

# **FINANCIAL STATEMENTS**



**FOR THE YEAR ENDED DECEMBER 31, 2017  
WITH SUMMARIZED FINANCIAL  
INFORMATION FOR 2016**

**ENVIRONMENTAL INVESTIGATION AGENCY**

**CONTENTS**

	<b>PAGE NO.</b>
INDEPENDENT AUDITOR'S REPORT	2 - 3
EXHIBIT A - Statement of Financial Position, as of December 31, 2017, with Summarized Financial Information for 2016	4
EXHIBIT B - Statement of Activities and Change in Net Assets, for the Year Ended December 31, 2017, with Summarized Financial Information for 2016	5
EXHIBIT C - Statement of Functional Expenses, for the Year Ended December 31, 2017, with Summarized Financial Information for 2016	6 - 7
EXHIBIT D - Statement of Cash Flows, for the Year Ended December 31, 2017, with Summarized Financial Information for 2016	8
NOTES TO FINANCIAL STATEMENTS	9 - 14

# GELMAN, ROSENBERG

## & FREEDMAN

CERTIFIED PUBLIC ACCOUNTANTS



### INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the Environmental Investigation Agency (EIA), which comprise the statement of financial position as of December 31, 2017, 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.

#### Management's Responsibility for the Financial Statements

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

#### Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 EIA as of December 31, 2017, 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.

4550 MONTGOMERY AVENUE · SUITE 650 NORTH · BETHESDA, MARYLAND 20814  
(301) 951-9090 · FAX (301) 951-3570 · WWW.GRFCPA.COM

---

MEMBER OF CPAMERICA INTERNATIONAL, AN AFFILIATE OF HORWATH INTERNATIONAL  
MEMBER OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS' PRIVATE COMPANIES PRACTICE SECTION

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

We have previously audited EIA's 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 1, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Gelman Rosenberg & Freedman*

May 1, 2018

**ENVIRONMENTAL INVESTIGATION AGENCY**  
**STATEMENT OF FINANCIAL POSITION**  
**AS OF DECEMBER 31, 2017**  
**WITH SUMMARIZED FINANCIAL INFORMATION FOR 2016**

**ASSETS**

	<u>2017</u>	<u>2016</u>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 1,343,611	\$ 2,411,018
Investments	390,105	338,899
Grants and other receivables	1,564,946	172,990
Prepaid expenses	<u>79,740</u>	<u>64,635</u>
Total current assets	<u>3,378,402</u>	<u>2,987,542</u>
<b>FIXED ASSETS</b>		
Website	60,915	75,335
Furniture	66,614	50,613
Leasehold improvements	<u>63,911</u>	<u>63,911</u>
	191,440	189,859
Less: Accumulated depreciation and amortization	<u>(98,157)</u>	<u>(67,502)</u>
Net fixed assets	<u>93,283</u>	<u>122,357</u>
<b>OTHER ASSETS</b>		
Deposits	<u>200</u>	<u>200</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 3,471,885</u></b>	<b><u>\$ 3,110,099</u></b>

**LIABILITIES AND NET ASSETS**

<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 189,913	\$ 198,445
Grants payable	66,801	96,647
Deferred rent	<u>22,302</u>	<u>15,514</u>
Total current liabilities	279,016	310,606
<b>LONG-TERM LIABILITIES</b>		
Deferred rent, net of current portion	<u>14,062</u>	<u>36,364</u>
Total liabilities	<u>293,078</u>	<u>346,970</u>
<b>NET ASSETS</b>		
Unrestricted:		
Undesignated	720,382	661,098
Board designated	<u>221,142</u>	<u>206,732</u>
Total unrestricted	941,524	867,830
Temporarily restricted	<u>2,237,283</u>	<u>1,895,299</u>
Total net assets	<u>3,178,807</u>	<u>2,763,129</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 3,471,885</u></b>	<b><u>\$ 3,110,099</u></b>

See accompanying notes to financial statements.

## ENVIRONMENTAL INVESTIGATION AGENCY

**STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2017  
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2016**

	2017			2016
	Unrestricted	Temporarily Restricted	Total	Total
<b>REVENUE AND SUPPORT</b>				
Contributions and grants	\$ 520,043	\$ 4,530,097	\$ 5,050,140	\$ 5,556,551
Investment income	16,590	6,305	22,895	10,605
In-kind contributions	10,637	-	10,637	914
Miscellaneous income	-	-	-	864
Net assets released from donor restrictions	<u>4,194,418</u>	<u>(4,194,418)</u>	<u>-</u>	<u>-</u>
Total revenue and support	<u>4,741,688</u>	<u>341,984</u>	<u>5,083,672</u>	<u>5,568,934</u>
<b>EXPENSES</b>				
Program Services:				
Global Climate Campaign	294,648	-	294,648	525,073
Cetaceans Campaign	219,337	-	219,337	236,191
Elephants Campaign	531,949	-	531,949	654,010
Forest Campaign	<u>3,506,316</u>	<u>-</u>	<u>3,506,316</u>	<u>3,225,757</u>
Total program services	<u>4,552,250</u>	<u>-</u>	<u>4,552,250</u>	<u>4,641,031</u>
Supporting Services:				
Management and General	86,738	-	86,738	132,414
Fundraising	<u>29,006</u>	<u>-</u>	<u>29,006</u>	<u>19,407</u>
Total supporting services	<u>115,744</u>	<u>-</u>	<u>115,744</u>	<u>151,821</u>
Total expenses	<u>4,667,994</u>	<u>-</u>	<u>4,667,994</u>	<u>4,792,852</u>
Change in net assets	73,694	341,984	415,678	776,082
Net assets at beginning of year	<u>867,830</u>	<u>1,895,299</u>	<u>2,763,129</u>	<u>1,987,047</u>
<b>NET ASSETS AT END OF YEAR</b>	<b><u>\$ 941,524</u></b>	<b><u>\$ 2,237,283</u></b>	<b><u>\$ 3,178,807</u></b>	<b><u>\$ 2,763,129</u></b>

**ENVIRONMENTAL INVESTIGATION AGENCY**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**  
**WITH SUMMARIZED FINANCIAL INFORMATION FOR 2016**

	<b>2017</b>		
	<b>Program Services</b>		
	<b>Global Climate Campaign</b>	<b>Cetaceans Campaign</b>	<b>Elephants Campaign</b>
Salaries	\$ 192,827	\$ 96,177	\$ 251,465
Benefits	22,383	13,988	39,455
Payroll taxes/fees	15,522	7,607	18,595
Contract labor	1,535	1,915	12,212
Media and communications	4,269	331	7,193
Workshops, conferences and training	-	2,220	815
Office expenses and IT cost	154	-	4,003
Accounting and audit	-	-	-
Travel	43,863	23,584	32,117
Subgrants	-	-	96,538
Occupancy	-	-	-
Depreciation and amortization	-	-	-
EIA UK subgrants	-	45,492	-
Insurance	-	-	-
Partner fees, contributions and dues	-	239	-
Legal and incorporation fees	1,744	-	-
Bank charges and wire fees	145	81	374
Other	-	-	-
Subtotal	282,442	191,634	462,767
Management and general allocation	12,206	27,703	69,182
<b>TOTAL</b>	<b>\$ 294,648</b>	<b>\$ 219,337</b>	<b>\$ 531,949</b>

2016						
Supporting Services						
Forest Campaign	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total Expenses	Total Expenses
\$ 1,402,474	\$ 1,942,943	\$ 152,436	\$ 19,753	\$ 172,189	\$ 2,115,132	\$ 2,149,516
106,153	181,979	15,456	2,490	17,946	199,925	212,208
94,493	136,217	17,545	1,379	18,924	155,141	158,659
349,816	365,478	1,117	727	1,844	367,322	348,929
46,173	57,966	45,595	391	45,986	103,952	119,989
33,847	36,882	1,083	-	1,083	37,965	60,472
29,358	33,515	11,134	-	11,134	44,649	113,962
7,125	7,125	17,770	-	17,770	24,895	20,605
233,985	333,549	6,892	483	7,375	340,924	401,701
400,533	497,071	12,000	-	12,000	509,071	468,536
-	-	196,076	-	196,076	196,076	188,350
-	-	45,076	-	45,076	45,076	31,110
415,000	460,492	-	-	-	460,492	456,730
-	-	48,753	-	48,753	48,753	49,810
4,635	4,874	523	-	523	5,397	4,200
-	1,744	6,302	-	6,302	8,046	808
2,362	2,962	624	-	624	3,586	6,589
632	632	960	-	960	1,592	678
3,126,586	4,063,429	579,342	25,223	604,565	4,667,994	4,792,852
379,730	488,821	(492,604)	3,783	(488,821)	-	-
<b>\$ 3,506,316</b>	<b>\$ 4,552,250</b>	<b>\$ 86,738</b>	<b>\$ 29,006</b>	<b>\$ 115,744</b>	<b>\$ 4,667,994</b>	<b>\$ 4,792,852</b>



**ENVIRONMENTAL INVESTIGATION AGENCY**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**  
**WITH SUMMARIZED FINANCIAL INFORMATION FOR 2016**

	<u>2017</u>	<u>2016</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 415,678	\$ 776,082
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities:		
Depreciation and amortization	45,076	31,110
Unrealized gain	(10,820)	(3,916)
(Increase) decrease in:		
Grants and other receivables	(1,391,956)	(74,746)
Prepaid expenses	(15,105)	(10,837)
Deposits	-	2,500
(Decrease) increase in:		
Accounts payable and accrued liabilities	(8,531)	(59,394)
Grants payable	(29,846)	62,303
Deferred rent	<u>(15,514)</u>	<u>37,620</u>
Net cash (used) provided by operating activities	<u>(1,011,018)</u>	<u>760,722</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(16,002)	(55,298)
Purchase of investments	<u>(40,387)</u>	<u>(4,233)</u>
Net cash used by investing activities	<u>(56,389)</u>	<u>(59,531)</u>
Net (decrease) increase in cash and cash equivalents	(1,067,407)	701,191
Cash and cash equivalents at beginning of year	<u>2,411,018</u>	<u>1,709,827</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b><u>\$ 1,343,611</u></b>	<b><u>\$ 2,411,018</u></b>

## ENVIRONMENTAL INVESTIGATION AGENCY

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2017

#### 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 policies to address those challenges.

##### Basis of presentation -

The accompanying financial statements are presented on the accrual basis of accounting, and in accordance with the Financial Accounting Standards Board (FASB) ASC 958, *Not-for-Profit Entities*.

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, 2016, 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.

##### 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 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.

## ENVIRONMENTAL INVESTIGATION AGENCY

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2017

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

##### Uncertain tax positions -

For the year ended December 31, 2017, 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.

##### Net asset classification -

The net assets are reported in three self-balancing groups as follows:

- **Unrestricted net assets** include unrestricted revenue and contributions received without donor-imposed restrictions. These net assets are available for the operation of EIA and include both internally designated and undesignated resources.
- **Temporarily restricted net assets** include revenue and contributions subject to donor-imposed stipulations that will be met by the actions of EIA and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities and Change in Net Assets as net assets released from restrictions.
- **Permanently restricted net assets** represent funds restricted by the donor to be maintained in-perpetuity by EIA. As of December 31, 2017, there were no permanently restricted net assets.

##### Contributions and grants -

Unrestricted and temporarily restricted contributions and grants are recorded as revenue in the year notification is received from the donor. Temporarily restricted contributions and grants are recognized as unrestricted support only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions. Temporarily restricted contributions and grants received in excess of expenses incurred are shown as temporarily restricted net assets in the accompanying financial statements.

EIA receives funding under grants and contracts from the U.S. and foreign governments, international organizations and other grantors for direct and indirect program costs. This funding is subject to contractual restrictions, which must be met through incurring qualifying expenses for particular programs.

Accordingly, such grants are considered exchange transactions and are recorded as unrestricted income to the extent that related expenses are incurred in compliance with the criteria stipulated in the grant agreements.

Grants receivable represents amounts due from funding organizations for reimbursable expenses incurred in accordance with the grant agreements. Grant funding received in advance of incurring the related expenses is recorded as a refundable advance.

##### 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.

## ENVIRONMENTAL INVESTIGATION AGENCY

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2017

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

##### 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 among the programs and supporting services benefited.

##### 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.

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.

**ENVIRONMENTAL INVESTIGATION AGENCY**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

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

New accounting pronouncements (not yet adopted) -

In August 2016, the FASB issued Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities* (Topic 958), intended to improve financial reporting for not-for-profit entity. The ASU will reduce the current three classes of net assets into two: with and without donor restrictions. The change in each of the classes of net assets must be reported on the Statement of Activities and Change in Net Assets. The ASU also requires various enhanced disclosures around topics such as board designations, liquidity, functional classification of expenses, investment expenses, donor restrictions, and underwater endowments. The ASU is effective for years beginning after December 15, 2017. Early adoption is permitted. The ASU should be applied on a retrospective basis in the year the ASU is first applied. While the ASU will change the presentation of EIA's financial statements, it is not expected to alter EIA's reported financial position activities.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606) (ASU 2014-09). The ASU establishes a comprehensive revenue recognition standard for virtually all industries under generally accepted accounting principles in the United States (U.S. GAAP) including those that previously followed industry-specific guidance. The guidance states that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The FASB issued ASU 2015-14 in August 2015 that deferred the effective date of ASU 2014-09 by a year; thus, the effective date is years beginning after December 15, 2018. Early adoption is permitted. EIA has not yet selected a transition method and is currently evaluating the effect that the updated standard will have on its financial statements.

In 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842). The ASU changes the accounting treatment for operating leases by recognizing a lease asset and lease liability at the present value of the lease payments in the Statement of Financial Position and disclosing key information about leasing arrangements. The ASU is effective for private entities for years beginning after December 15, 2019. Early adoption is permitted. The ASU should be applied at the beginning of the earliest period presented using a modified retrospective approach.

EIA plans to adopt the new ASUs at the respective required implementation dates.

**2. INVESTMENTS**

The table below summarizes the investments measured at fair value on a recurring basis, by level within the fair value hierarchy as determined by management.

The EIA's investments as of December 31, 2017 were as follows:

<b>Asset Class:</b>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Equities	\$ 88,334	\$ -	\$ -	\$ 88,334
Certificates of deposit	-	301,771	-	301,771
<b>TOTAL</b>	<b><u>\$ 88,334</u></b>	<b><u>\$ 301,771</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 390,105</u></b>

**ENVIRONMENTAL INVESTIGATION AGENCY**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

**2. INVESTMENTS (Continued)**

Following is a description of the valuation methodology used for investments measured at fair value. There were no transfers between levels in the fair value hierarchy during the years ended December 31, 2017. 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.

Included in investment income are the following for the year ended December 31, 2017:

Interest and dividends	\$ 12,075
Unrealized gain	<u>10,820</u>
<b>TOTAL INVESTMENT INCOME</b>	<b><u>\$ 22,895</u></b>

**3. BOARD DESIGNATED NET ASSETS**

As of December 31, 2017, net assets have been designated by the Board of Directors for the following purposes:

<b>Operating Reserve</b>	<b><u>\$ 221,142</u></b>
--------------------------	--------------------------

**4. TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets consisted of the following at December 31, 2017:

Global Climate Campaign	\$ 20,210
Cetaceans Campaign	117,406
Elephants Campaign	350,887
Forest Campaign	<u>1,748,780</u>
<b>TOTAL TEMPORARILY RESTRICTED NET ASSETS</b>	<b><u>\$ 2,237,283</u></b>

The following temporarily restricted net assets 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	\$ 228,826
Cetaceans Campaign	211,934
Elephants Campaign	280,270
Forest Campaign	<u>3,473,388</u>
<b>TOTAL NET ASSETS RELEASED FROM DONOR RESTRICTIONS</b>	<b><u>\$ 4,194,418</u></b>

**ENVIRONMENTAL INVESTIGATION AGENCY**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

**5. LEASE COMMITMENTS**

In October 2015, EIA entered into a lease agreement for office space in Washington, D.C. The agreement commenced on November 3, 2015 and extends through June 29, 2019. Base rent is \$186,305 per year, plus a proportionate share of expenses, increasing by a factor of 3.5% per year. EIA received rent abatement for four months of the lease. EIA deposited an irrevocable letter of credit in the amount of \$31,051, corresponding to two months of base rent as a security deposit for the lease agreement.

Accounting principles generally accepted in the United States of America require that the total rent commitment should be recognized on a straight-line basis over the term of the lease. Accordingly, the difference between the actual monthly payments and the rent expense being recognized for financial statement purposes is recorded as a deferred rent liability in the Statement of Financial Position.

The following is a schedule of the future minimum lease payments as of December 31, 2017:

**Year Ending December 31,**

2018	\$ 200,739
2019	<u>103,280</u>
	<b><u>\$ 304,019</u></b>

Rent expense for the year ended December 31, 2017 totaled \$187,253, and is included in occupancy expense in the accompanying Statement of Functional Expenses.

**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, 2017 totaled \$54,416.

**7. RELATED PARTY**

EIA cooperates with the Environmental Investigation Agency Trust, a United Kingdom charitable organization and the Environmental Investigation Agency (UK) Limited, a United Kingdom not-for-profit organization, both of which have a common mission with EIA. While there is no controlling interest, one Director of EIA is also a Trustee or a Director of the cooperating agencies. EIA grants funds to the Environmental Investigation Agency (UK) Limited in order to carry out certain projects. Total funds granted to the Environmental Investigation Agency (UK) Limited by EIA during the year ended December 31, 2017, totaled \$460,492. Also, from time-to-time, each organization may incur expenses on behalf of another, which are reimbursed. During the year ended December 31, 2017, the Environmental Investigation Agency (UK) Limited incurred \$307 of expenses on behalf of EIA and EIA incurred expenses of \$10,947 on behalf of the Environmental Investigation Agency (UK) Limited. These expenses were all reimbursed during the year ended December 31, 2017 and there were no outstanding amounts at year end.

**8. SUBSEQUENT EVENTS**

In preparing these financial statements, EIA has evaluated events and transactions for potential recognition or disclosure through May 1, 2018, the date the financial statements were issued.