

FINANCIAL STATEMENTS



**FOR THE YEAR ENDED DECEMBER 31, 2021
WITH SUMMARIZED FINANCIAL
INFORMATION FOR 2020**

ENVIRONMENTAL INVESTIGATION AGENCY

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CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Environmental Investigation Agency
Washington, D.C.

Opinion

We have audited the accompanying financial statements of the Environmental Investigation Agency (EIA), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities and change in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of EIA as of December 31, 2021, and the change 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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of EIA and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our 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 EIA'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

Our 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 our 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 will always detect a material misstatement when it exists.

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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, including omissions, 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, we:

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

We are 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 we identified during the audit.

Report on Summarized Comparative Information

We have previously audited EIA's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 7, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.



August 3, 2022

ENVIRONMENTAL INVESTIGATION AGENCY
STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2021
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2020

ASSETS	2021	2020
CURRENT ASSETS		
Cash and cash equivalents	\$ 3,965,318	\$ 3,623,084
Investments	675,012	518,996
Grants and other receivables	576,478	248,927
Prepaid expenses	<u>98,857</u>	<u>75,017</u>
Total current assets	<u>5,315,665</u>	<u>4,466,024</u>
FIXED ASSETS		
Website	82,372	60,915
Furniture	93,361	90,618
Leasehold improvements	<u>330,061</u>	<u>330,061</u>
	505,794	481,594
Less: Accumulated depreciation and amortization	<u>(247,110)</u>	<u>(214,863)</u>
Net fixed assets	<u>258,684</u>	<u>266,731</u>
OTHER ASSETS		
Deposits	20,161	20,161
Right-of-use asset	<u>1,636,298</u>	<u>1,763,785</u>
Total other assets	<u>1,656,459</u>	<u>1,783,946</u>
TOTAL ASSETS	<u>\$ 7,230,808</u>	<u>\$ 6,516,701</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Lease liability	\$ 153,410	\$ 139,471
Accounts payable and accrued liabilities	452,731	328,869
Grants payable	320,307	292,174
Refundable advance	<u>494,052</u>	<u>-</u>
Total current liabilities	1,420,500	760,514
LONG-TERM LIABILITIES		
Lease liability, net of current portion	<u>1,909,320</u>	<u>2,062,731</u>
Total liabilities	<u>3,329,820</u>	<u>2,823,245</u>
NET ASSETS		
Without donor restrictions:		
Undesignated	967,229	1,136,089
Board designated	<u>495,900</u>	<u>441,282</u>
Total net assets without donor restrictions	1,463,129	1,577,371
With donor restrictions	<u>2,437,859</u>	<u>2,116,085</u>
Total net assets	<u>3,900,988</u>	<u>3,693,456</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 7,230,808</u>	<u>\$ 6,516,701</u>

See accompanying notes to financial statements.

ENVIRONMENTAL INVESTIGATION AGENCY

STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2021
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2020

	2021			2020
	Without Donor Restrictions	With Donor Restrictions	Total	Total
REVENUE AND SUPPORT				
Contributions and grants	\$ 720,715	\$ 6,258,443	\$ 6,979,158	\$ 7,722,617
Investment income, net	55,932	1,646	57,578	50,107
In-kind contributions	6,221	-	6,221	2,785
Net assets released from donor restrictions	<u>5,938,315</u>	<u>(5,938,315)</u>	<u>-</u>	<u>-</u>
Total revenue and support	<u>6,721,183</u>	<u>321,774</u>	<u>7,042,957</u>	<u>7,775,509</u>
EXPENSES				
Program Services:				
Global Climate Campaign	467,055	-	467,055	338,691
Cetaceans Campaign	327,201	-	327,201	347,961
Elephants Campaign	678,758	-	678,758	679,464
Forest Campaign	<u>5,117,931</u>	<u>-</u>	<u>5,117,931</u>	<u>5,560,851</u>
Total program services	<u>6,590,945</u>	<u>-</u>	<u>6,590,945</u>	<u>6,926,967</u>
Supporting Services:				
Management and General	192,317	-	192,317	164,863
Fundraising	<u>52,163</u>	<u>-</u>	<u>52,163</u>	<u>38,350</u>
Total supporting services	<u>244,480</u>	<u>-</u>	<u>244,480</u>	<u>203,213</u>
Total expenses	<u>6,835,425</u>	<u>-</u>	<u>6,835,425</u>	<u>7,130,180</u>
Change in net assets	(114,242)	321,774	207,532	645,329
Net assets at beginning of year	<u>1,577,371</u>	<u>2,116,085</u>	<u>3,693,456</u>	<u>3,048,127</u>
NET ASSETS AT END OF YEAR	<u>\$ 1,463,129</u>	<u>\$ 2,437,859</u>	<u>\$ 3,900,988</u>	<u>\$ 3,693,456</u>

ENVIRONMENTAL INVESTIGATION AGENCY
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2020

	2021								2020	
	Program Services				Supporting Services				Total Expenses	Total Expenses
	Global Climate Campaign	Cetaceans Campaign	Elephants Campaign	Forest Campaign	Total Program Services	Management and General	Fundraising	Total Supporting Services		
Salaries	\$ 291,428	\$ 122,632	\$ 334,725	\$ 1,893,314	\$ 2,642,099	\$ 49,663	\$ 34,371	\$ 84,034	\$ 2,726,133	\$ 2,762,099
Benefits	37,894	19,589	58,000	228,715	344,198	4,604	5,337	9,941	354,139	359,451
Payroll taxes / fees	25,297	10,533	26,375	159,934	222,139	6,684	2,669	9,353	231,492	230,880
Contract labor	6,071	57,826	51,574	747,706	863,177	21,387	757	22,144	885,321	817,873
Media and communications	3,362	653	7,112	88,912	100,039	1,231	44	1,275	101,314	79,978
Workshops, conferences and training	213	345	28	51,561	52,147	67	2	69	52,216	59,562
Office expenses and IT cost	60,124	6,654	7,719	98,837	173,334	13,117	798	13,915	187,249	121,538
Accounting and audit	5,203	1,996	4,332	36,443	47,974	10,207	361	10,568	58,542	36,725
Travel	5,489	5,743	895	29,982	42,109	281	10	291	42,400	97,989
Subgrants	1,800	10,000	151,687	1,219,871	1,383,358	-	-	-	1,383,358	1,623,599
Occupancy	13,993	10,336	22,428	149,860	196,617	52,847	1,870	54,717	251,334	247,268
Depreciation and amortization	1,795	1,326	2,878	19,228	25,227	6,780	240	7,020	32,247	29,625
EIA UK subgrants	-	67,260	-	220,627	287,887	-	-	-	287,887	459,137
Insurance	6,310	4,661	10,113	67,574	88,658	23,830	843	24,673	113,331	81,432
Partner fees, contributions and dues	3,108	346	237	1,584	5,275	559	4,822	5,381	10,656	11,316
Legal and incorporation fees	4,628	7,133	213	98,496	110,470	502	18	520	110,990	105,163
Bank charges and wire fees	340	168	442	5,287	6,237	558	21	579	6,816	6,545
TOTAL	\$ 467,055	\$ 327,201	\$ 678,758	\$ 5,117,931	\$ 6,590,945	\$ 192,317	\$ 52,163	\$ 244,480	\$ 6,835,425	\$ 7,130,180

See accompanying notes to financial statements.

ENVIRONMENTAL INVESTIGATION AGENCY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 207,532	\$ 645,329
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	32,247	29,625
Unrealized gain	(49,148)	(34,391)
Change in the measurement of operating lease	(11,985)	53,963
(Increase) decrease in:		
Grants and other receivables	(327,551)	(39,189)
Prepaid expenses	(23,840)	50,507
Increase in:		
Accounts payable and accrued liabilities	123,861	104,430
Refundable advance	494,052	-
Grants payable	<u>28,133</u>	<u>102,301</u>
Net cash provided by operating activities	<u>473,301</u>	<u>912,575</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(24,200)	(17,212)
Purchase of investments	(106,867)	(38,831)
Sale of investments	<u>-</u>	<u>29,119</u>
Net cash used by investing activities	<u>(131,067)</u>	<u>(26,924)</u>
Net increase in cash and cash equivalents	342,234	885,651
Cash and cash equivalents at beginning of year	<u>3,623,084</u>	<u>2,737,433</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 3,965,318</u>	<u>\$ 3,623,084</u>

ENVIRONMENTAL INVESTIGATION AGENCY

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Organization -

The Environmental Investigation Agency (EIA) is a non-profit organization, incorporated in the District of Columbia on September 8, 1989. Since 1989, EIA US has identified and campaigned for solutions to the world's most pressing environmental problems. Our campaigns to protect endangered wildlife, forests, and the global climate operate at the intersection between global trade and the accelerating loss of natural resources and species. EIA US takes advantage of its independence and mobility to produce game-changing primary evidence and analysis of these problems and to build lasting alliances, institutions, and precautionary policies to address those challenges.

Basis of presentation -

The accompanying financial statements are presented on the accrual basis of accounting, and in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. As such, net assets are reported within two net asset classifications: without donor restrictions and with donor restrictions. Descriptions of the two net asset categories are as follows:

- **Net Assets Without Donor Restrictions** - Net assets available for use in general operations and not subject to donor restrictions are recorded as "net assets without donor restrictions". Assets restricted solely through the actions of the Board are referred to as Board designated and are also reported as net assets without donor restrictions.
- **Net Assets With Donor Restrictions** - Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in "net assets with donor restrictions", depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities and Change in Net Assets as net assets released from donor restrictions. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue without donor restrictions when the assets are placed in service.

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 EIA's financial statements for the year ended December 31, 2020, from which the summarized information was derived.

Cash and cash equivalents -

EIA considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents.

Bank deposit accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to a limit of \$250,000. At times during the year, EIA maintains cash balances in excess of the FDIC insurance limits. Management believes the risk in these situations to be minimal.

ENVIRONMENTAL INVESTIGATION AGENCY

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION**
(Continued)

Investments -

Investments are recorded at their readily determinable fair value. Interest and dividends, and realized and unrealized gains and losses are included in investment income net of investment expenses paid to external investment advisors in the Statement of Activities and Change in Net Assets.

Grants and other receivables -

Grants and other receivables are recorded at their net realizable value, which approximates fair value. Management considers all amounts to be fully collectible within one year. Accordingly, an allowance for doubtful accounts has not been established.

Fixed assets -

Fixed assets in excess of \$2,500 are capitalized and stated at cost. Fixed assets are depreciated on a straight-line basis over the estimated useful lives of the related assets, generally three to seven years. Leasehold improvements are capitalized and amortized over the remaining life of the lease. The cost of maintenance and repairs is recorded as expenses are incurred.

Income taxes -

EIA is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in the accompanying financial statements. EIA is not a private foundation.

Uncertain tax positions -

For the year ended December 31, 2021, EIA has documented its consideration of FASB ASC 740-10, *Income Taxes*, that provides guidance for reporting uncertainty in income taxes and has determined that no material uncertain tax positions qualify for either recognition or disclosure in the financial statements.

Contributions and grants -

Contributions and grants are recognized in the appropriate category of net assets in the period received. EIA performs an analysis of the individual contribution and grant to determine if the revenue streams follow the contribution rules or if they should be recorded as an exchange transaction depending upon whether the transactions are deemed reciprocal or nonreciprocal under ASU 2018-08, Not-for-Profit Entities (Topic 958): *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*.

For contributions and grants qualifying under the contributions rules, revenue is recognized upon notification of the award and satisfaction of all conditions, if applicable. Conditional promises to give are not recognized until the condition on which they depend are substantially met. Contributions and grants qualifying as contributions that are unconditional that have donor restrictions are recognized as "without donor restrictions" only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions; such funds in excess of expenses incurred are shown as net assets with donor restrictions in the accompanying financial statements.

ENVIRONMENTAL INVESTIGATION AGENCY

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Contributions and grants (continued) -

Grant agreements qualifying as conditional contributions contain a right of return from obligation provision that limits EIA on how funds transferred should be spent. Additionally, a barrier is present that is related to the purpose of the agreement. Revenue is recognized when the condition or conditions on which they depend are substantially met. Most grants awards are for direct and indirect program costs. These transactions are nonreciprocal and classified as conditional and are therefore recognized as contributions when the revenue becomes unconditional. EIA recognizes revenue for these conditional contributions when the related barrier has been overcome (generally, when qualifying expenditures are incurred). Funds received in advance of the incurrence of qualifying expenditures are recorded as refundable advances. For contributions and grants treated as conditional contributions, EIA had approximately \$6,640,000 in unrecognized conditional awards as of December 31, 2021.

In-kind contributions -

In-kind contributions consist of donated skilled labor and materials. In-kind contributions are recorded at their fair market value as of the date of the gift.

Use of estimates -

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

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 and Change in Net Assets. Accordingly, certain costs have been allocated consistently among the programs and supporting services benefited on a reasonable basis. Expenses are allocated on a basis of actual time and effort (such as salaries and benefits) as well using authorized overhead recovery rates (such as depreciation, office and occupancy) or other reasonable basis to assign costs.

Risks and uncertainties -

EIA invests in various investment securities. Investment securities are exposed to various risks such as interest rates, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying financial statements.

Fair value measurement -

EIA adopted the provisions of FASB ASC 820, *Fair Value Measurement*. FASB ASC 820 defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs (assumptions that market participants would use in pricing assets and liabilities, including assumptions about risk) used to measure fair value, and enhances disclosure requirements for fair value measurements. EIA accounts for a significant portion of its financial instruments at fair value or considers fair value in their measurement.

ENVIRONMENTAL INVESTIGATION AGENCY

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)**

Fair value measurement (continued) -

In accordance with FASB ASC 820, *Fair Value Measurement*, EIA has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument. Investments recorded in the Statement of Financial Position are categorized based on the inputs to valuation techniques as follows:

Level 1. These are investments where values are based on unadjusted quoted prices for identical assets in an active market EIA has the ability to access.

Level 2. These are investments where values are based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, or model-based valuation techniques that utilize inputs that are observable either directly or indirectly for substantially the full-term of the investments.

Level 3. These are investments where inputs to the valuation methodology are unobservable and significant to the fair value measurement.

For disclosure of inputs and valuation techniques, see Note 2.

2. INVESTMENTS

The table below summarizes the investments, measured at fair value on a recurring basis, by level within the fair value hierarchy. EIA's investments as of December 31, 2021 were as follows:

	Level 1	Level 2	Level 3	Total
Asset Class:				
Equities	\$ 342,674	\$ -	\$ -	\$ 342,674
Certificates of deposit	-	332,338	-	332,338
TOTAL	\$ 342,674	\$ 332,338	\$ -	\$ 675,012

Following is a description of the valuation methodology used for investments measured at fair value. There have been no changes in the methodologies used at December 31, 2021. There were no transfers between levels in the fair value hierarchy during the year ended December 31, 2021.

Transfers between levels are recorded at the end of the reporting period, if applicable.

- *Equities* - Valued at the closing price reported on the active market in which the individual securities are traded.
- *Certificates of deposit* - Generally valued at original cost plus accrued interest, which approximates fair value.

ENVIRONMENTAL INVESTIGATION AGENCY

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

2. INVESTMENTS (Continued)

Included in investment income are the following for the year ended December 31, 2021:

Interest and dividends, net	\$ 8,430
Unrealized gain	<u>49,148</u>
TOTAL INVESTMENT INCOME, NET	<u>\$ 57,578</u>

3. BOARD DESIGNATED NET ASSETS

As of December 31, 2021, net assets have been designated by the Board of Directors for the following purposes:

Operating Reserve	<u>\$ 495,900</u>
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4. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following at December 31, 2021:

Global Climate Campaign	\$ 783,800
Cetaceans Campaign	53,896
Elephants Campaign	86,533
Forest Campaign	1,438,630
Subject to passage of time	<u>75,000</u>
TOTAL NET ASSETS WITH DONOR RESTRICTIONS	<u>\$ 2,437,859</u>

The following net assets with donor restrictions were released from donor restrictions by incurring expenses (or through the passage of time), which satisfied the restricted purposes specified by the donors:

Global Climate Campaign	\$ 387,687
Cetaceans Campaign	253,279
Elephants Campaign	208,674
Forest Campaign	5,048,675
Timing restrictions accomplished	<u>40,000</u>
TOTAL NET ASSETS RELEASED FROM DONOR RESTRICTIONS	<u>\$ 5,938,315</u>

5. LEASE COMMITMENTS

In 2019, EIA entered into a lease agreement for office space in Washington, D.C. The agreement commenced July 1, 2019 and ends March 31, 2031. Monthly rent is \$19,961 per month, escalating by 2.5% annually. The first nine (9) months of rent are abated.

The Financial Accounting Standards Board (FASB) issued *Accounting Standards Update (ASU) 2019-01 related to Leases* (Topic 842), in order to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the Statement of Financial Position and disclosing key information about leasing arrangements for operating leases that are greater than one year in duration.

ENVIRONMENTAL INVESTIGATION AGENCY

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

5. LEASE COMMITMENTS (Continued)

The ASU specifically requires an organization to recognize a right-of-use asset and lease liability, initially measured at the present value of the lease payments in the Statement of Financial Position and recognize a single lease cost, calculated so the cost of the lease is allocated over the lease term on a straight line basis. EIA elected on July 1, 2019 to early implement the ASU. As a result, EIA recorded a right-of-use asset in the amount of \$1,955,709, net of the landlord allowance of \$266,150. EIA recorded an operating lease liability in the amount of \$2,221,859 by calculating the net present value using the discount rate of 5.1%. The right-of-use asset and the operating lease liability are being amortized over the life of the lease agreement.

As of December 31, 2021, the unamortized right-of-use asset net of the landlord allowance was \$1,636,298 and the unamortized operating lease liability was \$2,062,730. The lease cost, including imputed interest and amortization of the right-of-use asset plus the straight-line rent expense for the year ended December 31, 2021, was \$244,340, and is included in occupancy and lease costs in the accompanying Statement of Functional Expenses. The future minimum lease payments (shown below) reflect the rental payments through the termination date of the new lease. The following is a schedule of future minimum lease payments:

Year Ending December 31,

2022	\$ 254,807
2023	261,177
2024	267,707
2025	274,400
2026	281,259
Thereafter	<u>1,275,705</u>
	<u>\$ 2,615,055</u>

6. RETIREMENT PLAN

EIA provides retirement benefits to its employees through a defined contribution plan covering all full-time employees with six months of employment. EIA contributes 3% of gross wages. Contributions to the Plan during the year ended December 31, 2021 totaled \$78,835.

7. RELATED PARTY

EIA cooperates with the Environmental Investigation Agency UK (EIA UK) with respect to its campaigns. EIA UK is a registered company, registered with the Charity Commission in England and Wales. A Director of EIA is also a Trustee of EIA UK. EIA and EIA UK may exchange grant funds towards shared programs implementation. EIA granted funds to EIA UK during the year ended December 31, 2021, totaling \$287,887. Also, from time to time, each organization may incur expenses on behalf of another, which are reimbursed."

ENVIRONMENTAL INVESTIGATION AGENCY

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

8. LIQUIDITY

Financial assets available for use for general expenditures within one year of the Statement of Financial Position comprise the following at December 31, 2021:

Cash and cash equivalents	\$ 3,965,318
Investments	675,012
Grants and other receivables	576,478
Less: Donor restricted funds	(2,437,859)
Less: Board designated funds	<u>(495,900)</u>

**FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS
FOR GENERAL EXPENDITURES WITHIN ONE YEAR** **\$ 2,283,049**

EIA has a policy to structure its financial assets to be available and liquid as its obligations become due. As of December 31, 2021, The governing Board has established a fund that may be drawn upon in the event of financial distress or an immediate liquidity need resulting from events outside the typical life cycle of converting financial assets to cash or settling financial liabilities.

9. SUBSEQUENT EVENTS

In preparing these financial statements, EIA has evaluated events and transactions for potential recognition or disclosure through August 3, 2022, the date the financial statements were issued.