>3,410,921</u>	<u>1,840,918</u>
Total net assets	<u>5,424,454</u>	<u>3,418,138</u>
Total liabilities and net assets	<u>\$ 5,777,115</u>	<u>\$ 3,731,483</u>

See accompanying notes to financial statements.

Environmental Law Alliance Worldwide U.S.

Statements of Activities

Years ended December 31, 2020 and 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, gains, and other support:						
Contributions	\$ 664,468	\$ 10,095	\$ 674,563	\$ 581,544	\$ 67,129	\$ 648,673
Grants	905	3,335,056	3,335,961	6,586	1,953,740	1,960,326
Net investment income	60,727	-	60,727	48,987	-	48,987
Program income	27,798	-	27,798	14,994	8,000	22,994
In-kind contributions	5,850	-	5,850	13,575	-	13,575
Event income	-	-	-	3,751	-	3,751
Miscellaneous income	283	-	283	7,749	-	7,749
Net assets released from time and program restrictions	<u>1,775,148</u>	<u>(1,775,148)</u>	<u>-</u>	<u>1,541,177</u>	<u>(1,541,177)</u>	<u>-</u>
Total revenue, gains, and other support	<u>2,535,179</u>	<u>1,570,003</u>	<u>4,105,182</u>	<u>2,218,363</u>	<u>487,692</u>	<u>2,706,055</u>
Expenses:						
Program services	1,820,054	-	1,820,054	2,037,718	-	2,037,718
Management and general	70,551	-	70,551	71,852	-	71,852
Development	<u>208,261</u>	<u>-</u>	<u>208,261</u>	<u>186,127</u>	<u>-</u>	<u>186,127</u>
Total expenses	<u>2,098,866</u>	<u>-</u>	<u>2,098,866</u>	<u>2,295,697</u>	<u>-</u>	<u>2,295,697</u>
Change in net assets	436,313	1,570,003	2,006,316	(77,334)	487,692	410,358
Net assets at beginning of year	<u>1,577,220</u>	<u>1,840,918</u>	<u>3,418,138</u>	<u>1,654,554</u>	<u>1,353,226</u>	<u>3,007,780</u>
Net assets at end of year	<u>\$ 2,013,533</u>	<u>\$ 3,410,921</u>	<u>\$ 5,424,454</u>	<u>\$ 1,577,220</u>	<u>\$ 1,840,918</u>	<u>\$ 3,418,138</u>

See accompanying notes to financial statements.

Environmental Law Alliance Worldwide U.S.

Statements of Cash Flows

Years ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Change in net assets	\$ 2,006,316	\$ 410,358
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	8,250	8,250
Donated securities	(57,562)	(33,879)
(Gain) Loss on investments	(46,334)	(27,240)
Change in operating assets and liabilities:		
Accounts receivable	1,190	4,521
Contributions receivable	23,459	(1,298)
Grants receivable	(1,050,577)	110,250
Prepaid expenses	(3,132)	-
Accounts payable	(5,457)	(4,771)
Payroll and related accruals	3,436	5,680
Vacation payable	30,036	(5,950)
Subgrants payable	<u>11,301</u>	<u>207,985</u>
Net cash provided (used) by operating activities	<u>920,926</u>	<u>673,906</u>
Cash flows from investing activities:		
Proceeds from sale of investments	-	56,711
Purchase of investments	<u>-</u>	<u>(37,003)</u>
Net cash provided (used) by investing activities	<u>-</u>	<u>19,708</u>
Cash flows received from financing activities:		
Net change in cash and cash equivalents	920,926	693,614
Cash at beginning of year	<u>2,261,660</u>	<u>1,568,046</u>
Cash at end of year	<u>\$ 3,182,586</u>	<u>\$ 2,261,660</u>

See accompanying notes to financial statements.

Environmental Law Alliance Worldwide U.S.

Statement of Functional Expenses

Year ended December 31, 2020

	<u>Program Services</u>	<u>Management and General</u>	<u>Development</u>	<u>Total</u>
Payroll and related expenses:				
Salaries	\$ 861,599	\$ 47,576	\$ 159,927	\$ 1,069,102
Payroll taxes	74,783	4,661	11,068	90,512
Retirement benefits	27,088	1,913	4,008	33,009
Other employee benefits	<u>86,704</u>	<u>5,915</u>	<u>14,572</u>	<u>107,191</u>
Total payroll related expenses	<u>1,050,174</u>	<u>60,065</u>	<u>189,575</u>	<u>1,299,814</u>
Other operating expenses:				
Subgrants expense	539,240	-	-	539,240
Professional services	124,741	5,130	2,961	132,832
In-kind professional services	5,850	-	-	5,850
Communications	8,715	605	1,268	10,588
Office expenses	40,917	2,091	8,795	51,803
Printing	17,604	1,217	2,589	21,410
Non-depreciable equipment/software	13,940	990	2,058	16,988
Travel	11,993	-	-	11,993
Conference/meeting	49	4	7	60
Depreciation	6,800	447	1,003	8,250
Interest expense	<u>31</u>	<u>2</u>	<u>5</u>	<u>38</u>
Total other expenses	<u>769,880</u>	<u>10,486</u>	<u>18,686</u>	<u>799,052</u>
Total expenses	<u>\$ 1,820,054</u>	<u>\$ 70,551</u>	<u>\$ 208,261</u>	<u>\$ 2,098,866</u>

See accompanying notes to financial statements.

Environmental Law Alliance Worldwide U.S.

Statement of Functional Expenses

Year ended December 31, 2019

	<u>Program Services</u>	<u>Management and General</u>	<u>Development</u>	<u>Total</u>
Payroll and related expenses:				
Salaries	\$ 714,373	\$ 48,287	\$ 140,486	\$ 903,146
Payroll taxes	65,870	5,052	9,993	80,915
Retirement benefits	22,876	1,752	3,444	28,072
Other employee benefits	<u>73,557</u>	<u>5,516</u>	<u>11,245</u>	<u>90,318</u>
Total payroll related expenses	<u>876,676</u>	<u>60,607</u>	<u>165,168</u>	<u>1,102,451</u>
Other operating expenses				
Subgrants expense	850,276	-	-	850,276
Professional services	115,092	4,753	4,319	124,164
In-kind professional services	13,575	-	-	13,575
Rent	875	-	-	875
Communications	8,338	620	1,248	10,206
Office expenses	43,970	2,892	9,517	56,379
Printing	16,948	1,245	2,529	20,722
Non-depreciable equipment/software	15,982	1,239	2,436	19,657
Travel	29,513	1	2	29,516
Conference/meeting	59,625	-	-	59,625
Depreciation	<u>6,848</u>	<u>495</u>	<u>908</u>	<u>8,251</u>
Total other expenses	<u>1,161,042</u>	<u>11,245</u>	<u>20,959</u>	<u>1,193,246</u>
Total expenses	<u>\$ 2,037,718</u>	<u>\$ 71,852</u>	<u>\$ 186,127</u>	<u>\$ 2,295,697</u>

See accompanying notes to financial statements.

Environmental Law Alliance Worldwide U.S.

Notes to Financial Statements

December 31, 2020 and 2019

Note 1 - Nature of Operations and Summary of Significant Accounting Policies

Organization

Environmental Law Alliance Worldwide U.S. (ELAW), an exempt organization, is operated for educational and charitable purposes. ELAW provides legal, scientific, and administrative support to public interest attorneys and scientists in numerous countries to facilitate the development and practice of public interest environmental law around the world, to empower citizens to protect natural resources and defend the basic human right to clean air, clean water and a healthy environment.

ELAW is a part of a network of ELAW organizations in different countries. Each organization is a separate entity with distinct boards of directors and activities. ELAW makes some sub-grants to other ELAW organizations. ELAW maintains administrative oversight for international sub-grants.

ELAW has three main operating areas: Program services include all services that are performed to accomplish ELAW's central mission; Administration is composed of activities that cannot be specifically attributed to a programmatic purpose or enable ELAW's day-to-day operations; and Development, which includes all fundraising and donor outreach activities.

Income Tax Status

ELAW is an exempt organization under Internal Revenue Code (IRC) Section 501(c)(3) and a public charity qualified for charitable contributions under IRC Section 170. ELAW files required informational returns with both the U.S. federal jurisdiction and the State of Oregon.

Basis of Presentation

Financial statements are presented in accordance with U.S. generally accepted accounting principles which require ELAW to report information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions.

Estimates

The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Revenue Recognition

Revenue is recorded as with donor restrictions or without donor restrictions support depending on the existence and/or nature of any donor restrictions.

All donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when stipulated time restriction ends or purpose restrictions accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported as such on the statements of activities.

Functional Allocation of Expenses

The statements of activities present a summary of the expenses incurred to provide program and supporting activities on a functional basis. Expenses have been allocated between program services and supporting activities. Management and general services include general and administrative activities; development services include all fundraising activities. ELAW provides some program services by funding partners in other countries to provide those program services.

Environmental Law Alliance Worldwide U.S.

Notes to Financial Statements

December 31, 2020 and 2019

Note 1 - Nature of Operations and Summary of Significant Accounting Policies (continued)

Cash

For the purposes of the statements of cash flows, ELAW considers all cash and other highly liquid investments (including money market accounts held at non-brokerage institutions) to be cash.

Investments and Sustainability Fund Investments

Investments and Sustainability Fund investments on the statements of financial position, including money market funds and mutual funds, are recorded at cost when purchased or are measured at fair value if donated. Fair value is based on quoted market prices in active markets that ELAW can access at the measurement date. Net investment return (including gains and losses on investments, interest, and dividends) is included in the statements of activities as increases or decreases in unrestricted net assets, unless the income or loss is restricted by donor or law.

Fixed Assets

Fixed assets are recorded at cost or estimated fair value at date of gift. Donations are reported as unrestricted support unless the donor has restricted the donated assets to a specific purpose. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets. ELAW capitalizes property and equipment exceeding \$5,000. Useful lives are as follows: buildings (40 years); equipment (3-7 years).

Subgrants Payable

Grants payable consists of grants related to environmental issues awarded to various organizations worldwide. The grants are recorded as liabilities at the time the grant is awarded to the sub-grantee organization.

Grant Revenue

ELAW often receives large, multi-year grants. Total revenue and related receivables from these grants are recorded in the year in which the grant is awarded. Thus, stated grant revenue may show large fluctuations from year-to-year that do not reflect parallel fluctuations in cash flow or support.

In-kind Contributions

Contribution for goods, materials, and facilities are recorded at their estimated values. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose.

Donated services meeting the criteria for recognition are recorded in the financial statements. These services consist of legal and scientific program support. ELAW receives additional volunteer support that is not recognized in the financial statements.

Reclassifications

Certain reclassifications of prior year amounts have been made to conform to the current year presentation.

Note 2 - Concentration of Credit Risk

Cash balances for 2020 and 2019 are considered to be unrestricted and undesignated. ELAW maintains cash in some bank and brokerage accounts exceeding the Federal Deposit Insurance Corporation (FDIC) depository insurance and Securities Investor Protection Corporation (SIPC) limits of \$250,000 per financial institution. At December 31, 2020 and 2019, ELAW's cash balances exceeded FDIC depository insurance by \$1,494,832 and \$629,547, respectively.

Environmental Law Alliance Worldwide U.S.

Notes to Financial Statements

December 31, 2020 and 2019

Note 3 - Contributions Receivable

As of December 31, 2020 and 2019, all contributions receivable were considered fully collectible; therefore no allowance for doubtful accounts has been established. All contributions receivable were anticipated to be collected within one year.

Note 4 - Grants Receivable

As of December 31, 2020 and 2019, all grants receivable are considered fully collectible; therefore no allowance for doubtful accounts has been established. All grants receivable were anticipated to be collected within one year.

Note 5 - ELAW U.S. Sustainability Fund

The ELAW Board of Directors established the ELAW Sustainability Fund (the Fund) in October 1998 to begin providing for ELAW's long-term sustainability. The Fund is held in depository accounts separate from ELAW's operating funds. The Fund is comprised of cash, money market funds, mutual funds, bond funds, and equity funds. The Fund's earnings are reinvested; other deposits to the Fund come from investment and miscellaneous income, and unrestricted grant and contribution revenue. These funds are used to generate investment income and, at the discretion of the board, for purchasing fixed assets. Each year, the Board of Directors will prescribe a formula for calculating the coming year's contribution, based on review of ELAW's financial position. Contributions of \$103,896 were made to the fund in 2020, there were \$41,411 contributions made in 2019.

Note 6 - Donor Imposed Restrictions on Net Assets

Net assets with donor imposed restrictions were available for the following purposes as of December 31:

	<u>2020</u>	<u>2019</u>
Purpose restrictions	\$ 3,150,167	\$ 1,630,304
Time restrictions	<u>260,754</u>	<u>210,614</u>
Total	<u>\$ 3,410,921</u>	<u>\$ 1,840,918</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by donors as follows for the year ended December 31, 2019 and 2020:

	<u>2020</u>	<u>2019</u>
Satisfactions of purpose restrictions	\$ 1,658,328	\$ 1,440,369
Expiration of time restrictions	<u>116,820</u>	<u>100,808</u>
Total	<u>\$ 1,775,148</u>	<u>\$ 1,541,177</u>

Note 7 - Concentrations

Of the total amount receivable for 2020, 73 percent was due from two private foundations. Of the total amount receivable for 2019, 84 percent was due from two private foundations.

Four private foundations were responsible for contributing 50 percent of ELAW's total revenue for 2020. Six private foundations and were responsible for 57 percent of ELAW's total revenue for 2019.

Environmental Law Alliance Worldwide U.S.

Notes to Financial Statements

December 31, 2020 and 2019

Note 8 - Property and equipment

Fixed assets consist of the following at December 31:

	<u>2020</u>	<u>2019</u>
Land	\$ 657,000	\$ 657,000
Buildings	330,000	330,000
Equipment	<u>2,681</u>	<u>2,681</u>
Total fixed assets	989,681	989,681
Less accumulated depreciation	<u>(52,181)</u>	<u>(43,931)</u>
Net fixed assets	<u>\$ 937,500</u>	<u>\$ 945,750</u>

Note 9 - Employee Benefit Plan

ELAW has a SEP/IRA retirement plan for eligible employees. ELAW has the option of contributing to eligible employee's plans as approved by the Board of Directors. ELAW made employer contributions of \$33,009 and \$28,072 for the years ended December 31, 2020 and December 31, 2019, respectively.

Note 10 - Fair Value Measurements

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the input to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to inputs other than quoted prices or unobservable inputs (level 2 and 3 measurements). All of ELAW's investments are classified as Level 1, as described below.

Level 1 – Valuation is based on quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 1 assets and liabilities generally include debt and equity securities that are traded in an active exchange market. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

The fair values at December 31, 2020 and 2019, were as follows:

	<u>2020</u>	<u>2019</u>
Mutual funds	<u>\$ 284,234</u>	<u>\$ 286,840</u>
Total investments at fair value	<u>\$ 284,234</u>	<u>\$ 286,840</u>
Reported as:		
Sustainability fund investments	<u>\$ 390,736</u>	<u>\$ 286,840</u>
Total investments at fair value	<u>\$ 390,736</u>	<u>\$ 286,840</u>

Note 11 - Subsequent Events

Management evaluates events and transactions that occur after the statement of financial position date as potential subsequent events. Management has performed this evaluation through April 20, 2021; the date the financial statements were available to be issued.

Environmental Law Alliance Worldwide U.S.

Notes to Financial Statements

December 31, 2020 and 2019

Note 12 - Liquidity and Availability of Financial Assets

The following reflects ELAW's financial assets as of the balance sheet date, reduced by amounts not available for general use within one year of the balance sheet date because of contractual or donor-imposed restrictions or because of board designations for long-term liquidity. Amounts designated by the board could be drawn upon with the approval of the board.

	<u>2020</u>	<u>2019</u>
Financial assets at year-end	\$ 4,836,483	\$ 2,785,733
Less those unavailable for general expenditures within one year, due to:		
Amounts with donor imposed restrictions to be expended for specific purposes	(3,150,167)	(1,630,304)
Board designated sustainability fund investments for organizational liquidity	<u>(390,736)</u>	<u>(286,840)</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 1,295,580</u>	<u>\$ 868,589</u>

As part of ELAW's liquidity management, it invests primarily in money market funds and short-term investments.