ENVIRONMENTAL LAW INSTITUTE

AUDITED FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEARS ENDED DECEMBER 31, 2022 AND 2021

Environmental Law Institute

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Independent Auditor's Report

Board of Directors
Environmental Law Institute
Washington, D.C.

Opinion

We have audited the accompanying financial statements of **Environmental Law Institute** (a nonprofit organization), which comprise the Statements of Financial Position as of December 31, 2022 and 2021, and the related Statements of Activities and Changes in Net Assets, Functional Expenses, and Cash Flows for the years then ended, and the related notes to the financial statements.

In our opinion, the 2022 financial statements referred to above present fairly, in all material respects, the financial position of **Environmental Law Institute** as of December 31, 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

We conducted our 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. 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 **Environmental Law Institute** 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 opinions.

Prior Period Financial Statements

The financial statements as of December 31, 2021, were audited by Aronson LLC, who merged with Aprio, LLP as of January 1, 2023, and whose reported dated May 23, 2022, expressed an unmodified opinion on those statements.

Emphasis of Matter

As discussed in Note 1 to the financial statements, **Environmental Law Institute** changed its method of accounting for leases in these financial statements due to the adoption of ASU No. 2016-02 *Leases (Topic 842),* using the modified retrospective adoption method. Our opinion is not modified with respect to this matter.

Independent Auditor's Report (Continued)

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 **Environmental Law Institute**'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 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*, 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 **Environmental Law Institute**'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 **Environmental Law Institute**'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.

Independent Auditor's Report (Continued)

Supplementary Information

Our 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 our opinion, the 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*, we have also issued our report dated May 15, 2023, on our consideration of **Environmental Law Institute**'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our 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 **Environmental Law Institute**'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 **Environmental Law Institute**'s internal control over financial reporting and compliance.

Aprio, LLP

Rockville, Maryland
May 15, 2023

Environmental Law Institute

Statements of Financial Position

December 31,		**2022**		2021
Assets				
Current assets				
Cash and cash equivalents	**$**	**3,276,263**	$	3,513,949
Accounts receivable				
Contracts		**86,338**		96,861
Other		**6,210**		8,368
Contributions receivable, net		**2,019,539**		1,006,079
Investments		**5,522,461**		6,455,030
Prepaid expenses and inventory		**192,331**		162,225
Total current assets		**11,103,142**		11,242,512
Deferred compensation plan assets		**144,744**		82,824
Property and equipment, at cost				
Furniture, equipment and software		**551,670**		466,280
Leasehold improvements		**1,050,566**		1,010,393
Total		**1,602,236**		1,476,673
Less: Accumulated depreciation and amortization		**(938,038)**		(851,017)
Property and equipment, net		**664,198**		625,656
Other assets				
Security deposit		**65,604**		65,604
Right-of-use asset - operating lease		**2,635,560**		-
Total other assets		**2,701,164**		65,604
Total assets	**$**	**14,613,248**	$	12,016,596

The accompanying Notes to Financial Statements are an integral part of these financial statements.

	2022	2021
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued liabilities	**$ 438,409**	$ 230,621
Accrued payroll and vacation	**714,029**	818,708
Deferred revenue	**246,399**	440,014
Refundable advances	**1,399,917**	1,338,373
Deferred rent, current portion	**-**	122,587
Lease liability - operating, current portion	**437,720**	-
Total current liabilities	**3,236,474**	2,950,303
Deferred compensation plan liability	**149,644**	83,323
Deferred rent, net of current portion	**-**	881,743
Lease liability - operating, net of current portion	**3,115,307**	-
Total long term liabilities	**3,264,951**	965,066
Total liabilities	**6,501,425**	3,915,369
Net assets		
Net assets without donor restrictions	**5,690,311**	6,237,785
Net assets with donor restrictions	**2,421,512**	1,863,442
Total net assets	**8,111,823**	8,101,227
Total liabilities and net assets	**$ 14,613,248**	$ 12,016,596

The accompanying Notes to Financial Statements are an integral part of these financial statements.

Year Ended December 31, 2022	Without Donor Restrictions	Board Designated	Total Without Donor Restrictions	With Donor Restrictions	Total
Operating revenues					
Contributions					
Federal government	$ 1,441,988	$ -	$ 1,441,988	$ -	**$ 1,441,988**
Foundation	1,245,939	-	1,245,939	1,806,426	**3,052,365**
Corporations and individuals	775,309	-	775,309	107,879	**883,188**
Contributed services	322,421	-	322,421	-	**322,421**
Award dinner	470,098	-	470,098	15,000	**485,098**
Less direct donor benefit	(152,867)	-	(152,867)	-	**(152,867)**
Employee retention tax credit	1,155,339	-	1,155,339	-	**1,155,339**
Exchange transactions					
Federal government	61,855	-	61,855	-	**61,855**
Non-government	355,445	-	355,445	-	**355,445**
Publication sales and subscriptions	197,841	-	197,841	-	**197,841**
Membership	524,310	-	524,310	-	**524,310**
Conferences and meetings	169,027	-	169,027	-	**169,027**
Other revenue	205,505	-	205,505	-	**205,505**
Net assets released from restriction	1,371,235	-	1,371,235	(1,371,235)	**-**
Total operating revenues	8,143,445	-	8,143,445	558,070	**8,701,515**
Operating expenses					
Program services					
Research, policy and training	3,964,704	-	3,964,704	-	**3,964,704**
Associate membership	685,268	-	685,268	-	**685,268**
Publications	560,010	-	560,010	-	**560,010**
Other projects	906,786	-	906,786	-	**906,786**
Total program services	6,116,768	-	6,116,768	-	**6,116,768**
Supporting services					
Fundraising	337,300	-	337,300	-	**337,300**
Management and general	1,326,419	-	1,326,419	-	**1,326,419**
Total supporting services	1,663,719	-	1,663,719	-	**1,663,719**
Total operating expenses	7,780,487	-	7,780,487	-	**7,780,487**
Net operating income	362,958	-	362,958	558,070	**921,028**
Investment return	(910,432)	-	(910,432)	-	**(910,432)**
Changes in net assets	(547,474)	-	(547,474)	558,070	**10,596**
Transfer between net assets without donor restrictions	(1,006,446)	1,006,446	-	-	-
Net assets, beginning of year	5,501,660	736,125	6,237,785	1,863,442	**8,101,227**
Net assets, end of year	**$ 3,947,740**	**$ 1,742,571**	**$ 5,690,311**	**$ 2,421,512**	**$ 8,111,823**

The accompanying Notes to Financial Statements are an integral part of these financial statements.

Year Ended December 31, 2021	Without Donor Restrictions	Board Designated	Total Without Donor Restrictions	With Donor Restrictions	Total
Operating revenues					
Contributions					
Federal government	$ 586,269	$ -	$ 586,269	$ -	$ 586,269
Foundation	559,107	-	559,107	1,598,399	2,157,506
Corporations and individuals	789,293	-	789,293	281,300	1,070,593
Contributed services	730,416	-	730,416	-	730,416
Award dinner	327,020	-	327,020	-	327,020
Less direct donor benefit	(99,862)	-	(99,862)	-	(99,862)
PPP loan forgiveness	745,000	-	745,000	-	745,000
Exchange transactions					
Federal government	232,423	-	232,423	-	232,423
Non-government	544,592	-	544,592	-	544,592
Publication sales and subscriptions	236,608	-	236,608	-	236,608
Membership	468,598	-	468,598	-	468,598
Conferences and meetings	121,440	-	121,440	-	121,440
Other revenue	245,425	-	245,425	-	245,425
Net assets released from restriction	1,718,866	-	1,718,866	(1,718,866)	-
Total operating revenues	7,205,195	-	7,205,195	160,833	7,366,028
Operating expenses					
Program services					
Research, policy and training	3,273,671	274,915	3,548,586	-	3,548,586
Associate membership	567,735	-	567,735	-	567,735
Education	236,818	-	236,818	-	236,818
Publications	661,853	-	661,853	-	661,853
Other projects	521,626	-	521,626	-	521,626
Total program services	5,261,703	274,915	5,536,618	-	5,536,618
Supporting services					
Fundraising	388,598	-	388,598	-	388,598
Management and general	1,562,499	-	1,562,499	-	1,562,499
Total supporting services	1,951,097	-	1,951,097	-	1,951,097
Total operating expenses	7,212,800	274,915	7,487,715	-	7,487,715
Net operating income (loss)	(7,605)	(274,915)	(282,520)	160,833	(121,687)
Investment return	760,723	-	760,723	-	760,723
Changes in net assets	753,118	(274,915)	478,203	160,833	639,036
Transfer between net assets without donor restrictions	(228,250)	228,250	-	-	-
Net assets, beginning of year	4,976,792	782,790	5,759,582	1,702,609	7,462,191
Net assets, end of year	$ 5,501,660	$ 736,125	$ 6,237,785	$ 1,863,442	$ 8,101,227

The accompanying Notes to Financial Statements are an integral part of these financial statements.

Year Ended December 31, 2022	Program Services: Research, Policy and Training	Program Services: Associate Membership	Program Services: Publications	Program Services: Other Projects	Program Services: Total Program Expenses	Supporting Services: Fundraising	Supporting Services: Management and General	Supporting Services: Total Supporting Services	**Total**
Salaries and benefits	$ 2,311,569	$ 540,878	$ 361,715	$ 469,625	$ 3,683,787	$ 283,311	$ 967,875	$ 1,251,186	**$ 4,934,973**
Professional fees and expenses	911,200	20,862	61,125	259,984	1,253,171	1,401	85,051	86,452	**1,339,623**
Contributed services	197,756	-	-	59,300	257,056	-	65,365	65,365	**322,421**
Bank and credit card fees	878	4,498	190	705	6,271	6,405	906	7,311	**13,582**
Business insurance	11,948	2,796	1,870	2,427	19,041	1,464	5,003	6,467	**25,508**
Occupancy	205,979	48,196	32,232	41,847	328,254	25,245	86,245	111,490	**439,744**
Printing, production and duplication	10,986	37,276	61,430	1,958	111,650	965	484	1,449	**113,099**
Subscriptions and membership	17,093	3,516	4,664	344	25,617	451	18,567	19,018	**44,635**
Postage and delivery	1,154	4,977	12,039	513	18,683	874	2,886	3,760	**22,443**
Travel and transportation	80,913	69	275	3,487	84,744	578	27,312	27,890	**112,634**
Conferences and meetings	127,174	3,930	-	3,992	135,096	3,348	8,592	11,940	**147,036**
Supplies	1,909	252	315	3,518	5,994	2,922	1,349	4,271	**10,265**
Telecommunications	56,705	11,735	13,822	53,829	136,091	7,255	33,147	40,402	**176,493**
Depreciation	25,089	5,870	3,926	5,097	39,982	3,075	10,505	13,580	**53,562**
Outreach	80	402	6,400	-	6,882	-	29	29	**6,911**
GSA Fees	449	-	-	-	449	-	-	-	**449**
Staff development/employment	3,822	11	7	10	3,850	6	6,180	6,186	**10,036**
Miscellaneous	-	-	-	150	150	-	6,923	6,923	**7,073**
Total expenses	**3,964,704**	**685,268**	**560,010**	**906,786**	**6,116,768**	**337,300**	**1,326,419**	**1,663,719**	**7,780,487**
Direct donor benefit	**-**	**-**	**-**	**-**	**-**	**152,867**	**-**	**-**	**152,867**
Total expenses	**$ 3,964,704**	**$ 685,268**	**$ 560,010**	**$ 906,786**	**$ 6,116,768**	**$ 490,167**	**$ 1,326,419**	**$ 1,816,586**	**$ 7,933,354**

Environmental Law Institute

Statement of Functional Expenses

Year Ended December 31, 2021	Program Services						Supporting Services			
	Research, Policy and Training	Associate Membership	Education	Publications	Other Projects	Total Program Expenses	Fundraising	Management and General	Total Supporting Services	Total
Salaries and benefits	$ 2,085,540	$ 392,765	$ 180,006	$ 406,238	$ 215,654	$ 3,280,203	$ 295,689	$ 1,063,250	$ 1,358,939	$ 4,639,142
Professional fees and expenses	789,646	24,915	7	25,189	46,065	885,822	1,011	37,006	38,017	923,839
Contributed services	328,361	61,839	28,341	63,961	33,954	516,456	46,555	167,405	213,960	730,416
Bank and credit card fees	803	3,531	2,003	1,159	184	7,680	5,986	216	6,202	13,882
Business insurance	8,838	1,665	763	1,722	914	13,902	1,253	6,956	8,209	22,111
Occupancy	184,632	34,771	15,936	35,964	19,092	290,395	26,177	145,316	171,493	461,888
Printing, production and duplication	2,440	28,506	211	64,061	252	95,470	350	1,946	2,296	97,766
Subscriptions and membership	11,159	679	3,535	6,220	25	21,618	35	6,390	6,425	28,043
Postage and delivery	974	5,986	80	12,143	142	19,325	535	1,601	2,136	21,461
Travel and transportation	20,556	-	-	-	70	20,626	75	4,041	4,116	24,742
Conferences and meetings	74,888	8	1,255	8	1,269	77,428	2,288	3,289	5,577	83,005
Supplies	3,382	324	148	508	178	4,540	1,765	1,449	3,214	7,754
Telecommunications	2,145	428	151	356	181	3,261	248	1,646	1,894	5,155
Depreciation	15,853	2,986	1,368	3,088	1,639	24,934	2,248	12,478	14,726	39,660
Computer services	14,599	8,357	1,183	35,911	74,838	134,888	4,297	89,360	93,657	228,545
CLE, state filing	1,492	-	1,459	825	155	3,931	95	9,039	9,134	13,065
Product advertising/non research	205	27	372	-	-	604	-	1,333	1,333	1,937
Staff development/employment	1,680	448	-	-	126,954	129,082	189	480	669	129,751
Bad debt	1,343	-	-	-	-	1,343	-	-	-	1,343
Miscellaneous	50	500	-	4,500	60	5,110	(198)	9,298	9,100	14,210
Total expenses	$ 3,548,586	$ 567,735	$ 236,818	$ 661,853	$ 521,626	$ 5,536,618	$ 388,598	$ 1,562,499	$ 1,951,097	$ 7,487,715
Direct donor benefit	-	-	-	-	-	-	99,862	-	-	99,862
Total expenses	**$ 3,548,586**	**$ 567,735**	**$ 236,818**	**$ 661,853**	**$ 521,626**	**$ 5,536,618**	**$ 488,460**	**$ 1,562,499**	**$ 2,050,959**	**$ 7,587,577**

Years Ended December 31,		**2022**		2021
Cash flows from operating activities				
Changes in net assets	**$**	**10,596**	$	639,036
Adjustments to reconcile changes in net assets to net cash provided by operating activities				
Net realized and unrealized loss (gain) on investments		**1,075,158**		(589,055)
Depreciation and amortization		**128,403**		114,501
Loss on disposal of property and equipment		**5,409**		-
(Increase) decrease in:				
Accounts receivable		**12,681**		(31,181)
Contributions receivable		**(1,013,460)**		(505,824)
Prepaid expenses and inventory		**(30,106)**		14,246
Right-of-use asset - operating lease		**333,443**		-
Increase (decrease) in:				
Accounts payable and accrued liabilities		**207,788**		3,430
Accrued payroll and vacation		**(104,679)**		258,434
Deferred revenue		**(193,615)**		181,363
Refundable advances		**61,544**		815,483
Deferred compensation plan		**66,321**		37,458
Deferred rent		**-**		(85,825)
Lease liability - operating lease		**(420,306)**		-
Net cash provided by operating activities		**139,177**		852,066
Cash flows from investing activities				
Purchases of investments		**(241,816)**		(241,970)
Proceeds from sales of investments		**37,307**		37,523
Purchases of property and equipment		**(172,354)**		(16,114)
Net cash used in investing activities		**(376,863)**		(220,561)
Net change in cash and cash equivalents		**(237,686)**		631,505
Cash and cash equivalents, beginning of year		**3,513,949**		2,882,444
Cash and cash equivalents, end of year	**$**	**3,276,263**	$	3,513,949

The accompanying Notes to Financial Statements are an integral part of these financial statements.

1. Organization and significant accounting policies

Organization: The Environmental Law Institute (the "Organization" or the "Institute") is a nonprofit corporation, operating in the District of Columbia, that conducts its major program activities in three broad, interrelated program areas involving conservation and environmental protection: education and training; publications; and policy research and technical assistance. The Institute was organized in December 1969 and is generally exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code, and is not classified by the IRS as a private foundation. It is subject to income tax only on its unrelated business income.

Basis of accounting: The accompanying financial statements have been prepared on the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America ("GAAP") for not-for-profit organizations.

Basis of presentation: The Institute classifies net assets and revenues based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Institute and changes therein are classified and reported as follows:

Ne**t assets without donor restrictions** – net assets that are not subject to donor-imposed stipulations.

Board designated net assets – The board may designate the use of net assets without donor restrictions to enhance operational capabilities intended to produce future revenue. For the years ended December 31, 2022 and 2021, the change in board designated net asset without donor restrictions was $1,006,446 and $228,250, respectively. Total board designated net assets without donor restrictions for the years ended December 31, 2022 and 2021, was $1,742,571 and $736,125, respectively.

Ne**t 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 Institute or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. The Institute has no such perpetual restrictions as of December 31, 2022 and 2021.

Cash and cash equivalents: Cash equivalents consist of demand deposits, money market funds, and investments with initial maturities of ninety days or less. Environmental Law Institute maintains cash balances at commercial banks with cash balances that exceed the Federal Deposit Insurance Corporation (FDIC) insured deposit limit of $250,000 per financial institution. As of December 31, 2022 and 2021, the Organization's cash balances held at the commercial banks exceeded the insured limits by approximately $2,778,000 and $3,137,000, respectively. The Organization has not experienced any losses through the date when the financial statements were available to be issued.

Accounts receivable: Accounts receivable include all current billed and unbilled costs chargeable to contracts within the respective cost limits. All unbilled receivables will be billed at the next billing date and are expected to be collected within a twelve-month period. The face amount of accounts receivable is reduced by an allowance for doubtful accounts, if necessary. The allowance for doubtful accounts reflects the best estimate of probable losses determined principally on the basis of historical experience. All accounts or portions thereof that are deemed to be uncollectible or that require an excessive collection cost are written off to the allowance for doubtful accounts. All amounts are considered collectible at December 31, 2022 and 2021.

Contributions receivable: Contributions receivable consist of unconditional promises to give that are expected to be collected in future years. An allowance for doubtful accounts is allocated on an account by account basis, if necessary. Contributions expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on contributions are computed at a discount rate approximating the prevailing local borrowing rate. Amortization of the discount is included in contribution revenue.

Investments: Investments consist of mutual funds and exchange traded funds. Mutual funds and exchange traded funds are stated at fair value based on quoted market prices on the last business day of the year. Investments also include cash which is valued at cost which approximates fair value.

Donated investments are recorded at their fair value at the date of the gift. The Institute's policy is to liquidate all gifts of investments as soon as possible after the gift is received.

Purchases and sales of investments are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net realized and unrealized gains include the Institute's gains and losses on investments bought and sold as well as held during the year.

Fair value: The Institute values investments at fair value in accordance with a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value as follows:

Level 1. Observable inputs such as quoted prices in active markets for identical assets or liabilities;

Level 2. Inputs, other than the quoted prices in active markets, that are observable either directly or indirectly; and

Level 3. Unobservable inputs in which there is little or no market data, which require the entity to develop its own assumptions.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. There have been no changes in the fair value methodologies used at December 31, 2022 and 2021.

Inventory: Inventory consists of books and publications and is valued at the lower of cost or net realizable value. Cost is determined using the average cost method. Inventory totaled $22,411 and $24,222 as of December 31, 2022 and 2021, and is included in prepaid expenses and inventory on the Statements of Financial Position.

Property and equipment: The Institute capitalizes all expenditures for property and equipment in excess of $500. Property and equipment are carried at cost. Donated property and equipment are valued at the approximate fair value at the date of donation.

Depreciation and amortization are computed using the straight-line method over estimated useful lives of three to eight years for furniture, equipment and software, and the shorter of the term of the lease or useful life for leasehold improvements. Depreciation and amortization expense for the years ended December 31, 2022 and 2021 totaled $128,403 and $114,501, respectively.

Leases: Operating lease right-of-use assets (ROU) and lease liabilities are recognized at the lease commencement date based on the present value of the lease payments over the lease term. ROU assets also include adjustments related to lease payments made and lease incentives received at or before the commencement date. The ROU assets resulting from operating leases are disclosed as right-of-use asset – operating lease and the related liabilities are included in lease liability – operating in the Statements of Financial Position. At lease commencement, lease liabilities are recognized based on the present value of the remaining lease payments and discounted using the risk-free rate. Operating lease cost is recognized on a straight-line basis over the lease term as occupancy expense in the accompanying Statements of Functional Expenses. Lease and non-lease components of office space lease agreements are accounted as a single component. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. The Organization determines if an arrangement is a lease at inception. All leases are recorded on the Statements of Financial Position except for leases with an initial term less than 12 months for which the Organization made the short-term lease election.

Impairment of long-lived assets: The Institute reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The Institute evaluates the carrying value of its long-lived assets based on whether it is probable that undiscounted future cash flows from its long-lived assets will be less than their net book value. As of December 31, 2022 and 2021, respectively, management does not believe an impairment adjustment is required.

Deferred revenue: Payments received in advance of revenue recognition for periodicals, publication sales, the award dinner, and associate membership fees are recorded as deferred revenue. Revenue is recognized when the earnings process is completed.

Contributions: Environmental Law Institute recognizes contributions when cash, securities or other assets, or an unconditional promise to give is received. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met. The Organization has elected the policy to report donor-restricted contributions that were initially conditional contributions (condition has been met) as revenue recognized as support within net assets without donor restrictions.

Consequently, at December 31, 2022 and 2021, contributions of $1,161,418 and $2,276,854, respectively, have not been recognized in the accompanying Statements of Activities and Changes in Net Assets because the measurable performance related conditions on which they depend have not yet been met. Advance payments totaling $1,405,917 and $1,338,373 are recorded in the Statements of Financial Position as refundable advances at December 31, 2022 and 2021, respectively.

A portion of the Organization's revenue is derived from cost-reimbursable federal grants, which are conditioned upon certain performance requirements and/ or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the Statements of Financial Position. The Organization received cost-reimbursable grants of $1,161,418 and $1,457,481 that have not been recognized or recorded at December 31, 2022 and 2021, respectively, because qualifying expenditures have not yet been incurred.

Exchange transactions - revenue recognition: Environmental Law Institute recognizes certain revenue under Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers* (ASC 606). The standard outlines a five-step model whereby revenue is recognized as performance obligations within a contract are satisfied. The five-step model is outlined below:

Step 1: Identify the contract(s) with a customer.
Step 2: Identify the performance obligations in the contract.
Step 3: Determine the transaction price.
Step 4: Allocate the transaction price to the performance obligations in the contract.
Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation.

Federal government and non-government contracts: Environmental Law Institute receives contracts from government customers and private sector companies and organizations. For most of the contracts, the customer contracts with the Organization to provide a significant service of integrating a complex set of tasks into a single research project with one critical objective or purpose. Therefore, the entire contract has one performance obligation. If a contract is separated into more than one performance obligation, the Organization allocates the total transaction price to each performance obligation in an amount based on the estimated related stand-alone-selling-prices ("SSP") of the promised goods or services underlying each performance obligation.

Revenue is generally recognized over time using the cost to cost method for a majority of the performance obligations. The services provided are typically billed on a monthly basis as costs are incurred. The Organization does have a small number of contracts that are recognized at a point in time. Services provided for these contracts are also typically billed on a monthly basis.

Publications and subscriptions: The Organization sells paper and electronic publications. The Organization satisfies its performance obligation and recognizes revenue at the point in time, i.e., when the publication is sold. For subscriptions, the Organization provides news alerts, monthly publications, access to updated archives, and subscriptions to the *Environmental Law Reporter* ("ELR"). These obligations are transferred and recognized evenly over the one year subscription period. Payment is received in advance. Publication sales and subscription sales totaled $67,264 and $130,577, respectively, for the year ended December 31, 2022. Publication sales and subscription sales totaled $67,894 and $168,714, respectively for the year ended December 31, 2021.

Membership: The Organization provides members access to information, discounts on books and reports, online subscriptions to ELR, and an option to attend the annual awards dinner and a three-day Environmental Law Boot Camp at a discounted rate. Membership dues are typically paid in advance and recognized when performance obligations are satisfied. Performance obligations recognized at a point in time include the customer options to attend the annual awards dinner and the three-day Environmental Law Boot Camp at a discounted rate which are recognized when the related event takes place or the option expires. The remaining member benefits are combined into one performance obligation as a series of distinct benefits provided and are recognized evenly over the one year membership term. The fixed transaction price is allocated to the performance obligations using their stand-alone-selling-prices.

Membership dues are disaggregated based on when performance obligations are satisfied for the years ended December 31, as follows:

	2022	2021
Performance obligations satisfied at a point in time	**$ 213,971**	$ 115,402
Performance obligations satisfied over time	**310,339**	353,196
Total	**$ 524,310**	$ 468,598

Conferences and meetings: The Organization holds conferences and events which are available to members and nonmembers. Payments are typically received in advance and revenue is recognized at a point in time that the related conference or event takes place.

Other revenue: Consists mainly of sales-based royalties and management fees. Payments for sales-based royalties are received quarterly and revenue is recognized as sales are reported to the Organization. Payments for management fees are received monthly when invoiced and revenue is recognized ratably over the time of the agreement.

Contract costs: Contract costs generally include direct costs, such as compensation expenses for program personnel and other direct costs incurred as well as indirect costs identifiable with and allocable to the contract program. Costs are expensed as incurred. The Organization does not incur significant incremental costs to acquire contracts.

Contract balances: Accounts receivable include billed and unbilled amounts related to services provided to customers. Contract liabilities include amounts paid by customers for which services have not yet been provided and are included in deferred revenue. The following tables provides information about significant changes in the deferred revenue for the years ended December 31:

	2022	2021
Deferred revenue paid in advance, beginning of the year	**$ 440,014**	$ 258,651
Revenue recognized that was included in deferred revenue at the beginning of the year	**(440,014)**	(258,651)
Increase in deferred revenue due to cash received during the year	**246,399**	440,014
Deferred revenue paid in advance, end of the year	**$ 246,399**	$ 440,014

Concentrations: For the year ended December 31, 2022, approximately 39% of the Organization's revenue was derived from three different organizations. A similar concentration did not exist for the year ended December 31, 2021.

As of December 31, 2022, receivables from two donors represented 77% of the total receivables balance. As of December 31, 2021, receivables from three donors represented 48% of the total receivables balance.

Employee Retention Tax Credit: Under the provisions of the CARES Act signed into law on March 27, 2020 and the subsequent extensions of certain provisions, the Organization was eligible for the refundable employee retention tax credit (ERTC) during 2022. The maximum credit in 2021 was $7,000 per employee for each quarter through September 30, 2021. The Organization has accounted for the credit as a contribution under ASC 958-605. During the year ended December 31, 2022, the Organization recognized $1,155,339 related to the ERTC which is presented within contributions – employee retention tax credit on the accompanying Statements of Activities and Changes in Net Assets and contribution receivable on the accompanying Statements of Financial Position.

Functional expenses: The costs of providing the various programs and other activities have been summarized on a functional basis in the Statements of Activities and Changes in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Salaries are charged directly to the programs and supporting services. Fringe benefits are allocated based on each program's or supporting service's proportionate share of total salaries.

The expenses that are allocated include the following:

Expenses	Method of Allocation
Salaries and benefits	Time and effort
Business insurance	Time and effort
Occupancy	Time and effort
Printing, production and duplication	Time and effort
Postage and delivery	Time and effort
Travel and transportation	Time and effort
Conferences and meetings	Time and effort
Supplies	Time and effort
Telecommunications, computer	Time and effort
Depreciation	Time and effort
Staff development/employment	Time and effort

Tax status: Environmental Law Institute is incorporated as a nonprofit organization and is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code as a publicly supported organization. Management has concluded that the Organization has maintained its exempt status.

Uncertainties in income taxes: The Organization evaluates uncertainty in income tax positions based on a more-likely-than-not recognition standard. If that threshold is met, the tax position is then measured at the largest amount that is greater than 50% likely of being realized upon ultimate settlement. As of December 31, 2022, there are no accruals for uncertain tax positions. If applicable, the Organization records interest and penalties as a component of income tax expense. Tax years from 2019 through the current year remain open for examination by federal and state tax authorities.

Use of estimates: The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash flow classification of donated financial assets: Cash receipts from the sale of donated securities that upon receipt were converted nearly immediately into cash and with no donor-imposed restrictions are included in the operating section of the Statements of Cash Flows, while cash receipts from the sale of donated securities with donor-imposed long-term restrictions are classified as financing activities. Otherwise, receipts from the sale of donated financial assets are classified as cash flows from investing activities.

Recent accounting pronouncement adopted: The Organization adopted Accounting Standards Codification 842, *Leases*, (ASC 842) effective January 1, 2022. This standard requires lessees to recognize leases on the Statement of Financial Position as right-of-use (ROU) assets and lease liabilities based on the value of the discounted future lease payments. In adopting ASC 842, the Organization elected to use the practical expedient package, which includes not reevaluating if a contract is or contains a lease, not reevaluating the classification of a lease, and not reevaluating initial direct costs.

Upon adoption, the Organization recognized an operating lease ROU asset and a lease liability in the amounts of $2,969,004 and $3,973,333, respectively, using the modified retrospective alternative method. No cumulative-effect adjustments were required. ASC 842 did not have a significant effect on the accounting for lessee contracts classified as finance leases.

Reclassifications: Certain prior year amounts have been reclassified to conform to the current year presentation. There was no impact on net assets or changes in net assets as a result of the reclassifications.

Subsequent events: Management has evaluated subsequent events for disclosure in these financial statements through May 15, 2023, which is the date the financial statements were available to be issued.

2. Liquidity and the availability of resources

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. The Organization has various sources of liquidity at its disposal, including cash and cash equivalents, as well as marketable debt and equity securities. The Organization strives to maintain liquid financial assets sufficient to cover 90 days of general expenditures.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing activities of research, publications, membership, and educational programs as well as the conduct of services undertaken to support those activities to be general expenditures.

The Organization receives significant restricted contributions, primarily from foundations, and considers contributions restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures.

The following represents the Environmental Law Institute's financial assets at December 31:

Financial assets at year-end:		**2022**		2021
Cash and cash equivalents	**$**	**3,276,263**	$	3,513,949
Investments		**5,522,461**		6,455,030
Accounts receivable		**92,548**		105,229
Contributions receivable, net		**2,019,539**		1,006,079
Total financial assets at year-end		**10,910,811**		11,080,287
Less long-term financial asset:				
Investments		**(5,522,461)**		(6,455,030)
Financial assets available to meet general expenditures over the next twelve months	**$**	**5,388,350**	$	4,625,257

The purpose of the Organization's reserves is to provide for the long-term financial health and growth. Following the Organization's Financial Management Policy, the Organization endeavors to maintain sufficient funds in its reserves to fund six-months of routine operations. Proposals by Environmental Law Institute's Staff or the Board to withdraw funds from reserves for special activities will normally be considered and approved during the annual budget cycle. Withdrawals from reserves for special activities may occur during the year with approval of the Finance & Investment Committee, Executive Committee, and the Board.

3. Contributions receivable

As of December 31, 2022 and 2021, all contributions receivable are expected to be collected in one year or less. The allowance for uncollectable accounts was $1,535 as of December 31, 2022 and 2021, respectively.

4. Investments

Investments of the Organization as of December 31, are as follows:

	2022	2021
Cash	**$ -**	$ 10,963
Mutual funds:		
Domestic equities	**2,241,750**	2,646,740
International equities	**747,988**	868,112
Real estate	**86,491**	115,257
Domestic bonds	**853,205**	518,500
International bonds	**392,319**	384,895
US treasury money market fund	**45**	-
Exchange traded funds:		
International equities	**490,407**	579,457
Domestic bonds	**710,256**	1,331,106
Total investments	**$ 5,522,461**	$ 6,455,030

5. Fair value

Assets were recorded at fair value on a recurring basis as of December 31, based on the following level of hierarchy:

		Fair Value Measurements Using		
December 31, 2022	**Total**	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Mutual funds:				
Domestic equities	**$ 2,241,750**	**$ 2,241,750**	**$ -**	**$ -**
International equities	**747,988**	**747,988**	**-**	**-**
Real estate	**86,491**	**86,491**	**-**	**-**
Domestic bonds	**853,205**	**853,205**	**-**	**-**
International bonds	**392,319**	**392,319**	**-**	**-**
US treasury money market fund	**45**	**45**	**-**	**-**
Exchange traded funds:				
International equities	**490,407**	**490,407**	**-**	**-**
Domestic bonds	**710,256**	**710,256**	**-**	**-**
Total	**$ 5,522,461**	**$ 5,522,461**	**$ -**	**$ -**

December 31, 2021	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Mutual funds:				
Domestic equities	$ 2,646,740	$ 2,646,740	$ -	$ -
International equities	868,112	868,112	-	-
Real estate	115,257	115,257	-	-
Domestic bonds	518,500	518,500	-	-
International bonds	384,895	384,895	-	-
Exchange traded funds:				
International equities	579,457	579,457	-	-
Domestic bonds	1,331,106	1,331,106	-	-
Total	$ 6,444,067	$ 6,444,067	$ -	$ -
Money market funds and cash	10,963	10,963	-	-
Total	$ 6,455,030	$ 6,455,030	$ -	$ -

6. Risks and uncertainties

The Institute invests in various investment securities that are exposed to different risks such as interest rate, credit and market volatility risks. Due to the level of risk associated with certain securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the Organization's account balances and amounts reported in the Statements of Financial Position.

7. Net assets with donor restrictions

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

	2022	2021
Research activities	**$ 2,324,240**	$ 1,734,111
Time restricted only	**97,272**	129,331
Total	**$ 2,421,512**	$ 1,863,442

8. Contributed resources and services

Environmental Law Institute received contributions of labor with a fair value of $322,421 and $730,416 in the years ended December 31, 2022 and 2021, respectively. Contributed services are recognized when services require specialized skills, are performed by individuals who possess those skills, and the Organization would typically need to pay for them. During 2022 and 2021, labor valued at $321,500 and $721,764, respectively, related to the Institute's core programs was allocated to program expenses. The remaining donated labor included $921 and $8,652 for the years ended December 31, 2022 and 2021, respectively, which was allocated to management and general expense.

9. PPP loan

In January 2021, the Institute was granted a $745,000 loan under the Paycheck Protection Program ("PPP") administered by a Small Business Administration ("SBA") approved partner. The loan was uncollateralized and was fully guaranteed by the Federal government. The Institute initially recorded the loan as a refundable advance and subsequently recognized grant revenue in accordance with guidance for conditional contributions; that is, once the measurable performance or other barrier and right of return of the PPP loan no longer existed. The Institute applied for forgiveness and recognized $745,000 as contribution revenue on the Statements of Activities and Changes in Net Assets for the year ended December 31, 2021. The Institute received notification of their loan forgiveness from the SBA on November 2, 2021.

10. Operating lease

In September 2014, the Institute entered into an operating lease agreement for new office space in Washington D.C. The lease term started in December 2014 and was to expire in February 2025 with a renewal option to extend the term of the lease. In December 2019, this lease was renewed and extended through February 2030. The lease provides for fixed annual increases during the lease term as well as a rent abatement.

Under FASB ASC 840 (pre-adoption of the new standard, ASC 842) the difference between rent expense recognized on a straight-line basis and actual cash payments under the lease, as well as the utilized tenant improvement allowance, is reflected in deferred rent on the accompanying 2021 Statement of Financial Position. Total occupancy expense for the year ended December 31, 2021 was $382,563.

Future minimum lease payments as of December 31, 2021 are as follows:

	Amount
2022	$ 478,927
2023	489,702
2024	500,721
2025	511,987
2026	523,506
Thereafter	1,735,876
Total	**$ 4,240,719**

Upon adoption of the new standard, the Organization evaluated current contracts to determine which met the criteria of a lease. The right-of-use (ROU) assets represent the Organization's right to use underlying assets for the lease term, and the lease liabilities represent the Organization's obligation to make lease payments arising from these leases. The ROU asset and lease liability from the operating lease was calculated based on the present value of future lease payments over the lease term. Environmental Law Institute has made an accounting policy election to use a risk-free rate, in lieu of its incremental borrowing rate to discount future lease payments. The discount rate applied to calculate lease liabilities as of December 31, 2022, was 1.55%. The remaining lease term is 8.17 years as of December 31, 2022.

Total operating lease expense was $457,394 for the year ended December 31, 2022. Total cash flows from operating leases were $478,927 for the year ended December 31, 2022.

Future maturities of lease liabilities as of December 31, 2022 are as follows:

	Amount
2023	$ 489,702
2024	500,721
2025	511,987
2026	523,507
2027	535,286
Thereafter	1,200,591
Total	3,761,794
Less: imputed interest	(208,767)
Lease liability, operating	**$ 3,553,027**

11. Pension plan

The Organization has an Internal Revenue Code Section 403(b) pension plan covering substantially all employees. The Institute matches employees' contributions in an amount equal to the greater of 100% of each employee's annual contribution up to $2,000, or the first 2.5% of compensation. The Institute's contributions were $99,672 and $103,204 for the years ended December 31, 2022 and 2021, respectively.

The Organization has a nonqualified deferred compensation plan ("457(b) Plan") for members of management. A deferred compensation liability representing employee contributions is included in the accompanying Statements of Financial Position. The assets held for the plan are generally distributed upon termination of employment and until that time, remain subject to the claims of Institute's general creditors. The Institute made no employer contributions to the 457(b) Plan during the years ended December 31, 2022 and 2021.

12. Direct costs

Included in fundraising expenses are the direct costs of the Organization's annual dinner which were $147,250 and $99,862 for the years ended December 31, 2022 and 2021, respectively.

13. Related party transactions

Members of the Organization's Board of Directors contributed $284,414 and $292,807 during the years ended December 31, 2022 and 2021. In 2021, an Environmental Law Institute employee's spouse provided consulting services totaling $55,501.

14. Indirect cost recovery

The Institute receives cost-based grants from agencies of the United States government. Such grants are subject to audit under the provisions of 2 CFR 200. The ultimate determination of amounts received under the United States government grants is based upon the allowance of costs reported to and accepted by the United States government.

Billings under these cost-based government grants are calculated using provisional rates which permit recovery of indirect costs. These rates could be subject to audit by the government agencies. The determination of the final indirect cost rates is also determined by the government agency. The final rates, if different from the provisional rates, may create a receivable or a liability.

As of December 31, 2022, the Organization had received final settlements on indirect cost rates through 2021. The Organization periodically reviews its cost estimates and experience rates, and adjustments, if needed, are made and reflected in the period in which the estimates are revised. In the opinion of management, redetermination of any cost-based grants for the open year will not have any material effect on the Organization's financial position or change in net assets.

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
Environmental Law Institute
Washington, D.C.

We 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 **Environmental Law Institute** (a nonprofit organization), which comprise the Statement of Financial Position as of December 31, 2022, and the related Statements of Activities and Changes in Net Assets, Functional Expenses, and Cash Flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 15, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered **Environmental Law Institute'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 our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of **Environmental Law Institute**'s internal control. Accordingly, we do not express an opinion on the effectiveness of the **Environmental Law Institute**'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.

Our consideration of the 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 our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

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* (Continued)

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether **Environmental Law Institute**'s financial statements are free from material misstatement, we 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 our audit, and accordingly, we do not express such an opinion. The results of our 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 our 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.

Aprio, LLP

Rockville, Maryland
May 15, 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
Environmental Law Institute
Washington, D.C.

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited **Environmental Law Institute'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 **Environmental Law Institute's** major federal programs for the year ended December 31, 2022. **Environmental Law Institute's** major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, **Environmental Law Institute** 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 December 31, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of **Environmental Law Institute** and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of **Environmental Law Institute'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 **Environmental Law Institute's** federal programs.

Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance (continued)

Auditor's Responsibilities for the Audit of Compliance

Our 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 **Environmental Law Institute's** compliance based on our 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 **Environmental Law Institute'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, we:

- 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 **Environmental Law Institute's** compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of **Environmental Law Institute's** internal control overcompliance 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 **Environmental Law Institute's** internal control over compliance. Accordingly, no such opinion is expressed.

We are 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 we identified during the audit.

Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance (continued)

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.

Our 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 our audit we did not identify any deficiencies in internal control over compliance that we 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.

Our 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 our 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.

Aprio, LLP

Rockville, Maryland
May 15, 2023

Year ended December 31, 2022

Federal Grantor/Program Title	Assistance Listing Number	Pass-through Entity	Pass-through Grant or Contract ID	Passed Through to Subrecipients	Federal Expenditures
Environmental Protection Agency (EPA)					
Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act	66.034			$ -	$ 169,504
Compliance Assistance Support for Services to the Regulated Community and Other Assistance Providers	66.305			-	127,598
International Compliance and Enforcement Projects	66.313			-	37,915
Construction Grants for Wastewater Treatment Works	66.418			-	15,915
Surveys, Studies, Investigations, Demonstrations, and Training Grants and Cooperative Agreements Section 104(b)(3) of the Clean Water Act	66.436			-	167,588
National Wetland Program Development	66.462			-	155,358
Total Environmental Protection Agency				-	673,878
Research and Development Cluster					
National Science Foundation					
Geosciences	47.050			-	42,533
Research Network on Effects of Digitalization	47.070, 47.041			54,462	119,981
Total Research and Development Cluster				54,462	162,514
U.S. Department of Agriculture					
Farm and Ranch Lands Protection Program	10.931			-	24,447
Total U.S. Department of Agriculture				-	24,447
U.S. Department of State					
Public Diplomacy Programs	19.040			-	72,420
Trans-National Crime	19.705			-	4,215
Total U.S. Department of State				-	76,635
U.S. Agency for International Development					
USAID Foreign Assistance for Programs Overseas	98.001	DAI Global, LLC	1003494-IQC-20S-33190	10,000	71,763
USAID Foreign Assistance for Programs Overseas	98.001	ECODIT LLC	19-200-4-500	-	108,716
USAID Foreign Assistance for Programs Overseas	98.001	Save the Children Federation, Inc.	999004864	45,740	199,981
Total U.S. Agency for International Development				55,740	380,460
U.S. Institute for Peace					
Priority Grant Competition	91.005			-	124,054
Total U.S. Institute for Peace				-	124,054
Total expenditures of federal awards				**$ 110,202**	**$ 1,441,988**

Refer to accompanying Notes to Schedule of Expenditures of Federal Awards.

1. Basis of presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of Environmental Law Institute (the "Organization" or "Institute") under programs with the federal government for the year ended December 31, 2022. 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). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

2. Summary of significant accounting policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. Indirect cost rate

The Organization did not elect to use the ten percent de minimis indirect cost rate allowed under the Uniform Guidance.

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ yes __X__ no
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? _____ yes __X__ none reported

Noncompliance material to financial statements noted? _____ yes __X__ no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ yes __X__ no
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? _____ yes __X__ none reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516 (a)? _____ yes __X__ no

Identification of Major Programs:

CFDA Number	Name of Federal Grantor
98.001	United States Agency for International Development (USAID)
66.436	United States Environmental Protection Agency (EPA)
66.034	United States Environmental Protection Agency (EPA)

Dollar threshold used to distinguish between type A and type B programs: $ 750,000

Auditee qualified as low-risk auditee? _____ yes __X__ no

SECTION II - FINANCIAL STATEMENT FINDINGS

NONE

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

NONE

SECTION IV – PRIOR YEAR FINANCIAL STATEMENT FINDINGS

NONE

SECTION V – PRIOR YEAR MAJOR FEDERAL AWARD PROGRAM FINDINGS AND QUESTIONED COSTS

NONE