

ENVIRONMENTAL LAW INSTITUTE

**AUDITED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

YEARS ENDED DECEMBER 31, 2025 AND 2024

Environmental Law Institute

Table of Contents

	Page
Independent Auditors' Report	1 – 2
Audited Financial Statements	
Statements of Financial Position	3 - 4
Statements of Activities and Changes in Net Assets	5 - 6
Statements of Functional Expenses	7 - 8
Statements of Cash Flows	9
Notes to Financial Statements	10 - 25



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, 2025 and 2024, 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, 2025 and 2024, 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. 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.

Independent Auditors' Report (Continued)

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 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, 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.

Aprio, LLP

Rockville, Maryland
June 02, 2026

Environmental Law Institute

Statements of Financial Position

<i>December 31,</i>	2025	2024
Assets		
Current assets		
Cash and cash equivalents	\$ 1,847,187	\$ 1,474,296
Accounts receivable		
Contracts	84,370	189,649
Other	5,578	6,220
Contributions receivable, net	272,751	368,280
Investments	4,739,223	5,521,784
Prepaid expenses and inventory	206,920	180,244
Total current assets	7,156,029	7,740,473
Deferred compensation plan assets	322,808	272,472
Property and equipment, at cost		
Furniture, equipment and software	369,001	365,287
Leasehold improvements	1,050,566	1,050,566
Total	1,419,567	1,415,853
Less: Accumulated depreciation and amortization	(1,225,273)	(1,078,444)
Property and equipment, net	194,294	337,409
Other assets		
Security deposit	65,604	65,604
Right-of-use asset - operating lease	1,581,616	1,940,030
Total other assets	1,647,220	2,005,634
Total assets	\$ 9,320,351	\$ 10,355,988

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

Environmental Law Institute

Statements of Financial Position (continued)

	2025	2024
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued liabilities	\$ 264,086	\$ 274,727
Accrued payroll and vacation	387,425	462,425
Deferred revenue	295,182	70,951
Refundable advances	1,045,007	867,455
Lease liability - operating, current portion	474,109	455,650
Total current liabilities	2,465,809	2,131,208
Deferred compensation plan liability	324,866	274,125
Lease liability - operating, net of current portion	1,711,439	2,204,008
Total long term liabilities	2,036,305	2,478,133
Total liabilities	4,502,114	4,609,341
Net assets		
Net assets without donor restrictions	2,134,435	3,268,410
Net assets with donor restrictions	2,683,802	2,478,237
Total net assets	4,818,237	5,746,647
Total liabilities and net assets	\$ 9,320,351	\$ 10,355,988

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

<i>Year Ended December 31, 2025</i>	Without Donor Restrictions	Board Designated	Total Without Donor Restrictions	With Donor Restrictions	Total
Operating revenues					
Contributions					
Federal government	\$ 683,544	\$ -	\$ 683,544	\$ -	\$ 683,544
Foundation	1,276,186	-	1,276,186	2,159,964	3,436,150
Corporations and individuals	813,738	-	813,738	111,266	925,004
Contributed services	643,063	-	643,063	-	643,063
Award dinner	481,520	-	481,520	-	481,520
Less direct donor benefit	(151,800)	-	(151,800)	-	(151,800)
Exchange transactions					
Federal government	31,665	-	31,665	-	31,665
Non-government	403,786	-	403,786	-	403,786
Publication sales and subscriptions	116,102	-	116,102	-	116,102
Membership	505,424	-	505,424	-	505,424
Conferences and meetings	107,855	-	107,855	-	107,855
Other revenue	165,834	-	165,834	-	165,834
Net assets released from restriction	2,065,665	-	2,065,665	(2,065,665)	-
Total operating revenues	7,142,582	-	7,142,582	205,565	7,348,147
Operating expenses					
Program services					
Research, policy and training	3,383,135	291,022	3,674,157	-	3,674,157
Associate membership	539,842	-	539,842	-	539,842
Publications	813,469	-	813,469	-	813,469
Other projects	513,404	-	513,404	-	513,404
Total program services	5,249,850	291,022	5,540,872	-	5,540,872
Supporting activities					
Fundraising	801,314	-	801,314	-	801,314
Management and general	2,541,534	-	2,541,534	-	2,541,534
Total supporting activities	3,342,848	-	3,342,848	-	3,342,848
Total operating expenses	8,592,698	291,022	8,883,720	-	8,883,720
Net operating loss	(1,450,116)	(291,022)	(1,741,138)	205,565	(1,535,573)
Investment return	607,163	-	607,163	-	607,163
Changes in net assets	(842,953)	(291,022)	(1,133,975)	205,565	(928,410)
Net assets, beginning of year	2,977,388	291,022	3,268,410	2,478,237	5,746,647
Net assets, end of year	\$ 2,134,435	\$ -	\$ 2,134,435	\$ 2,683,802	\$ 4,818,237

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 (continued)

<i>Year Ended December 31, 2024</i>	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 loss	(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.

Environmental Law Institute

Statements of Functional Expenses

	Program Services					Supporting Activities				Total
	Research, Policy and Training	Associate Membership	Publications	Other Projects	Program Services	Fundraising and General	Management and General	Supporting Activities	Total	
<i>Year Ended December 31, 2025</i>										
Salaries and benefits	\$ 2,656,728	\$ 413,982	\$ 538,276	\$ 429,334	\$ 4,038,320	\$ 613,946	\$ 1,456,398	\$ 2,070,344	\$ 6,108,664	
Professional fees and expenses	525,092	780	68,766	13,308	607,946	4,759	50,952	55,711	663,657	
Contributed services	-	-	-	-	-	-	643,063	643,063	643,063	
Bank and credit card fees	111	7,660	27	521	8,319	19,587	2,802	22,389	30,708	
Business insurance	14,387	2,242	2,915	2,325	21,869	3,325	7,887	11,212	33,081	
Occupancy	231,094	36,010	46,822	37,345	351,271	53,404	126,684	180,088	531,359	
Printing, production and duplication	303	1,299	86,455	69	88,126	5,172	2,186	7,358	95,484	
Subscriptions and membership	23,554	4,777	4,684	957	33,972	568	18,931	19,499	53,471	
Postage and delivery	1,974	276	9,969	257	12,476	2,210	1,668	3,878	16,354	
Travel and transportation	49,750	5,204	28	4,088	59,070	21,468	37,595	59,063	118,133	
Conferences and meetings	81,003	39,529	-	642	121,174	3,007	6,773	9,780	130,954	
Supplies	2,340	337	438	433	3,548	2,133	1,360	3,493	7,041	
Telecommunications	69,968	24,711	51,793	21,496	167,968	67,641	123,220	190,861	358,829	
Depreciation and amortization	16,266	2,535	3,296	2,629	24,726	3,759	8,917	12,676	37,402	
Outreach	-	500	-	-	500	-	-	-	500	
GSA Fees	587	-	-	-	587	-	-	-	587	
Staff development/employment	1,000	-	-	-	1,000	-	43,274	43,274	44,274	
Miscellaneous	-	-	-	-	-	335	9,824	10,159	10,159	
Total expenses before direct donor benefit	3,674,157	539,842	813,469	513,404	5,540,872	801,314	2,541,534	3,342,848	8,883,720	
Direct donor benefit	-	-	-	-	-	151,800	-	151,800	151,800	
Total expenses	\$ 3,674,157	\$ 539,842	\$ 813,469	\$ 513,404	\$ 5,540,872	\$ 953,114	\$ 2,541,534	\$ 3,494,648	\$ 9,035,520	

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

Environmental Law Institute

Statements of Functional Expenses (continued)

Year Ended December 31, 2024	Program Services				Supporting Activities			Total	
	Research, Policy and Training	Associate Membership	Publications	Other Projects	Program Services	Fundraising and General	Management and General		Supporting Activities
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	208,492.00	1,350,671
Contributed services	215,381	-	-	-	215,381	-	107,156	107,156.00	322,537
Bank and credit card fees	184	4,628	584	1,869	7,265	6,798	3,312	10,110.00	17,375
Business insurance	12,250	2,482	1,958	2,190	18,880	1,661	5,199	6,860.00	25,740
Occupancy	197,924	40,107	31,642	35,379	305,052	26,845	84,000	110,845.00	415,897
Printing, production and duplication	5,806	29,864	59,620	71	95,361	1,901	4,077	5,978.00	101,339
Subscriptions and membership	14,966	11,998	7,245	1,629	35,838	152	27,704	27,856.00	63,694
Postage and delivery	5,044	6,324	5,845	811	18,024	1,807	2,435	4,242.00	22,266
Travel and transportation	78,637	10,180	596	2,371	91,784	7,094	1,367	8,461.00	100,245
Conferences and meetings	112,787	133,451	3	4,993	251,234	13,250	7,306	20,556.00	271,790
Supplies	3,231	672	479	544	4,926	381	2,876	3,257.00	8,183
Telecommunications	79,030	12,793	27,479	238,837	358,139	11,145	65,200	76,345.00	434,484
Depreciation and amortization	81,748	16,565	13,069	14,612	125,994	11,088	34,694	45,782.00	171,776
Outreach	6,515	150	250	671	7,586	-	77,613	77,613.00	85,199
GSA Fees	1,201	-	-	-	1,201	-	-	-	1,201
Miscellaneous	-	-	-	-	0	313	54,395	54,708.00	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

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

Environmental Law Institute

Statements of Cash Flows

<i>Years Ended December 31,</i>	2025	2024
Cash flows from operating activities		
Changes in net assets	\$ (928,410)	\$ (1,229,980)
Adjustments to reconcile changes in net assets to net cash (used in) provided by operating activities		
Net realized and unrealized gain on investments	(490,333)	(483,195)
Depreciation and amortization	147,369	171,776
Loss on disposal of property and equipment	660	457
(Increase) decrease in:		
Accounts receivable	105,921	(15,157)
Contributions receivable	95,529	1,882
Prepaid expenses and inventory	(26,676)	(36,283)
Right-of-use asset - operating lease	358,414	351,220
Increase (decrease) in:		
Accounts payable and accrued liabilities	(10,641)	(199,281)
Accrued payroll and vacation	(75,000)	(260,373)
Deferred revenue	224,231	(175,773)
Refundable advances	177,552	315,466
Deferred compensation plan	50,741	60,448
Lease liability - operating lease	(474,110)	(455,650)
Net cash used in operating activities	(844,753)	(1,954,443)
Cash flows from investing activities		
Purchases of investments	(2,771,638)	(263,536)
Proceeds from sales of investments	3,994,196	1,573,920
Purchases of property and equipment	(4,914)	(14,465)
Net cash provided by investing activities	1,217,644	1,295,919
Net change in cash and cash equivalents	372,891	(658,524)
Cash and cash equivalents, beginning of year	1,474,296	2,132,820
Cash and cash equivalents, end of year	\$ 1,847,187	\$1,474,296

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

Environmental Law Institute

Notes to 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:

Net 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, 2025 and 2024, the change in board designated net asset without donor restrictions was \$291,022 and \$1,396,927, respectively. Total board designated net assets without donor restrictions for the years ending December 31, 2025 and 2024, were \$0 and \$291,022, respectively.

Net 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, 2025 and 2024.

Environmental Law Institute

Notes to Financial Statements

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, 2025 and 2024, the Organization's cash balances held at the commercial banks exceeded the insured limits by approximately \$253,000 in each year, respectively. The Organization has not experienced any losses through the date when the financial statements were available to be issued.

Accounts receivable: The face amount of accounts receivable is reduced by an estimate for an allowance for credit losses, if deemed necessary. The Organization monitors its accounts receivable balances and estimates expected credit losses based on historical collection experience, current market conditions, and reasonable and supportable forecasts. The Organization applies the current expected credit loss model to receivables arising from exchange transactions (e.g., fees for service). Receivables from nonexchange transactions, such as unconditional promises to give (e.g., contributions and grants), are evaluated separately under applicable accounting guidance.

The Company has elected to apply the practical expedient in accordance with ASU No. 2025-05, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets For Private Companies And Certain Not-For-Profit Entities* and assumes that the current conditions as of the balance sheet date do not change over the remaining life of the asset.

At December 31, 2025 and 2024, no allowance for credit losses was deemed necessary. The beginning balance of accounts receivable totaled \$180,712 as of January 1, 2024.

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.

Environmental Law Institute

Notes to Financial Statements

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, 2025 and 2024.

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 \$0 and \$21,717 as of December 31, 2025 and 2024, 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, 2025 and 2024 totaled \$147,369 and \$171,776, respectively.

Environmental Law Institute

Notes to Financial Statements

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, 2025 and 2024, 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.

Environmental Law Institute

Notes to Financial Statements

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 \$162,112 and \$1,024,609 that have not been recognized or recorded on December 31, 2025 and 2024, respectively, because qualifying expenditures have not yet been incurred. Advance payments totaling \$1,045,007 and \$867,455 are recorded in the Statements of Financial Position as refundable advances on December 31, 2025 and 2024, 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.

Environmental Law Institute

Notes to Financial Statements

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 \$21,213 and \$94,889, respectively, for the year ended December 31, 2025. Publication sales and subscription sales totaled \$53,311 and \$123,390, respectively for the year ended December 31, 2024.

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:

	2025	2024
Performance obligations satisfied at a point in time	\$ 116,052	\$ 49,950
Performance obligations satisfied over time	389,372	354,957
Total	\$ 505,424	\$ 404,907

Environmental Law Institute

Notes to Financial Statements

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 \$89,948 and \$195,869 as of December 31, 2025 and 2024, respectively. Accounts receivable on January 1, 2024 was \$180,712. 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:

	<u>2025</u>	<u>2024</u>
Deferred revenue, beginning of the year	\$ 70,951	\$ 246,724
Revenue recognized that was included in deferred revenue at the beginning of the year	(70,951)	(246,106)
Increase in deferred revenue due to cash received during the year	<u>295,182</u>	<u>70,333</u>
Deferred revenue paid in advance, end of the year	<u>\$ 295,182</u>	<u>\$ 70,951</u>

Concentrations: For the year ended December 31, 2025, approximately 13% of the Organization's revenue was derived from one organization and approximately 6.4% was derived from federal awards received from the Environmental Protection Agency ("EPA"). 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")

Environmental Law Institute

Notes to Financial Statements

As of December 31, 2025, no receivables from any federal entity represented a material concentration of the total receivables balance. As of December 31, 2024, receivables from one federal entity represented 12% of the total receivables balance.

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:

<u>Expenses</u>	<u>Method of Allocation</u>
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, 2025, 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 2022 through the current year remain open for examination by federal and state tax authorities.

Environmental Law Institute

Notes to Financial Statements

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 June 02, 2026, 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 6 months 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.

Environmental Law Institute

Notes to Financial Statements

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

Financial assets at year-end:	2025	2024
Cash and cash equivalents	\$ 1,847,187	\$ 1,474,296
Investment	4,739,223	5,521,784
Accounts receivable	89,948	195,869
Contributions receivable, net	272,751	368,280
Total financial assets at year-end	6,949,109	7,560,229
Less amounts not available to be used within one year:		
Board designated assets	-	(291,022)
Net assets with donor restrictions	(2,683,802)	(2,478,237)
Financial assets available to meet general expenditures over the next twelve months	\$ 4,265,307	\$ 4,790,970

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, 2025 and 2024, all contributions receivable are expected to be collected in one year or less. The allowance for uncollectable accounts was \$1,535 and \$14,486 as of December 31, 2025 and 2024, respectively.

Environmental Law Institute

Notes to Financial Statements

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

	<u>2025</u>	<u>2024</u>
Mutual funds:		
Domestic equities	\$ 898,584	\$ 1,597,648
International equities	437,325	720,480
Real estate	48,404	98,939
Domestic bonds	690,907	999,139
International bonds	172,549	284,114
US treasury money market fund	37,281	45,685
Exchange traded funds:		
International equities	281,417	468,581
Domestic bonds	1,535,402	643,288
Domestic equities	635,252	661,160
Cash	2,102	2,750
Total investments	\$ 4,739,223	\$ 5,521,784

Environmental Law Institute

Notes to Financial Statements

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			
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
December 31, 2025	Total				
Mutual funds:					
Domestic equities	\$ 898,584	\$ 898,584	\$ -	\$ -	
International equities	437,325	437,325	-	-	
Real estate	48,404	48,404	-	-	
Domestic bonds	690,907	690,907	-	-	
International bonds	172,549	172,549	-	-	
US treasury money market fund	37,281	37,281	-	-	
Exchange Traded Funds:					
International equities	281,417	281,417	-	-	
Domestic bonds	1,535,402	1,535,402	-	-	
Domestic Equities	635,252	635,252	-	-	
Total investments in fair market value hierarchy					
	4,737,121	4,737,121	-	-	
Cash					
	2,102				
Total investments					
	\$ 4,739,223	\$ 4,737,121	\$ -	\$ -	

Environmental Law Institute

Notes to Financial Statements

		Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
December 31, 2024	Total			
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	-	-
Exchange Traded Funds:				
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	\$ 5,521,784	\$ 5,519,034	\$ -	\$ -

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:

	2025	2024
Research activities	\$ 2,571,115	\$ 2,248,405
Time restricted only	112,687	229,832
Total	\$ 2,683,802	\$ 2,478,237

Environmental Law Institute

Notes to Financial Statements

8. Contributed resources and services Environmental Law Institute received contributions of labor with a fair value of \$643,063 and \$322,537 in the years ended December 31, 2025 and 2024, 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 2025 and 2024, labor valued at \$521,179 and \$215,381, respectively, related to the Institute's core programs was allocated to program expenses. The remaining donated labor included \$121,884 and \$107,156 for the years ended December 31, 2025 and 2024, 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, 2025 and 2024, was 1.55%. The remaining lease term is 4.17 years and 5.17 years as of December 31, 2025, and 2024, respectively.

Total operating lease expense was \$396,293 for the years ended December 31, 2025 and 2024, respectively. Total cash flows from operating leases were \$511,987 and \$500,721 for the years ended December 31, 2025, and 2024, respectively.

Environmental Law Institute

Notes to Financial Statements

Future maturities of lease liabilities as of December 31, 2025 are as follows:

	Amount
2026	\$ 523,507
2027	535,286
2028	547,330
2029	372,410
2030	280,851
Total	2,259,384
Less: imputed interest	(73,835)
Lease liability, operating	2,185,549
Current portion	(474,109)
Noncurrent portion	\$ 1,711,440

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 \$121,289 and \$127,710 for the years ended December 31, 2025 and 2024, 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, 2025 and 2024.

11. Direct costs

Included in fundraising expenses are the direct costs of the Organization's annual dinner which were \$151,800 and \$132,250 for the years ended December 31, 2025 and 2024, respectively.

12. Related party transactions

Members of the Organization's Board of Directors contributed \$273,919 and \$225,561 during the years ended December 31, 2025 and 2024.

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.

Environmental Law Institute

Notes to Financial Statements

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. Commitments and Contingencies

The Organization is involved in various regulatory and governmental inquiry matters arising in the ordinary course of operations. Management has engaged external legal counsel related to these matters and intends to respond appropriately to the inquiries. In management's opinion, these matters are not expected to have a material adverse impact on the Organization's financial position, results of operations, or cash flows. Accordingly, no amounts have been accrued in the financial statements related to these matters.