ENVIRONMENTAL LAW INSTITUTE

AUDITED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

YEARS ENDED DECEMBER 31, 2024 AND 2023

Environmental Law Institute

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Aprio
Passionate for what's next

Independent Auditors' 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, 2024 and 2023, 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 financial statements referred to above present fairly, in all material respects, the financial position of **Environmental Law Institute** as of December 31, 2024 and 2023, 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 audits 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 Auditors' 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 audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about **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.

Auditors' 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 auditors' 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 Auditors' 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 April 21, 2025, 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
April 21, 2025

Environmental Law Institute

Statements of Financial Position

December 31,		**2024**		2023
Assets				
Current assets				
Cash and cash equivalents	**$**	**1,474,296**	$	2,132,820
Accounts receivable				
Contracts		**189,649**		171,326
Other		**6,220**		9,386
Contributions receivable, net		**368,280**		370,162
Investments		**5,521,784**		6,410,567
Prepaid expenses and inventory		**180,244**		143,961
Total current assets		**7,740,473**		9,238,222
Deferred compensation plan assets		**272,472**		210,878
Property and equipment, at cost				
Furniture, equipment and software		**365,287**		352,104
Leasehold improvements		**1,050,566**		1,050,566
Total		**1,415,853**		1,402,670
Less: Accumulated depreciation and amortization		**(1,078,444)**		(907,493)
Property and equipment, net		**337,409**		495,177
Other assets				
Security deposit		**65,604**		65,604
Right-of-use asset - operating lease		**1,940,030**		2,291,250
Total other assets		**2,005,634**		2,356,854
Total assets	**$**	**10,355,988**	$	12,301,131

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

	2024	2023
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued liabilities	**$ 274,727**	$ 474,008
Accrued payroll and vacation	**462,425**	722,798
Deferred revenue	**70,951**	246,724
Refundable advances	**867,455**	551,989
Lease liability - operating, current portion	**455,650**	455,650
Total current liabilities	**2,131,208**	2,451,169
Deferred compensation plan liability	**274,125**	213,677
Lease liability - operating, net of current portion	**2,204,008**	2,659,658
Total long term liabilities	**2,478,133**	2,873,335
Total liabilities	**4,609,341**	5,324,504
Net assets		
Net assets without donor restrictions	**3,268,410**	4,991,158
Net assets with donor restrictions	**2,478,237**	1,985,469
Total net assets	**5,746,647**	6,976,627
Total liabilities and net assets	**$ 10,355,988**	$ 12,301,131

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

Environmental Law Institute

Statements of Activities and Changes in Net Assets

Year Ended December 31, 2024	Without Donor Restrictions	Board Designated	Total Without Donor Restrictions	With Donor Restrictions	Total
Operating revenues					
Contributions					
Federal government	$ 937,354	$ -	$ 937,354	$ -	**$ 937,354**
Foundation	1,163,568	-	1,163,568	2,270,010	**3,433,578**
Corporations and individuals	368,605	-	368,605	229,832	**598,437**
Contributed services	322,537	-	322,537	-	**322,537**
Award dinner	419,875	-	419,875	10,280	**430,155**
Less direct donor benefit	(132,250)	-	(132,250)	-	**(132,250)**
Exchange transactions					
Federal government	396,749	-	396,749	-	**396,749**
Non-government	637,988	-	637,988	-	**637,988**
Publication sales and subscriptions	176,701	-	176,701	-	**176,701**
Membership	404,907	-	404,907	-	**404,907**
Conferences and meetings	152,112	-	152,112	-	**152,112**
Other revenue	79,418	-	79,418	-	**79,418**
Net assets released from restriction	2,017,354	-	2,017,354	(2,017,354)	**-**
Total operating revenues	6,944,918	-	6,944,918	492,768	**7,437,686**
Operating expenses					
Program services					
Research, policy and training	4,222,126	370,473	4,592,599	-	**4,592,599**
Associate membership	686,635	188,628	875,263	-	**875,263**
Publications	366,798	268,750	635,548	-	**635,548**
Other projects	873,830	-	873,830	-	**873,830**
Total program services	6,149,389	827,851	6,977,240	-	**6,977,240**
Supporting activities					
Fundraising	253,307	224,667	477,974	-	**477,974**
Management and general	1,506,787	344,409	1,851,196	-	**1,851,196**
Total supporting activities	1,760,094	569,076	2,329,170	-	**2,329,170**
Total operating expenses	7,909,483	1,396,927	9,306,410	-	**9,306,410**
Net operating income	(964,565)	(1,396,927)	(2,361,492)	492,768	**(1,868,724)**
Investment return	638,744	-	638,744	-	**638,744**
Changes in net assets	(325,821)	(1,396,927)	(1,722,748)	492,768	**(1,229,980)**
Net assets, beginning of year	3,303,209	1,687,949	4,991,158	1,985,469	**6,976,627**
Net assets, end of year	**$ 2,977,388**	**$ 291,022**	**$ 3,268,410**	**$ 2,478,237**	**$ 5,746,647**

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

Year Ended December 31, 2023	Without Donor Restrictions	Board Designated	Total Without Donor Restrictions	With Donor Restrictions	Total
Operating revenues					
Contributions					
Federal government	$ 1,421,420	$ -	$ 1,421,420	$ -	$ 1,421,420
Foundation	1,031,216	-	1,031,216	1,327,245	2,358,461
Corporations and individuals	706,885	-	706,885	145,173	852,058
Contributed services	230,835	-	230,835	-	230,835
Award dinner	441,425	-	441,425	23,500	464,925
Less direct donor benefit	(130,750)	-	(130,750)	-	(130,750)
Exchange transactions					
Federal government	104,545	-	104,545	-	104,545
Non-government	631,356	-	631,356	-	631,356
Publication sales and subscriptions	185,241	-	185,241	-	185,241
Membership	426,120	-	426,120	-	426,120
Conferences and meetings	125,734	-	125,734	-	125,734
Other revenue	170,533	-	170,533	-	170,533
Net assets released from restriction	1,931,961	-	1,931,961	(1,931,961)	-
Total operating revenues	7,276,521	-	7,276,521	(436,043)	6,840,478
Operating expenses					
Program services					
Research, policy and training	4,566,197	240,910	4,807,107	-	4,807,107
Associate membership	894,282	20,625	914,907	-	914,907
Publications	375,479	274,469	649,948	-	649,948
Other projects	671,537	17,213	688,750	-	688,750
Total program services	6,507,495	553,217	7,060,712	-	7,060,712
Supporting activities					
Fundraising	323,762	9,581	333,343	-	333,343
Management and general	873,699	557,969	1,431,668	-	1,431,668
Total supporting activities	1,197,461	567,550	1,765,011	-	1,765,011
Total operating expenses	7,704,956	1,120,767	8,825,723	-	8,825,723
Net operating income	(428,435)	(1,120,767)	(1,549,202)	(436,043)	(1,985,245)
Investment return	850,049	-	850,049	-	850,049
Changes in net assets	421,614	(1,120,767)	(699,153)	(436,043)	(1,135,196)
Transfer between net assets without donor restrictions	(1,066,145)	1,066,145	-	-	-
Net assets, beginning of year	3,947,740	1,742,571	5,690,311	2,421,512	8,111,823
Net assets, end of year	$ 3,303,209	$ 1,687,949	$ 4,991,158	$ 1,985,469	$ 6,976,627

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

Year Ended December 31, 2024	Program Services: Research, Policy and Training	Program Services: Associate Membership	Program Services: Publications	Program Services: Other Projects	Program Services: Total Program Services	Supporting Activities: Fundraising	Supporting Activities: Management and General	Supporting Activities: Total Supporting Activities	**Total**
Salaries and benefits	$ 2,789,778	$ 564,230	$ 447,874	$ 496,514	$ 4,298,396	$ 381,380	$ 1,179,529	$ 1,560,909	**$ 5,859,305**
Professional fees and expenses	988,117	41,819	38,904	73,339	1,142,179	14,159	194,333	208,492	**1,350,671**
Contributed services	215,381	-	-	-	215,381	-	107,156	107,156	**322,537**
Bank and credit card fees	184	4,628	584	1,869	7,265	6,798	3,312	10,110	**17,375**
Business insurance	12,250	2,482	1,958	2,190	18,880	1,661	5,199	6,860	**25,740**
Occupancy	197,924	40,107	31,642	35,379	305,052	26,845	84,000	110,845	**415,897**
Printing, production and duplication	5,806	29,864	59,620	71	95,361	1,901	4,077	5,978	**101,339**
Subscriptions and membership	14,966	11,998	7,245	1,629	35,838	152	27,704	27,856	**63,694**
Postage and delivery	5,044	6,324	5,845	811	18,024	1,807	2,435	4,242	**22,266**
Travel and transportation	78,637	10,180	596	2,371	91,784	7,094	1,367	8,461	**100,245**
Conferences and meetings	112,787	133,451	3	4,993	251,234	13,250	7,306	20,556	**271,790**
Supplies	3,231	672	479	544	4,926	381	2,876	3,257	**8,183**
Telecommunications	79,030	12,793	27,479	238,837	358,139	11,145	65,200	76,345	**434,484**
Depreciation and amortization	81,748	16,565	13,069	14,612	125,994	11,088	34,694	45,782	**171,776**
Outreach	6,515	150	250	671	7,586	-	77,613	77,613	**85,199**
GSA Fees	1,201	-	-	-	1,201	-	-	-	**1,201**
Miscellaneous	-	-	-	-	-	313	54,395	54,708	**54,708**
Total expenses before direct donor benefit	**4,592,599**	**875,263**	**635,548**	**873,830**	**6,977,240**	**477,974**	**1,851,196**	**2,329,170**	**9,306,410**
Direct donor benefit	-	-	-	-	-	132,250	-	132,250	132,250
Total expenses	**$ 4,592,599**	**$ 875,263**	**$ 635,548**	**$ 873,830**	**$ 6,977,240**	**$ 610,224**	**$ 1,851,196**	**$ 2,461,420**	**$ 9,438,660**

Year Ended December 31, 2023	Program Services: Research, Policy and Training	Program Services: Associate Membership	Program Services: Publications	Program Services: Other Projects	Program Services: Total Program Services	Supporting Activities: Fundraising	Supporting Activities: Management and General	Supporting Activities: Total Supporting Activities	Total
Salaries and benefits	$ 2,547,331	$ 581,282	$ 419,435	$ 485,471	$ 4,033,519	$ 270,333	$ 852,258	$ 1,122,591	$ 5,156,110
Professional fees and expenses	1,156,109	31,621	62,335	74,052	1,324,117	2,419	212,390	214,809	1,538,926
Contributed services	157,107	-	-	-	157,107	2,482	69,746	72,228	229,335
Bank and credit card fees	410	5,692	736	229	7,067	4,820	203	5,023	12,090
Business insurance	13,605	3,105	2,240	2,593	21,543	1,444	5,245	6,689	28,232
Occupancy	199,378	45,497	32,829	37,997	315,701	21,159	76,872	98,031	413,732
Printing, production and duplication	18,079	37,632	60,115	1,139	116,965	1,653	2,754	4,407	121,372
Subscriptions and membership	20,378	5,142	4,394	271	30,185	400	27,005	27,405	57,590
Postage and delivery	3,516	8,233	17,255	603	29,607	1,267	1,810	3,077	32,684
Travel and transportation	101,873	6,116	734	5,850	114,573	6,644	29,520	36,164	150,737
Conferences and meetings	434,987	155,817	-	42,251	633,055	2,280	21,005	23,285	656,340
Supplies	4,423	1,326	413	625	6,787	266	1,617	1,883	8,670
Telecommunications	59,854	14,214	29,255	16,429	119,752	9,326	60,800	70,126	189,878
Depreciation and amortization	83,397	19,030	13,732	15,894	132,053	8,850	32,154	41,004	173,057
Outreach	4,806	200	6,475	5,346	16,827	-	10,427	10,427	27,254
GSA Fees	655	-	-	-	655	-	-	-	655
Staff development/employment	1,199	-	-	-	1,199	-	2,150	2,150	3,349
Miscellaneous	-	-	-	-	-	-	25,712	25,712	25,712
Total expenses before direct donor benefit	4,807,107	914,907	649,948	688,750	7,060,712	333,343	1,431,668	1,765,011	8,825,723
Direct donor benefit	-	-	-	-	-	130,750	-	130,750	130,750
Total expenses	$ 4,807,107	$ 914,907	$ 649,948	$ 688,750	$ 7,060,712	$ 464,093	$ 1,431,668	$ 1,895,761	$ 8,956,473

Environmental Law Institute

Statements of Cash Flows

Years Ended December 31,	**2024**	2023
Cash flows from operating activities		
Changes in net assets	**$ (1,229,980)**	$ (1,135,196)
Adjustments to reconcile changes in net assets to net cash (used in) provided by operating activities		
Net realized and unrealized gain on investments	**(483,195)**	(665,571)
Depreciation and amortization	**171,776**	173,057
Loss on disposal of property and equipment	**457**	2,629
(Increase) decrease in:		
Accounts receivable	**(15,157)**	(88,164)
Contributions receivable	**1,882**	1,649,377
Prepaid expenses and inventory	**(36,283)**	48,370
Right-of-use asset - operating lease	**351,220**	344,310
Increase (decrease) in:		
Accounts payable and accrued liabilities	**(199,281)**	35,599
Accrued payroll and vacation	**(260,373)**	8,769
Deferred revenue	**(175,773)**	325
Refundable advances	**315,466**	(847,928)
Deferred compensation plan	**60,448**	64,033
Lease liability - operating lease	**(455,650)**	(437,719)
Net cash used in operating activities	**(1,954,443)**	(848,109)
Cash flows from investing activities		
Purchases of investments	**(263,536)**	(325,428)
Proceeds from sales of investments	**1,573,920**	36,759
Purchases of property and equipment	**(14,465)**	(6,665)
Net cash provided by (used in) investing activities	**1,295,919**	(295,334)
Net change in cash and cash equivalents	**(658,524)**	(1,143,443)
Cash and cash equivalents, beginning of year	**2,132,820**	3,276,263
Cash and cash equivalents, end of year	**$ 1,474,296**	$2,132,820

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:

N**et 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, 2024 and 2023, the change in board designated net asset without donor restrictions was $1,396,927 and $1,120,767, respectively. Total board designated net assets without donor restrictions for the years ending December 31, 2024 and 2023, were $291,022 and $1,687,949, respectively.

N**et 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, 2024 and 2023.

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, 2024 and 2023, the Organization's cash balances held at the commercial banks exceeded the insured limits by approximately $253,000 and $83,000, 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 credit losses, if necessary. The allowance for credit losses reflects the best estimate of probable losses determined principally on historical collection experience and other factors, including current market factors, and forecast economic conditions. 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 credit losses. All amounts are considered collectible on December 31, 2024 and 2023.

Contributions receivable: Contributions receivable consists 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.

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 input 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 on December 31, 2024 and 2023.

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 $21,717 and $22,505 as of December 31, 2024 and 2023, respectively, 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, 2024 and 2023 totaled $171,776 and $173,057, 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 in 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, 2024 and 2023, 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 barriers 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.

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 $1,024,609 and $1,263,776 that have not been recognized or recorded on December 31, 2024 and 2023, respectively, because qualifying expenditures have not yet been incurred. Advance payments totaling $867,455 and $551,989 are recorded in the Statements of Financial Position as refundable advances on December 31, 2024 and 2023, respectively.

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.

The Organization receives a portion of its funding from the federal government in the form of government grants and contracts and is subject to various political and regulatory risks that may impact its financial performance. Changes in government policies, shifts in budget allocations, procurement delays, or the passage of new legislation could adversely affect grant or contract awards, renewals, and funding. Political uncertainty, including changes in administration, regulatory scrutiny, and geopolitical tensions, may influence the timing and execution of government grants and contracts. The Organization continuously monitors these risks and engages in risk management to mitigate potential adverse effects on its operations and financial positions.

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 $53,311 and $123,390, respectively, for the year ended December 31, 2024. Publication sales and subscription sales totaled $61,250 and $123,991, respectively for the year ended December 31, 2023.

Membership: The Organization provides members with 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:

	2024	2023
Performance obligations satisfied at a point in time	**$ 49,950**	$ 110,725
Performance obligations satisfied over time	**354,957**	315,395
Total	**$ 404,907**	$ 426,120

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 includes billed and unbilled amounts related to services provided to customers. Accounts receivable were $195,869 and $180,712 as of December 31, 2024 and 2023, respectively. Accounts receivable on January 1, 2023 was $92,548. Contract liabilities include amounts paid by customers for which services have not yet been provided and are included in deferred revenue. The following tables provide information about significant changes in the deferred revenue for the years ended December 31:

	2024	2023
Deferred revenue, beginning of the year	**$ 246,724**	$ 246,399
Revenue recognized that was included in deferred revenue at the beginning of the year	**(246,106)**	(246,399)
Increase in deferred revenue due to cash received during the year	**70,333**	246,724
Deferred revenue paid in advance, end of the year	**$ 70,951**	$ 246,724

Concentrations: For the year ended December 31, 2024, approximately 17% of the Organization’s revenue was derived from one organization and approximately 8.4% was derived from federal awards received from the Environmental Protection Agency (“EPA”). For the year ended December 31, 2023, approximately 15% of the Organization’s revenue was derived from one organization and approximately 13% was derived from federal awards received from the Environmental Protection Agency (“EPA”)

As of December 31, 2024, receivables from one federal entity represented 12% of the total receivables balance. As of December 31, 2023, receivables from one federal entity represented 14% of the total receivables balance.

Employee Retention Tax Credit: Under the provisions of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), the Organization applied for refundable employee retention tax credit (ERTC) in 2022. The Organization followed the guidance provided by FASB ASC 958-605 and recorded $1,155,339 as 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 in that year. The amount, and interest of $46,846, was received in full during 2023. Amount recorded and amount received under the CARES Act are subject to audit by the Internal Revenue Service.

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 services and supporting activities 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	Time and effort
Depreciation and amortization	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, 2024, 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 2021 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.

Subsequent events: Management has evaluated subsequent events for disclosure in these financial statements through April 21, 2025, 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 on December 31:

Financial assets at year-end:	2024	2023
Cash and cash equivalents	**$ 1,474,296**	$ 2,132,820
Investment	**5,521,784**	6,410,567
Accounts receivable	**195,869**	180,712
Contributions receivable, net	**368,280**	370,162
Total financial assets at year-end	**7,560,229**	9,094,261
Less amounts not available to be used within one year:		
Board designated assets	**(291,022)**	(1,687,949)
Net assets with donor restrictions	**(2,478,237)**	(1,985,469)
Financial assets available to meet general expenditures over the next twelve months	**$ 4,790,970**	$ 5,420,843

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.

Subsequent to the Statement of Financial Position date, the Federal Government instituted a pause on the funding of Federal grant and loan funds. While these funds have been properly reflected as available for general use as of the reporting date, their collectability is subject to significant uncertainty related to collectability and continual funding due to this funding freeze or other federal actions.

3. Contributions receivable

As of December 31, 2024 and 2023, all contributions receivable are expected to be collected in one year or less. The allowance for uncollectable accounts was $14,486 and $1,535 as of December 31, 2024 and 2023, respectively.

4. Investments

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

		2024		2023
Mutual funds:				
Domestic equities	**$**	**1,597,648**	$	2,745,790
International equities		**720,480**		856,688
Real estate		**98,939**		96,160
Domestic bonds		**999,139**		1,076,237
International bonds		**284,114**		315,530
US treasury money market fund		**45,685**		538
Exchange traded funds:				
International equities		**468,581**		578,374
Domestic bonds		**643,288**		741,250
Domestic equities		**661,160**		-
Cash		**2,750**		-
Total investments	**$**	**5,521,784**	$	6,410,567

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, 2024	**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	$ 1,597,648	$ 1,597,648	$ -	$ -
International equities	720,480	720,480	-	-
Real estate	98,939	98,939	-	-
Domestic bonds	999,139	999,139	-	-
International bonds	284,114	284,114	-	-
US treasury money market fund	45,685	45,685	-	-
ETF:				
International equities	468,581	468,581	-	-
Domestic bonds	643,288	643,288	-	-
Domestic Equities	661,160	661,160	-	-
Total investments in fair market value hierarchy	5,519,034	5,519,034	-	-
Cash	2,750			
Total investments	$ 5,521,784	$ 5,519,034	$ -	$ -

		Fair Value Measurements Using		
December 31, 2023	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	$ 2,745,790	$ 2,745,790	$ -	$ -
International equities	856,688	856,688	-	-
Real estate	96,160	96,160	-	-
Domestic bonds	1,076,237	1,076,237	-	-
International bonds	315,530	315,530	-	-
US treasury money market fund	538	538	-	-
ETF:				
International equities	578,374	578,374	-	-
Domestic bonds	741,250	741,250	-	-
Total	$ 6,410,567	$ 6,410,567	$ -	$ -

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:

	2024	2023
Research activities	**$ 2,248,405**	$ 1,845,887
Time restricted only	**229,832**	139,582
Total	**$ 2,478,237**	$ 1,985,469

8. Contributed resources and services

Environmental Law Institute received contributions of labor with a fair value of $322,537 and $230,835 in the years ended December 31, 2024 and 2023, 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 2024 and 2023, labor valued at $215,381 and $226,035, respectively, related to the Institute's core programs was allocated to program expenses. The remaining donated labor included $107,156 and $4,800 for the years ended December 31, 2024 and 2023, respectively, which was allocated to management and general expenses.

9. 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.

Upon adoption of the new standard in 2022, 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, 2024 and 2023, was 1.55%. The remaining lease term is 5.17 years and 6.17 years as of December 31, 2024, and 2023, respectively.

Total operating lease expense was $396,293 for the years ended December 31, 2024 and 2023, respectively. Total cash flows from operating leases were $500,721 and $489,702 for the years ended December 31, 2024, and 2023, respectively.

Future maturities of lease liabilities as of December 31, 2024 are as follows:

	Amount
2025	$ 511,987
2026	523,507
2027	535,286
2028	547,330
Thereafter	653,261
Total	2,771,371
Less: imputed interest	(111,713)
Lease liability, operating	**$ 2,659,658**

10. 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 $127,710 and $107,034 for the years ended December 31, 2024 and 2023, 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, 2024 and 2023.

11. Direct costs

Included in fundraising expenses are the direct costs of the Organization's annual dinner which were $132,250 and $130,750 for the years ended December 31, 2024 and 2023, respectively.

12. Related party transactions

Members of the Organization's Board of Directors contributed $225,561 and $193,122 during the years ended December 31, 2024 and 2023.

13. 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, 2024, the Organization had received final settlements on indirect cost rates through 2023. 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.

14. Subsequent event

On January 27, 2025, the Office of Management and Budget of the United States Federal Government instituted a pause (freeze) on the disbursement of federal grant and loan funds, which became effective on January 28, 2025.

The extent to which the funding freeze impacts our operations, financial results, and cash flows, both current and future, will depend on future developments, which are highly uncertain and cannot be predicted with any measure of certainty or probability.

As a result, the entity is unable to estimate what impact, if any, the funding freeze has on the December 31, 2024 financial statements or our future operations. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Independent Auditors' 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, 2024, 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 April 21, 2025.

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 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 Auditors' 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
April 21, 2025

Independent Auditors' 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, 2024. **Environmental Law Institute's** major federal programs are identified in the summary of auditors' 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, 2024.

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

Auditors' 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 Auditors' 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 Auditors' 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
April 21, 2025

Year ended December 31, 2024

Federal Agency/Program/Cluster	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			$ -	$ 95,225
Compliance Assistance Support for Services to the Regulated Community and Other Assistance Providers	66.305			8,350	43,894
International Compliance and Enforcement Projects	66.313			-	69,430
Surveys, Studies, Investigations, Demonstrations, and Training Grants and Cooperative Agreements Section 104(b)(3) of the Clean Water Act	66.436			-	338,855
National Wetland Program Development	66.462			-	90,187
Total Environmental Protection Agency				8,350	637,591
Research and Development Cluster					
National Science Foundation					
Geosciences	47.050			-	75,920
Research Network on Effects of Digitalization	47.041			10,000	76,925
Total Research and Development Cluster				10,000	152,845
U.S. Department of Commerce					
Costal Zone Management Administration Awards	11.419	Maryland State	14-24-4159 CZM 188 & 254	37,500	86,858
Sea Grant Support	11.417	University of Maryland	SA74318250-A	-	716
Total U.S. Department of Commerce				37,500	87,574
U.S. Department of State					
Public Diplomacy Programs	19.040			-	34,304
Total U.S. Department of State				-	34,304
U.S. Agency for International Development					
USAID Foreign Assistance for Programs Overseas	98.001	ECODIT LLC	19-200-4-500	-	6,549
Total U.S. Agency for International Development				-	6,549
U.S. Department of Homeland Security					
Cooperating Technical Partners	97.045			-	18,491
Total U.S. Department of Homeland Security				-	18,491
Total expenditures of federal awards				**$ 55,850**	**$ 937,354**

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, 2024. 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 AUDITORS' RESULTS

Financial Statements

Type of auditors' 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 auditors' 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:

Assistance Listing Number	Name of Federal Grantor
66.313	United States Environmental Protection Agency (EPA)
47.041, 47.050	National Science Foundation (NSF) – R&D Cluster

Dollar threshold used to distinguish between type A and type B programs:	$ 750,000	
Auditee qualified as low-risk auditee?	X yes	_____ no

SECTION II - FINANCIAL STATEMENT FINDINGS

NONE

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

NONE

SECTION IV – PRIOR YEAR FINANCIAL STATEMENT FINDINGS

Finding 2023-001: Significant Deficiency – Revenue Recognition

Condition and Criteria: ELI improperly recognized a conditional contribution before the contribution's condition is met. Financial statements should be prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). According to Accounting Standard Codification (ASC) 958-605, *Revenue Recognition,* a contribution is considered conditional if there is a right of return and a donor-imposed measurable performance-related barrier or other measurable barrier. Revenue is not recognized until the condition is substantially met, making the contribution unconditional

Current Status: No similar issues were identified during the current audit.

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

NONE