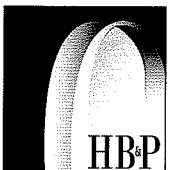


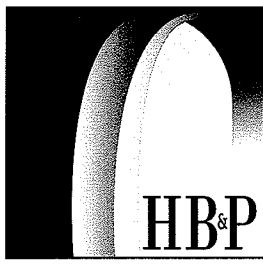
**CENTER FOR INTERNATIONAL
ENVIRONMENTAL LAW, INC.
FINANCIAL STATEMENTS
JUNE 30, 2007**



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HALT BUZAS & POWELL, LTD
CERTIFIED PUBLIC ACCOUNTANTS
MANAGEMENT CONSULTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Center for International Environmental Law, Inc.
Washington, DC

We have audited the accompanying statements of financial position of Center for International Environmental Law, Inc. (CIEL) as of June 30, 2007 and 2006, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of CIEL's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Center for International Environmental Law, Inc. as of June 30, 2007 and 2006, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

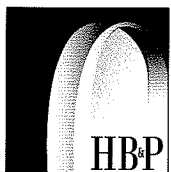
Halt, Buzas & Powell, Ltd.

September 14, 2007

CENTER FOR INTERNATIONAL ENVIRONMENTAL LAW, INC.

STATEMENTS OF FINANCIAL POSITION

	<u>June 30,</u>	
	<u>2007</u>	<u>2006</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,342,770	\$ 1,118,845
Foundation pledges receivable	710,000	981,438
U.S. government grants and fees receivable	928	-
Foreign government grants and fees receivable	384,191	-
Other grants and fees receivable	25,387	43,142
Other receivables	25,189	13,387
Prepaid expenses and other assets	<u>59,943</u>	<u>30,536</u>
Total current assets	2,548,408	2,187,348
Foundation pledges receivable- long-term	450,000	-
Property and equipment, net	93,949	18,364
Investments	<u>9,984</u>	<u>6,888</u>
Total assets	<u>\$ 3,102,341</u>	<u>\$ 2,212,600</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	\$ 147,249	\$ 44,372
Accrued payroll expenses	60,202	39,707
Deferred revenue	38,366	19,164
Deferred lease liability	<u>21,418</u>	<u>-</u>
Total current liabilities	<u>267,235</u>	<u>103,243</u>
Total liabilities	<u>267,235</u>	<u>103,243</u>
Net assets:		
Unrestricted	577,622	353,435
Temporarily restricted	<u>2,257,484</u>	<u>1,755,922</u>
Total net assets	<u>2,835,106</u>	<u>2,109,357</u>
Total liabilities and net assets	<u>\$ 3,102,341</u>	<u>\$ 2,212,600</u>



See notes to financial statements

CENTER FOR INTERNATIONAL ENVIRONMENTAL LAW, INC.

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2007

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues:			
Foundation grants and fees	\$ 221,616	\$ 1,836,122	\$ 2,057,738
U.S. governments grants and fees	36,061	222,747	258,808
Foreign government grants and fees	202,941	492,130	695,071
Other grants and fees	239,847	-	239,847
Contributions	158,830	17,672	176,502
Investment income	61,657	-	61,657
Other income	37,499	-	37,499
Net assets released from restrictions:			
Satisfaction of grant restrictions	<u>2,067,109</u>	<u>(2,067,109)</u>	<u>-</u>
Total revenues	<u>3,025,560</u>	<u>501,562</u>	<u>3,527,122</u>
Expenses:			
Program services:			
Climate Change	103,705	-	103,705
Chemicals	986,520	-	986,520
Trade and Sustainable Development	891,524	-	891,524
International Financial Institutions	146,074	-	146,074
Human Rights	92,513	-	92,513
Law and Communities	269,646	-	269,646
Other Programs	<u>64,750</u>	<u>-</u>	<u>64,750</u>
Total program services	<u>2,554,732</u>	<u>-</u>	<u>2,554,732</u>
Support services:			
General and administrative	89,325	-	89,325
Fundraising	<u>157,316</u>	<u>-</u>	<u>157,316</u>
Total support services	<u>246,641</u>	<u>-</u>	<u>246,641</u>
Total expenses	<u>2,801,373</u>	<u>-</u>	<u>2,801,373</u>
Net increase in net assets	224,187	501,562	725,749
Net assets, beginning of year	<u>353,435</u>	<u>1,755,922</u>	<u>2,109,357</u>
Net assets, end of year	<u>\$ 577,622</u>	<u>\$ 2,257,484</u>	<u>\$ 2,835,106</u>



See notes to financial statements

CENTER FOR INTERNATIONAL ENVIRONMENTAL LAW, INC.

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2006

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues:			
Foundation grants and fees	\$ 20,500	\$ 1,646,921	\$ 1,667,421
U.S. governments grants and fees	-	330,761	330,761
Foreign government grants and fees	-	73,052	73,052
Other grants and fees	674	283,565	284,239
Contributions	66,262	110,028	176,290
Investment income	37,711	1,171	38,882
Other income	30,700	-	30,700
Net assets released from restrictions:			
Satisfaction of grant restrictions	<u>2,358,308</u>	<u>(2,358,308)</u>	<u>-</u>
Total revenues	<u>2,514,155</u>	<u>87,190</u>	<u>2,601,345</u>
Expenses:			
Program services:			
Climate Change	138,158	-	138,158
Biodiversity and Wildlife	10,000	-	10,000
Chemicals	678,423	-	678,423
Trade and Sustainable Development	789,859	-	789,859
International Financial Institutions	103,290	-	103,290
Human Rights	44,898	-	44,898
Law and Communities	552,157	-	552,157
Other Programs	<u>50,660</u>	<u>-</u>	<u>50,660</u>
Total program services	<u>2,367,445</u>	<u>-</u>	<u>2,367,445</u>
Support services:			
General and administrative	81,266	-	81,266
Fundraising	<u>149,701</u>	<u>-</u>	<u>149,701</u>
Total support services	<u>230,967</u>	<u>-</u>	<u>230,967</u>
Total expenses	<u>2,598,412</u>	<u>-</u>	<u>2,598,412</u>
Net (decrease) increase in net assets	(84,257)	87,190	2,933
Net assets, beginning of year	<u>437,692</u>	<u>1,668,732</u>	<u>2,106,424</u>
Net assets, end of year	<u>\$ 353,435</u>	<u>\$ 1,755,922</u>	<u>\$ 2,109,357</u>

See notes to financial statements



CENTER FOR INTERNATIONAL ENVIRONMENTAL LAW, INC.

STATEMENTS OF CASH FLOWS

	For the Years Ended June 30,	
	2007	2006
Cash flows from operating activities:		
Net increase in net assets	\$ <u>725,749</u>	\$ <u>2,933</u>
Adjustments to reconcile net increase in net assets to net cash provided by operating activities:		
Depreciation and amortization	12,721	9,868
Donated investments	-	(6,076)
Unrealized (gain) loss on investments	(3,096)	216
Decrease (increase) in assets:		
Foundation pledges receivable	(178,562)	223,562
U.S. government grants and fees receivable	(928)	69,714
Foreign government grants and fees receivable	(384,191)	30,016
Other grants and fees receivable	17,755	1,938
Other receivables	(11,802)	19,155
Prepaid expenses and other assets	(29,407)	3,744
Increase (decrease) in liabilities:		
Accounts payable	102,877	4,545
Accrued payroll expenses	20,495	7,650
Deferred revenue	19,202	19,165
Deferred lease liability	<u>21,418</u>	<u>-</u>
Total adjustments	<u>(413,518)</u>	<u>383,497</u>
Net cash provided by operating activities	<u>312,231</u>	<u>386,430</u>
Cash flows from investing activities:		
Purchases of fixed assets	<u>(88,306)</u>	<u>(13,756)</u>
Net cash used in investing activities	<u>(88,306)</u>	<u>(13,756)</u>
Net increase in cash	223,925	372,674
Cash, beginning of year	<u>1,118,845</u>	<u>746,171</u>
Cash, end of year	<u>\$ 1,342,770</u>	<u>\$ 1,118,845</u>

See notes to financial statements



CENTER FOR INTERNATIONAL ENVIRONMENTAL LAW, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2007

1. Organization

Center for International Environmental Law, Inc (CIEL) was founded in 1989 to bring the energy and experience of the public interest environmental law movement in the United States to the critical task of strengthening and developing foreign and comparative environmental law, policy, and management throughout the world.

2. Summary of significant accounting policies

Basis of accounting

The financial statements are prepared on the accrual basis of accounting. Under the accrual method, revenues are recognized when earned and expenses are recognized when incurred.

Cash and cash equivalents

All highly liquid debt instruments with a maturity of six months or less are considered cash equivalents.

Credit risk

At times throughout the year, CIEL has deposits in excess of Federal Deposit Insurance Corporation (FDIC) limits in its primary checking account only. At June 30, 2007, CIEL had bank deposits in excess of FDIC limits of \$74,333. CIEL did not have a balance in excess of FDIC limits at June 30, 2006.



CENTER FOR INTERNATIONAL ENVIRONMENTAL LAW, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2007

Property and equipment

Property and equipment are reflected in the financial statements at cost, net of accumulated depreciation and amortization. Depreciation is computed using the straight-line method over three years for furniture and fixtures and computer equipment, and ten years for leasehold improvements. Major additions and improvements are capitalized. Repairs and maintenance which do not significantly add to the value of assets are expensed as incurred.

Net assets

In accordance with generally accepted accounting principals, net assets are classified into two categories; unrestricted and temporarily restricted. Unrestricted net assets are available for the general operations of CIEL, whereas temporarily restricted net assets arise from contributions, foundation and government grants of cash, or pledges to give cash in the future which are subject to donor-imposed stipulations as to their use for specific programs conducted by CIEL.

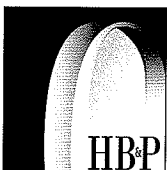
Grants

Grants are recorded as unrestricted or temporarily restricted support depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in temporarily restricted net assets and then reclassified to unrestricted net assets when the restriction is satisfied. Grants received under cost reimbursement arrangements are recorded as unrestricted revenue.

Allocation of expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among programs and supporting services benefited. During the years ended June 30, 2007 and June 30, 2006, indirect costs of \$738,296 and \$692,781 were recovered under the provisions of various restricted grants.

Salaries are allocated between program, fundraising, and management and general classifications based on employee timesheets. The remaining related costs are specifically allocated whenever practical or are allocated based on employee time.



CENTER FOR INTERNATIONAL ENVIRONMENTAL LAW, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2007

Use of estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles 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 revenues and expenses and their functional allocation during the reporting period. Actual results could differ from those estimates.

Income taxes

CIEL is exempt from Federal and local income taxes under Section 501(c)(3) of the Internal Revenue Code on any net income derived from activities related to exempt purpose. CIEL is taxed on net income from unrelated business activities. For the years ended June 30, 2007 and 2006, CIEL did not generate any net income from unrelated business activities.

3. Foundation pledges

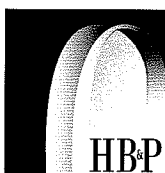
Foundation pledges receivable at June 30, 2007 and 2006 include amounts due in:

	<u>2007</u>	<u>2006</u>
Less than one year	\$ 710,000	\$ 981,438
One to three years	<u>450,000</u>	<u>-</u>
Total	<u>\$ 1,160,000</u>	<u>\$ 981,438</u>

No allowance for uncollectible pledges has been established since management of CIEL believes all pledges are fully collectible. Pledges due in one or more years have not been discounted because the amount of the discount would be immaterial.

4. Accrued vacation

At June 30, 2007 and 2006, \$35,144 and \$25,693, respectively, was included in accrued payroll expenses as a provision for accrued vacations.



CENTER FOR INTERNATIONAL ENVIRONMENTAL LAW, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2007

5. Temporarily restricted net assets

At June 30, 2007 and 2006, temporarily restricted net assets were available for the following programs:

	<u>2007</u>	<u>2006</u>
Climate Change	\$ 213,141	\$ 76,788
Chemicals	731,845	666,294
Trade and Sustainable Development	1,076,644	633,136
International Financial Institutions	178,921	246,916
Human Rights	54,025	129,233
Law and Communities	1,000	-
Other Programs	-	2,444
General and Administrative	<u>1,908</u>	<u>1,111</u>
Total temporarily restricted net assets	<u>\$ 2,257,484</u>	<u>\$ 1,755,922</u>

6. Net assets released from restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose. Purpose restrictions accomplished during the years ended June 30, 2007 and 2006 are as follows:

	<u>2007</u>	<u>2006</u>
Climate Change	\$ 103,705	\$ 138,158
Biodiversity and Wildlife	-	10,000
Chemicals	871,933	678,423
Trade and Sustainable Development	848,737	789,859
International Financial Institutions	146,074	103,290
Human Rights	92,513	44,898
Law and Communities	-	543,020
Other Programs	2,444	42,785
General and Administrative	<u>1,703</u>	<u>7,875</u>
Total net assets released from restrictions	<u>\$ 2,067,109</u>	<u>\$ 2,358,308</u>



CENTER FOR INTERNATIONAL ENVIRONMENTAL LAW, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2007

7. Commitments and contingencies

Operating leases

CIEL leases office space in Washington, DC that expires July 31, 2017. CIEL also leases office space in Berkeley, CA that expired on July 15, 2007.

CIEL also leases office space in Geneva, Switzerland under a monthly agreement.

The total cost of office space for the years ended June 30, 2007 and 2006, was \$279,286 and \$249,336, respectively.

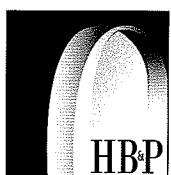
Aggregate future minimum lease payments are as follows:

For fiscal years ending in:

2008	\$	210,906
2009		235,005
2010		240,860
2011		246,891
2012		253,650
2013 and thereafter		<u>1,426,370</u>
Total	\$	<u>2,613,682</u>

8. Retirement plan

CIEL sponsors a money purchase, defined contribution retirement plan. All employees who have attained the age of 18 are eligible to participate after completing six months of service. The plan year is January 1 to December 31, and the required annual employer contribution is 5% of the total compensation paid to eligible employees. The contribution is allocated between eligible employees on the basis of their compensation. CIEL's pension contribution for the years ended June 30, 2007 and 2006 was \$59,501 and \$53,161, respectively.



CENTER FOR INTERNATIONAL ENVIRONMENTAL LAW, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2007

9. Property and equipment

The following is a summary of property and equipment held as of June 30:

	<u>2007</u>	<u>2006</u>
Furniture and equipment	\$ 78,032	\$ 121,070
Leasehold improvements	<u>61,134</u>	<u>-</u>
Subtotal	139,166	121,070
Accumulated depreciation and amortization	<u>(45,217)</u>	<u>(102,706)</u>
Total	<u>\$ 93,949</u>	<u>\$ 18,364</u>

Depreciation and amortization of property and equipment for the years ended June 30, 2007 and 2006 was \$12,721 and \$9,868, respectively.

10. Contributed services

CIEL's primary form of contributed services is from lawyers and interns. Where a measure of such services is estimable, CIEL has calculated such donated services as an item of both revenue and expense. For the years ended June 30, 2007 and 2006, CIEL received \$103,145 and \$111,143, respectively, in donated services which was included in contributions revenue.

