

FINANCIAL STATEMENTS



**FOR THE YEAR ENDED DECEMBER 31, 2024
WITH SUMMARIZED FINANCIAL
INFORMATION FOR 2023**

ENVIRONMENTAL INTEGRITY PROJECT

CONTENTS

	PAGE NO.
INDEPENDENT AUDITOR'S REPORT	2 - 3
EXHIBIT A - Statement of Financial Position, as of December 31, 2024, with Summarized Financial Information for 2023	4
EXHIBIT B - Statement of Activities and Change in Net Assets, for the Year Ended December 31, 2024, with Summarized Financial Information for 2023	5
EXHIBIT C - Statement of Functional Expenses, for the Year Ended December 31, 2024, with Summarized Financial Information for 2023	6 - 7
EXHIBIT D - Statement of Cash Flows, for the Year Ended December 31, 2024, with Summarized Financial Information for 2023	8
NOTES TO FINANCIAL STATEMENTS	9 - 15



CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Environmental Integrity Project
Washington, D.C.

Opinion

We have audited the accompanying financial statements of the Environmental Integrity Project (EIP), which comprise the statement of financial position as of December 31, 2024, and the related statements of activities and change in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of EIP as of December 31, 2024, and the change in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the 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 EIP's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists.

4550 MONTGOMERY AVENUE • SUITE 800 NORTH • BETHESDA, MARYLAND 20814
(301) 951-9090 • WWW.GRFCPA.COM

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

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of EIP'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 EIP's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited EIP's 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 13, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.



September 17, 2025

ENVIRONMENTAL INTEGRITY PROJECT
STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2024
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2023

ASSETS			
		<u>2024</u>	<u>2023</u>
CURRENT ASSETS			
Cash and cash equivalents	\$	2,193,190	\$ 2,754,912
Grants and contributions receivable		1,980,483	1,376,553
Prepaid expenses		<u>132,019</u>	<u>50,367</u>
Total current assets		<u>4,305,692</u>	<u>4,181,832</u>
FIXED ASSETS			
Machinery and equipment		62,614	30,254
Furniture and fixtures		45,591	70,470
Computer equipment		60,948	69,858
Website		<u>86,639</u>	<u>86,639</u>
		255,792	257,221
Less: Accumulated depreciation and amortization		<u>(167,084)</u>	<u>(155,696)</u>
Net fixed assets		<u>88,708</u>	<u>101,525</u>
OTHER ASSETS			
Deposits		11,667	22,251
Right-of-use asset, operating lease		334,338	303,291
Right-of-use asset, finance lease		<u>1,852</u>	<u>6,298</u>
Total other assets		<u>347,857</u>	<u>331,840</u>
TOTAL ASSETS	\$	<u>4,742,257</u>	<u>4,615,197</u>
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accounts payable and accrued expenses	\$	138,469	\$ 213,710
Accrued salaries and related benefits		361,181	316,926
Operating lease liability		108,516	194,118
Finance lease liability		<u>1,920</u>	<u>4,519</u>
Total current liabilities		<u>610,086</u>	<u>729,273</u>
LONG-TERM LIABILITIES			
Operating lease liability, net		247,358	135,419
Finance lease liability, net		<u>-</u>	<u>1,920</u>
Total long-term liabilities		<u>247,358</u>	<u>137,339</u>
Total liabilities		<u>857,444</u>	<u>866,612</u>
NET ASSETS			
Without donor restrictions		182,367	947,382
With donor restrictions		<u>3,702,446</u>	<u>2,801,203</u>
Total net assets		<u>3,884,813</u>	<u>3,748,585</u>
TOTAL LIABILITIES AND NET ASSETS	\$	<u>4,742,257</u>	<u>4,615,197</u>

See accompanying notes to financial statements.

ENVIRONMENTAL INTEGRITY PROJECT

**STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2024
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2023**

	2024			2023
	Without Donor Restrictions	With Donor Restrictions	Total	Total
REVENUE AND SUPPORT				
Foundation grants	\$ 668,704	\$ 5,480,112	\$ 6,148,816	\$ 5,162,950
Recoverable expenses income	34,342	-	34,342	602,381
Contributions	604,237	-	604,237	519,718
Interest income	55,234	-	55,234	93,389
Other revenue	24,106	-	24,106	21,613
Net assets released from donor restrictions	<u>4,578,869</u>	<u>(4,578,869)</u>	<u>-</u>	<u>-</u>
Total revenue and support	<u>5,965,492</u>	<u>901,243</u>	<u>6,866,735</u>	<u>6,400,051</u>
EXPENSES				
Program Services:				
Oil and Gas	2,557,133	-	2,557,133	2,822,285
Center for Applied Environmental Science	663,261	-	663,261	755,928
Chesapeake Bay Enforcement	189,931	-	189,931	321,093
Landfill Methane	440,970	-	440,970	368,382
Clean Water Act	43,831	-	43,831	165,987
Coal	439,068	-	439,068	424,241
Aluminum	542,849	-	542,849	407,115
Maryland Healthy Communities Initiative	284,276	-	284,276	157,673
EPA Watch	89,361	-	89,361	181,522
Bioenergy	83,473	-	83,473	96,043
Environmental Justice	782	-	782	855
Steel	356,189	-	356,189	158,374
Special Programs	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,369</u>
Total program services	<u>5,691,124</u>	<u>-</u>	<u>5,691,124</u>	<u>5,862,867</u>
Supporting Services:				
Management and General	951,044	-	951,044	952,261
Fundraising	74,009	-	74,009	56,905
Communications	<u>14,330</u>	<u>-</u>	<u>14,330</u>	<u>8,408</u>
Total supporting services	<u>1,039,383</u>	<u>-</u>	<u>1,039,383</u>	<u>1,017,574</u>
Total expenses	<u>6,730,507</u>	<u>-</u>	<u>6,730,507</u>	<u>6,880,441</u>
Change in net assets	(765,015)	901,243	136,228	(480,390)
Net assets at beginning of year	<u>947,382</u>	<u>2,801,203</u>	<u>3,748,585</u>	<u>4,228,975</u>
NET ASSETS AT END OF YEAR	<u>\$ 182,367</u>	<u>\$ 3,702,446</u>	<u>\$ 3,884,813</u>	<u>\$ 3,748,585</u>

ENVIRONMENTAL INTEGRITY PROJECT

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2024
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2023

	2024										
	Program Services										
	Oil and Gas	Center for Applied Environmental Science	Chesapeake Bay Enforcement	Landfill Methane	Clean Water Act	Coal	Aluminum	Maryland Healthy Communities Initiative	EPA Watch	Bioenergy	Environmental Justice
Salaries and payroll taxes	\$ 2,119,390	\$ 215,245	\$ 175,621	\$ 354,890	\$ 37,379	\$ 287,487	\$ 410,027	\$ 188,909	\$ 82,965	\$ 79,430	\$ 70
Professional and legal fees	212,122	413,404	904	38,797	209	122,465	93,462	36,827	425	238	4
Occupancy	56,445	7,817	4,193	9,734	968	9,692	11,983	6,275	1,973	1,106	18
Subgrant expense	-	-	-	-	-	-	-	40,000	-	-	-
Information technology	24,461	2,991	1,591	3,693	405	3,846	4,547	2,381	748	420	587
Meeting and transportation	32,930	11,250	1,110	13,802	2,567	2,011	3,683	1,425	383	196	3
Other administrative costs	24,349	2,273	1,103	5,007	357	2,822	4,029	1,676	519	291	5
Depreciation and amortization expense	13,005	1,801	966	2,243	223	2,233	2,761	1,446	455	255	4
Dues and subscriptions	10,508	840	610	1,510	499	1,513	1,295	863	212	119	2
Reference material	18,446	2,592	1,185	2,856	352	2,740	4,829	1,935	558	313	87
Public relations	17,291	132	71	165	16	164	203	106	33	19	-
Business Insurance	7,164	992	532	1,235	123	1,230	1,521	796	250	140	2
Printing, postage, and delivery	3,174	2,094	139	3,895	333	190	586	134	39	22	-
Program direction	17,848	1,830	1,906	3,143	400	2,675	3,923	1,503	801	924	-
TOTAL	\$ 2,557,133	\$ 663,261	\$ 189,931	\$ 440,970	\$ 43,831	\$ 439,068	\$ 542,849	\$ 284,276	\$ 89,361	\$ 83,473	\$ 782

See accompanying notes to financial statements.

ENVIRONMENTAL INTEGRITY PROJECT
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2024
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2023

	2024 (Continued)						2023	
	Program Services (Continued)		Supporting Services					
	Steel	Total Program Services	Management and General	Fundraising	Communications	Total Supporting Services	Total Expenses	Total Expenses
Salaries and payroll taxes	\$ 304,375	\$ 4,255,788	\$ 409,080	\$ 69,312	\$ -	\$ 478,392	\$ 4,734,180	\$ 4,315,741
Professional and legal fees	1,836	920,693	241,285	352	2,260	243,897	1,164,590	1,560,205
Occupancy	7,863	118,067	118,950	1,634	-	120,584	238,651	405,604
Subgrant expense	25,000	65,000	-	-	-	-	65,000	68,775
Information technology	2,983	48,653	41,988	620	3,145	45,753	94,406	95,151
Meeting and transportation	2,686	72,046	18,605	366	2,428	21,399	93,445	68,159
Other administrative costs	2,317	44,748	33,440	430	954	34,824	79,572	80,960
Depreciation and amortization expense	1,812	27,204	27,406	376	-	27,782	54,986	48,397
Dues and subscriptions	845	18,816	9,976	176	2,805	12,957	31,773	24,920
Reference material	2,383	38,276	33,628	462	-	34,090	72,366	68,295
Public relations	133	18,333	-	42	1,994	2,036	20,369	23,735
Business Insurance	998	14,983	15,098	207	-	15,305	30,288	33,235
Printing, postage, and delivery	417	11,023	1,588	32	744	2,364	13,387	22,290
Program direction	2,541	37,494	-	-	-	-	37,494	64,974
TOTAL	\$ 356,189	\$ 5,691,124	\$ 951,044	\$ 74,009	\$ 14,330	\$ 1,039,383	\$ 6,730,507	\$ 6,880,441

See accompanying notes to financial statements.

ENVIRONMENTAL INTEGRITY PROJECT

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2024
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2023

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 136,228	\$ (480,390)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation and amortization	54,986	48,397
Loss on disposal of fixed asset	160	93
Amortization of right-of-use assets, operating leases	(31,047)	322,685
(Increase) decrease in:		
Grants and contributions receivable	(603,930)	(719,649)
Prepaid expenses	(81,652)	173,364
Deposits	10,584	-
(Decrease) increase in:		
Accounts payable and accrued expenses	(75,241)	21,012
Accrued salaries and related benefits	44,255	8,097
Operating lease liabilities	26,337	(374,052)
Finance lease liability	(4,519)	(4,393)
Net cash used by operating activities	<u>(523,839)</u>	<u>(1,004,836)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets (net of reclass)	(37,883)	(40,722)
Redemption of certificates of deposit	<u>-</u>	<u>1,500,000</u>
Net cash (used) provided by investing activities	<u>(37,883)</u>	<u>1,459,278</u>
Net (decrease) increase in cash and cash equivalents	(561,722)	454,442
Cash and cash equivalents at beginning of year	<u>2,754,912</u>	<u>2,300,470</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 2,193,190</u>	<u>\$ 2,754,912</u>

ENVIRONMENTAL INTEGRITY PROJECT

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Organization -

The Environmental Integrity Project (EIP) is a nonpartisan, non-profit organization, incorporated in November 2003 in Washington, D.C. EIP was founded by Eric Schaeffer, with support from the Rockefeller Family Fund and other Foundations. EIP has the following three objectives:

- To provide an objective analysis of how the failure to enforce or implement environmental laws increases pollution and affects the public's health;
- To hold Federal and State agencies, as well as individual corporations, accountable for failing to enforce or comply with environmental law;
- To help local communities in key states obtain the protection of environmental laws.

EIP's work, which is frequently based on an extensive review of government records, has been cited in Congressional hearings and debates, in reports by the U.S. Government Accountability Office, and in frequent news articles. EIP periodically evaluates the effectiveness of Federal and State environmental programs, offering recommendations for improvement while recognizing outstanding performance.

EIP also works closely with grassroots organizations in Iowa, Pennsylvania, Texas, and other states to assist communities that are trying to get neighboring polluters to reduce their emissions and comply with environmental laws.

Program Services -

Oil and gas - EIP works to reduce harmful pollution and greenhouse gas emissions from the oil, gas, and petrochemical industries through targeted permit and enforcement actions; organizing and expert assistance to vulnerable communities, and stronger pollution control rules. It advocates for the cleanup of petrochemical plants, improved monitoring of plants and hydraulic fracturing sites, and the creation and implementation of regulations to protect nearby communities affected by these operations. EIP also provides the public with timely information about major sources of pollution that contribute to climate change or threaten air and water quality through Oil and Gas Watch News and high quality reports and newsletters. Through its dynamic online platform, Oil and Gas Watch, EIP has established and continues to expand a national inventory of petrochemical projects, which alerts communities to new permit applications and helps identify projects that disproportionately affect already overburdened communities.

Center for Applied Environmental Science (CAES): CAES seeks to advance environmental justice by ensuring that communities and environmental advocates have access to high-quality science and engineering expertise. By providing this access, which is a critical element in permitting and sitting decisions, legal challenges, and rulemaking efforts, we support disproportionately impacted communities as they seek more power to influence environmental decisions that affect their health and quality of life.

Chesapeake Bay Enforcement - EIP works to reduce water pollution from municipalities and industrial wastewater sources to ensure that these discharges meet the goals of the Chesapeake Bay TMDL and State and Federal laws designed to protect water quality.

ENVIRONMENTAL INTEGRITY PROJECT

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2024

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

Program Services (continued) -

Landfill Methane - EIP works to improve State and Federal regulatory standards that control methane emissions from landfills; reduce landfill emissions through permitting and enforcement actions; gather information and deepen relationships with communities through fence-line monitoring near landfills; and curb incinerator pollution using regulatory advocacy, research, and permitting strategies.

Clean Water Act - EIP identifies threats to public health or natural resources that arise from EPA or states' failure to enforce the Clean Water and Safe Drinking Water Acts, evaluates Federal and State responses, communicates findings, and makes policy recommendations related to protecting water resources.

Coal - EIP works to reduce pollution and greenhouse gas emissions from coal-fired power plants through regulation, permit review, and community enforcement. EIP aims to expedite retirement of the dirtiest and least efficient plants. The program evaluates and publishes analyses of emissions of hazardous pollutants and greenhouse gases, wastewater discharges, and groundwater contamination related to the operation of coal plants and legacy facilities; takes part in rulemakings, permit proceedings, and enforcement to ensure that new or modified coal plants meet the requirements of the Clean Air and Clean Water Acts; works with Federal and State agencies to improve monitoring and cleanup of coal plants; tracks and publishes information about contamination from coal ash ponds and landfills across the US.

Aluminum - EIP applies a mix of multi-disciplinary tools as part of its work to clean up climate, air, and water emissions from the aluminum industry. These include enforcement actions and advocacy and legal action to create more protective environmental and pollution control standards.

Maryland Healthy Communities Initiative - EIP uses research, public advocacy, grassroots organizing, media outreach, and legal action to reduce pollution that threatens the health of Maryland residents. Project goals including holding government agencies accountable for failure to implement environmental laws or meet deadlines; helping communities engage in decision-making and take action to challenge sources of pollution; and building support for environmental laws and their enforcement.

EPA Watch - Through application of multi-disciplinary tools that include research, reporting, media outreach, advocacy, and litigation, EIP promotes and defends the U.S. Environmental Protection Agency mission to protect public health and our natural resources and its responsibilities to respect all legal requirements, rely on scientific and other factual evidence, and act through a transparent process that gives all people a fair chance to be heard.

Bioenergy - EIP conducts and publishes research related to the environmental harms from the bioenergy sector and engages in advocacy to require regulation and appropriate permitting of biofuels facilities. This program closed in July 2024.

Steel - EIP applies multidisciplinary tools, including advocacy for more stringent regulatory standards, enforcement actions, monitoring, and participation in permitting processes, to reduce climate, air, and water emissions from steel plants.

ENVIRONMENTAL INTEGRITY PROJECT

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2024

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

Basis of presentation -

The accompanying financial statements are presented on the accrual basis of accounting, and in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) related to non-profit entities. As such, net assets are reported within two net asset classifications: without donor restrictions and with donor restrictions. Descriptions of the two net asset categories are as follow:

- **Net Assets without Donor Restrictions** - Net assets available for use in general operations and not subject to donor restrictions are recorded as "net assets without donor restrictions". Net assets set aside solely through the actions of the Board are referred to as Board Designated and are also reported as net assets without donor restrictions.
- **Net Assets with Donor Restrictions** - Net assets may be subject to donor-imposed stipulations that are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Donor-imposed restrictions are released when the restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with EIP's financial statements for the year ended December 31, 2023, from which the summarized information was derived.

Cash and cash equivalents -

EIP considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents. Bank deposit accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to a limit of \$250,000. At times during the year, EIP maintains cash balances in excess of the FDIC insurance limits. Management believes the risk in these situations to be minimal.

Grants and contributions receivable -

Grants and contributions receivable are recorded at their net realizable value which approximates fair value. Grants and contributions receivable are expected to be collected in full within one year of the Statement of Financial Position date. Accordingly, no discount for long-term receivables and no allowance for uncollectable accounts have been recorded.

Fixed assets -

Fixed assets in excess of \$1,000 are capitalized and stated at cost. Fixed assets are depreciated or amortized on a straight-line basis over the estimated useful lives of the related assets, generally three to five years. The cost of maintenance and repairs is recorded as expenses are incurred. Depreciation and amortization expense totaled \$54,986 for the year ended December 31, 2024.

ENVIRONMENTAL INTEGRITY PROJECT

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2024

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

Income taxes -

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

Revenue from contracts with customers -

EIP's recoverable expenses income is the most significant revenue stream that is treated as exchange transaction revenue following ASC Topic 606. Revenue from contracts with customers is recorded when the performance obligations are met. EIP has elected to opt out of all disclosures not required for nonpublic entities. Transaction price is based on cost. Amounts received in advance of satisfying performance obligations are recorded as deferred revenue. EIP's contracts with customers generally have initial terms of one year or less.

Recoverable expenses income pertains to certain allowable legal fees that EIP has incurred in the course of representing a case, which may be recovered in a court settlement. These fees may include staff attorney fees, expert costs, and other costs allowed by the court. Recoverable expenses income is recognized in the year when the final outcome of legal claims or reimbursements is certain and realized. This occurs after the consent decree has been entered with the relevant jurisdictional court and after all payment conditions identified in the consent decree have been met.

Support from grants and contributions -

The majority of EIP's revenue is received through grants and contributions. Grants and contributions are recognized in the appropriate category of net assets in the period received. EIP performs an analysis of the individual grant and contribution agreement to determine if the funding stream follows the contribution rules or if it should be recorded as an exchange transaction depending upon whether the transaction is deemed reciprocal or nonreciprocal in accordance with ASC Topic 958.

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

Conditional contributions contain a right of return and a measurable barrier. Contributions are recognized when conditions have been satisfied. Conditional contributions received in advance of meeting specified conditions established by donors are recorded as refundable advances. However, EIP had no refundable advances as of December 31, 2024.

ENVIRONMENTAL INTEGRITY PROJECT

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2024

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

Support from grants and contributions (continued) -

In addition, EIP may obtain funding source agreements related to conditional contributions, which will be received in future years. However, EIP had no conditional contributions to be received in future years as of December 31, 2024.

Use of estimates -

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

Functional allocation of expenses -

The costs of providing EIP's programs and supporting services have been summarized on a functional basis in the Statement of Activities and Change in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses directly attributed to a specific functional area are reported as direct expenses within that functional area and expenses that benefited more than one functional area, such as personnel costs, were allocated based on estimated time and effort.

2. LINE OF CREDIT

EIP has a \$100,000 revolving bank line of credit. Amounts borrowed under this agreement bear interest at the bank's prime rate plus 6.75%. As of December 31, 2024, there was no outstanding balance on the line of credit.

3. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at December 31, 2024:

Subject to expenditure for specified purpose:

Oil and Gas	\$ 1,867,176
Center for Applied Environmental Science	239,223
Chesapeake Bay Enforcement	59,361
Landfill Methane	752,757
Clean Water Act	35,016
Coal	133,351
Aluminum	209,240
Maryland Healthy Communities Initiative	149,203
EPA Watch	13,308
Steel	43,811
Subject to passage of time	<u>200,000</u>

TOTAL NET ASSETS WITH DONOR RESTRICTIONS	\$ <u>3,702,446</u>
---	----------------------------

ENVIRONMENTAL INTEGRITY PROJECT

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2024

3. NET ASSETS WITH DONOR RESTRICTIONS (Continued)

The following net assets with donor restrictions were released from donor restrictions either by incurring expenses which satisfied the restricted purposes specified by the donors or through the passage of time during the year ended December 31, 2024:

Purpose restrictions accomplished:	
Oil and Gas	\$ 1,573,740
Center for Applied Environmental Science	653,363
Chesapeake Bay Enforcement	40,639
Landfill Methane	440,970
Clean Water Act	14,983
Coal	369,903
Aluminum	542,847
Maryland Healthy Communities Initiative	284,277
EPA Watch	42,875
Bioenergy	59,083
Steel	356,189
Expiration of time restrictions	<u>200,000</u>
TOTAL NET ASSETS RELEASED FROM DONOR RESTRICTIONS	<u>\$ 4,578,869</u>

4. LIQUIDITY AND AVAILABILITY

Financial assets available for use for general expenditures within one year of the Statement of Financial Position date comprise the following as of December 31, 2024:

Cash and cash equivalents	\$ 2,193,190
Grants and contributions receivable	1,980,483
Less: Donor restricted funds	<u>(3,702,446)</u>
FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR	<u>\$ 471,227</u>

EIP is substantially supported by restricted contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, EIP must maintain sufficient resources to meet those responsibilities to its donors.

As part of EIP's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In the event of an unanticipated liquidity need, EIP also could draw upon \$100,000 of available lines of credit (as further discussed in Note 2).

5. LEASE COMMITMENTS

EIP follows FASB ASC 842 for leases. EIP has elected the practical expedient that allows lessees to choose to not separate lease and non-lease components by class of underlying asset and is applying this expedient to all relevant asset classes. EIP has also elected to use a risk-free rate as the lease discount rate for all leases as allowed under FASB ASC 842. The lease liability was discounted using the risk-free rate of 4.65%.

ENVIRONMENTAL INTEGRITY PROJECT

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2024

5. LEASE COMMITMENTS (Continued)

Operating Leases:

During the year ended December 31, 2024, EIP terminated its lease agreement for office space in Texas, which was originally set to expire on March 31, 2027. The lease was terminated early effective August 21, 2024, in accordance with a mutual agreement between EIP and the lessor.

As a result of the termination, EIP derecognized a right-of-use asset of \$151,449 and a lease liability of \$154,716. The difference of \$3,267 was recognized as a gain on lease termination and is included in Other Revenue in the accompanying Statement of Activities.

On May 29, 2024, EIP entered into a lease agreement for office space in Washington, D.C., which commenced on June 1, 2024 and is set to expire on September 30, 2027. The office lease includes a 2.5% escalation of base rentals which is being amortized on a basis to achieve straight-line rent expense over the life of the lease.

For the year ended December 31, 2024, total lease cost was \$233,369 and total cash paid was \$231,926 for the operating leases. Lease cost is included in Occupancy in the accompanying Statement of Functional Expenses.

Finance Lease:

On June 1, 2022, EIP signed a lease to finance a photocopier over a three-year period. For the year ended December 31, 2024, total amortization on the right-of-use asset was \$4,446 and total interest expense was \$240 for the finance lease. Amortization expense is included in Depreciation and amortization in the accompanying Statement of Functional Expenses.

The following is a schedule of the future minimum lease payments due under the operating and finance leases, net of imputed interest, as of December 31, 2024:

<u>Year Ending December 31,</u>	<u>D.C. Office</u>	<u>Copier</u>
2025	\$ 122,597	\$ 1,930
2026	145,593	-
2027	<u>111,541</u>	<u>-</u>
Subtotal	379,731	1,930
Less: Imputed interest	(23,857)	(10)
Less: Current portion	<u>(108,516)</u>	<u>(1,920)</u>
LONG-TERM PORTION	\$ <u>247,358</u>	\$ <u>-</u>

6. RETIREMENT PLAN

EIP provides retirement benefits to its employees through a 401(k) plan. In accordance with the provisions of the Plan, EIP contributes a percentage of a participant's salary to the Plan. EIP's contributions to the Plan totaled \$211,414 for the year ended December 31, 2024, and have been included in Salaries and payroll taxes in the accompanying Statement of Functional Expenses.

7. SUBSEQUENT EVENTS

In preparing these financial statements, EIP has evaluated events and transactions for potential recognition or disclosure through September 17, 2025, the date the financial statements were issued.