



FINANCIAL STATEMENTS

For the Years Ended December 31, 2018 and 2017



WESTERN ENVIRONMENTAL LAW CENTER
FINANCIAL STATEMENTS
For the Years Ended December 31, 2018 and 2017

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Western Environmental Law Center
Eugene, Oregon

We have audited the accompanying financial statements of Western Environmental Law Center (a nonprofit organization), which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities, cash flows, and functional expenses for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Western Environmental Law Center as of December 31, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Jones & Roth, P.C.

Jones & Roth, P.C.
Eugene, Oregon
August 27, 2019

FINANCIAL STATEMENTS

WESTERN ENVIRONMENTAL LAW CENTER
STATEMENTS OF FINANCIAL POSITION
December 31, 2018 and 2017

	2018	2017
Assets		
Current assets		
Cash and cash equivalents	\$ 1,646,422	\$ 2,020,611
Prepaid expenses	18,689	18,108
Accounts receivable	75,693	32,614
Grants and contributions receivable	174,505	-
Certificates of deposit, short-term	499,920	-
Other assets	436	429
	<u>2,415,665</u>	<u>2,071,762</u>
 Total current assets	 <u>2,415,665</u>	 <u>2,071,762</u>
Equipment and furnishings		
Equipment and furnishings	92,888	76,221
Accumulated depreciation	(51,862)	(41,018)
	<u>41,026</u>	<u>35,203</u>
 Equipment and furnishings, net	 <u>41,026</u>	 <u>35,203</u>
Other assets		
Certificate of deposit, long-term	-	223,121
Funds held in trust	11,634	38,496
Beneficial interest in the assets of the Oregon Community Foundation (OCF)	39,136	40,337
Deposits	12,735	12,735
Unemployment deposit	10,001	10,000
	<u>73,506</u>	<u>324,689</u>
 Total other assets	 <u>73,506</u>	 <u>324,689</u>
 Total assets	 <u>\$ 2,530,197</u>	 <u>\$ 2,431,654</u>

	<u>2018</u>	<u>2017</u>
Liabilities and Net Assets		
Current liabilities		
Accounts payable	\$ 21,991	\$ 13,032
Credit card payable	27,047	16,530
Payroll payables	<u>63,904</u>	<u>53,367</u>
Total current liabilities	112,942	82,929
Other liabilities		
Funds held in trust	<u>11,631</u>	<u>38,494</u>
Total liabilities	<u>124,573</u>	<u>121,423</u>
Net assets		
Without donor restrictions:		
Board designated	1,074,600	1,033,203
Undesignated	<u>869,771</u>	<u>943,111</u>
Total net assets without donor restrictions	1,944,371	1,976,314
With donor restrictions	<u>461,253</u>	<u>333,917</u>
Total net assets	<u>2,405,624</u>	<u>2,310,231</u>
Total liabilities and net assets	<u>\$ 2,530,197</u>	<u>\$ 2,431,654</u>

The accompanying notes are an integral part of these statements.

WESTERN ENVIRONMENTAL LAW CENTER
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2018

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues, gains, and other support			
Grants	\$ 81,500	\$ 946,500	\$ 1,028,000
Contributions	637,603	97,000	734,603
Fees and reimbursements	507,843	-	507,843
Education fees	20,000	-	20,000
In-kind donations	9,051	-	9,051
Miscellaneous	23	-	23
Interest income	7,083	-	7,083
Change in beneficial interest in the assets of the OCF	(1,201)	-	(1,201)
Net assets released from restrictions:			
Satisfaction of program restrictions	<u>916,164</u>	<u>(916,164)</u>	<u>-</u>
 Total revenues, gains, and other support	 <u>2,178,066</u>	 <u>127,336</u>	 <u>2,305,402</u>
 Expenses			
Program	1,838,120	-	1,838,120
Management and general	224,413	-	224,413
Fundraising	<u>147,476</u>	<u>-</u>	<u>147,476</u>
 Total expenses	 <u>2,210,009</u>	 <u>-</u>	 <u>2,210,009</u>
 Change in net assets	 (31,943)	 127,336	 95,393
 Net assets, beginning of year	 <u>1,976,314</u>	 <u>333,917</u>	 <u>2,310,231</u>
 Net assets, end of year	 <u>\$ 1,944,371</u>	 <u>\$ 461,253</u>	 <u>\$ 2,405,624</u>

The accompanying notes are an integral part of these statements.

WESTERN ENVIRONMENTAL LAW CENTER
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2017

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gains, and other support			
Grants	\$ 28,000	\$ 823,333	\$ 851,333
Contributions	1,239,920	75,000	1,314,920
Fees and reimbursements	923,232	-	923,232
Education fees	20,000	-	20,000
In-kind donations	11,492	-	11,492
Miscellaneous	18,685	-	18,685
Interest income	4,036	-	4,036
Change in beneficial interest in the assets of the OCF	5,277	-	5,277
Net assets released from restrictions:			
Satisfaction of program restrictions	779,984	(779,984)	-
 Total revenues, gains, and other support	 3,030,626	 118,349	 3,148,975
 Expenses			
Program	1,817,757	-	1,817,757
Management and general	200,956	-	200,956
Fundraising	176,146	-	176,146
 Total expenses	 2,194,859	 -	 2,194,859
 Change in net assets	 835,767	 118,349	 954,116
 Net assets, beginning of year	 1,140,547	 215,568	 1,356,115
 Net assets, end of year	 \$ 1,976,314	 \$ 333,917	 \$ 2,310,231

The accompanying notes are an integral part of these statements.

WESTERN ENVIRONMENTAL LAW CENTER
 STATEMENTS OF CASH FLOWS
 For the Years Ended December 31, 2018 and 2017

	2018	2017
Cash flows from operating activities		
Change in net assets	\$ 95,393	\$ 954,116
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	10,844	8,085
Change in beneficial interest in the assets of OCF	1,201	(5,277)
(Increase) decrease in:		
Prepaid expenses	(581)	(5,676)
Accounts receivable	(43,079)	42,084
Grants receivable	(174,505)	25,000
Other assets	(7)	(16)
Deposits	-	(1,740)
Unemployment deposits	(1)	-
Increase (decrease) in:		
Accounts payable	8,959	8,459
Credit card payable	10,517	4,205
Payroll payables	10,537	1,789
	(80,722)	1,031,029
Net cash provided (used) by operating activities		
Cash flows from investing activities		
Net purchase of equipment	(16,668)	(19,172)
Proceeds from sale of assets	-	1,361
Net investment in certificates of deposit	(276,799)	(1,996)
	(293,467)	(19,807)
Net cash used by investing activities		
Net increase (decrease) in cash and cash equivalents	(374,189)	1,011,222
Cash and cash equivalents, beginning of year	2,020,611	1,009,389
Cash and cash equivalents, end of year	\$ 1,646,422	\$ 2,020,611

The accompanying notes are an integral part of these statements.

WESTERN ENVIRONMENTAL LAW CENTER
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2018

		<u>Support Services</u>		
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Expenses</u>
Salaries	\$ 1,045,769	\$ 143,642	\$ 59,662	\$ 1,249,073
Payroll taxes	78,860	10,832	4,499	94,191
Payroll benefits	152,664	21,673	9,451	183,788
Litigation:				
Communication	128,056	-	-	128,056
Education and licensure	33,394	-	-	33,394
Experts	81,742	-	-	81,742
Meals and travel	109,188	-	-	109,188
Grants passed through	8,500	-	-	8,500
Other	46,777	-	-	46,777
Communications	11,151	1,532	636	13,319
Depreciation	9,079	1,247	518	10,844
General insurance	6,610	908	377	7,895
Professional services	-	12,350	-	12,350
Office rent	66,363	9,115	3,786	79,264
Repairs	2,181	300	124	2,605
Small equipment	1,809	248	103	2,160
Utilities	10,205	1,402	582	12,189
Education, outreach	41,450	-	-	41,450
Printing and postage	-	1,775	41,059	42,834
Supplies	-	6,403	3,809	10,212
Technology	-	-	9,405	9,405
Board expense	2,920	5,118	-	8,038
Staff development and training	867	3,940	2,213	7,020
Travel	-	-	5,752	5,752
Office expenses	535	3,928	-	4,463
Other expenses	-	-	5,500	5,500
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total functional expenses	<u>\$ 1,838,120</u>	<u>\$ 224,413</u>	<u>\$ 147,476</u>	<u>\$ 2,210,009</u>

The accompanying notes are an integral part of these statements.

WESTERN ENVIRONMENTAL LAW CENTER
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2017

	Support Services			Total Expenses
	Program Services	Management and General	Fundraising	
Salaries	\$ 993,412	\$ 137,687	\$ 79,896	\$ 1,210,995
Payroll taxes	75,354	10,444	6,060	91,858
Payroll benefits	129,779	18,631	10,914	159,324
Litigation:				
Communication	119,200	-	-	119,200
Education and licensure	28,898	-	-	28,898
Experts	127,154	-	-	127,154
Meals and travel	114,963	-	-	114,963
Grants passed through	24,000	-	-	24,000
Other	53,531	-	-	53,531
Communications	8,367	1,160	673	10,200
Depreciation	6,632	919	534	8,085
General insurance	6,883	954	554	8,391
Professional services	-	9,150	-	9,150
Office rent	62,689	8,689	5,041	76,419
Repairs	5,294	734	426	6,454
Small equipment	2,989	-	-	2,989
Utilities	12,054	1,671	969	14,694
Education, outreach	42,617	-	-	42,617
Printing and postage	-	1,861	36,427	38,288
Supplies	-	6,547	6,833	13,380
Technology	-	-	7,582	7,582
Board expense	3,674	-	-	3,674
Staff development and training	-	-	1,430	1,430
Travel	-	-	7,400	7,400
Office expenses	267	2,509	-	2,776
Other expenses	-	-	11,407	11,407
	<u>\$ 1,817,757</u>	<u>\$ 200,956</u>	<u>\$ 176,146</u>	<u>\$ 2,194,859</u>
Total functional expenses	<u>\$ 1,817,757</u>	<u>\$ 200,956</u>	<u>\$ 176,146</u>	<u>\$ 2,194,859</u>

The accompanying notes are an integral part of these statements.

WESTERN ENVIRONMENTAL LAW CENTER
NOTES TO FINANCIAL STATEMENTS

1. Nature of Operations and Summary of Significant Accounting Policies

Organization

Western Environmental Law Center's (WELC) mission is to use the power of the law to safeguard the public lands, wildlife, and communities of the American West in the face of a changing climate. WELC's fee and reimbursements income consists of legal awards, settlements, and fees from public interest environmental legal cases.

Recent Accounting Standard Adopted

During the year ended December 31, 2018, WELC adopted the provisions of the Financial Accounting Standards Board's (FASB) Accounting Standards Update (ASU) No. 2016-14: *Presentation of Financial Statements of Not-for-Profit Entities*. The standard was applied on a retrospective basis. In addition to changes in terminology used to describe categories of net assets throughout the financial statements, new disclosures were added regarding liquidity and availability of resources and related to functional allocation of expenses. The 2017 financial statements have been restated to conform to the presentation and disclosure requirements of ASU 2016-14.

Basis of Accounting

WELC's financial statements have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities. Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of WELC and changes therein are classified and reported as follows:

- *Net assets without donor restrictions* — Net assets that are not subject to donor-imposed stipulations or restrictions.
- *Net assets with donor restrictions* — Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the WELC and/or the passage of time. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Estimates

The preparation of 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, liabilities, and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Income Tax Status

WELC is an exempt organization under Section 501(c)(3) of the Internal Revenue Code. In addition, WELC qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2). WELC files required informational returns with both the U.S. federal jurisdiction and the state of Oregon.

WESTERN ENVIRONMENTAL LAW CENTER
NOTES TO FINANCIAL STATEMENTS

1. Nature of Operations and Summary of Significant Accounting Policies, continued

Cash and Cash Equivalents

WELC's cash and cash equivalents consists of cash on hand and demand deposits, including a money market account, with multiple financial institutions.

Receivables Policies

Some of WELC's program services are performed on a contingency fee basis. No interest on receivables is charged unless court ordered. No receivables for services are booked until final settlement is reached. If there is a contractual agreement for WELC to receive payment for fees and/or costs directly from the client, then WELC will book that receivable as it is earned. If receivables become uncollectible, they are written-off directly. Management determines the collectability and current or non-current status on a case by case basis. If associated with an active case, those costs may ultimately be recovered through a settlement or court decision.

Property and Equipment

Property and equipment is comprised of equipment and furnishings. Depreciation of equipment and furnishings is provided over the estimated useful lives, using the straight-line method. Purchased assets are recorded at historical cost. Donated assets are recorded at fair value at date of contribution. Additions, betterments, and replacements are capitalized. Expenditures for normal maintenance and repairs and replacements are charged to expense as incurred.

Revenue Recognition

Grants and contributions are recognized as revenue when the contribution or grant is promised or made and are recorded as support that is either with or without donor restrictions. Classification is based on the existence and nature of any donor restrictions imposed on the contribution. Support that is restricted by the donor is reported as restricted revenues and is released to net assets without donor restrictions when the restriction is met.

Fees and reimbursement revenue is recognized when the related services have been rendered by WELC and/or the case settlement is awarded by the court system. Such revenue is considered to be without donor restrictions.

In-kind Donations

In-kind donations are valued at market value at the date of donation. WELC recognizes as contributions and expenditures donations of services which require specialized skills and donated items at fair market value.

Expense Allocation

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

WESTERN ENVIRONMENTAL LAW CENTER
NOTES TO FINANCIAL STATEMENTS

2. Liquidity and Availability of Resources

WELC has a policy to manage its liquidity and reserves in order to meet its needs to fund operating expenditures. At December 31, 2018 and 2017, the WELC's financial assets, reduced by amounts not available for general expenditures within one year, are comprised of the following:

	2018	2017
Cash and cash equivalents	\$ 1,646,422	\$ 2,020,611
Receivables	250,198	32,614
Certificates of deposit	499,920	223,121
Financial assets	2,396,540	2,276,346
Less amounts not available for general expenditure within one year:		
Receivables with donor-imposed restrictions	(45,000)	-
Board designated reserve	(1,074,600)	(1,033,203)
Financial assets available for general expenditure within one year	\$ 1,276,940	\$ 1,243,143

The Board of Directors has designated a portion of WELC's net assets without donor restrictions to be reserved for three purposes: to provide for WELC's operations in the event of a revenue shortfall; to create a means to fund special projects that are not otherwise funded; and to contribute to the beneficial interest in the assets of OCF or another revenue-generating tool for WELC. WELC has a reserve fund management policy that outlines the investment policy for the reserve fund, which is to invest in low-risk, high yield, socially responsible investments, and the method by which contributions and withdrawals are made to and from the reserve. The board designated funds are held in savings and money market accounts and certificates of deposit.

3. Accounts Receivable

As of December 31, 2018 and 2017, accounts receivable consisted primarily of fees from legal actions and contracted services. Management periodically evaluates the collectability of receivables. Management considers the amounts fully collectible; therefore, no allowance for doubtful accounts has been recorded. Receivables are written-off as uncollectible when all avenues for collection have been exhausted.

As of December 31, accounts receivable consisted of the following:

	2018	2017
Fees and settlements from legal actions	\$ 62,874	\$ 15,295
Contracted services	12,500	12,500
Other receivables	319	4,819
Total accounts receivable	\$ 75,693	\$ 32,614

WESTERN ENVIRONMENTAL LAW CENTER
NOTES TO FINANCIAL STATEMENTS

4. Certificates of Deposit

Certificates of deposit consists of certificates of deposit with an original maturity greater than three months. At December 31, 2018, the certificates of deposit were recorded at fair market value. At December 31, 2017, the certificate of deposit were recorded at cost plus interest earned, which approximated fair value. Certificates of deposit are classified between current and non-current assets based on respective maturity dates.

5. Funds Held in Trust

WELC maintains separate bank accounts for funds held in trust. These funds are mostly comprised of attorney retainers and fee recoveries. These funds are held in trust until they are distributed to the appropriate parties.

6. Concentration of Credit Risk

WELC maintains cash and cash equivalents and certificate of deposit balances in some bank accounts, exceeding the Federal Deposit Insurance Corporation (FDIC) depository insurance limit of \$250,000. At December 31, 2018 and 2017, WELC's balances exceeded FDIC depository insurance by \$925,723 and \$1,949,930, respectively.

WELC has accounts receivable from various parties under the terms of contracts and settlement agreements. At December 31, 2018, 87.85 percent of the total accounts receivable balance was due from three parties. At December 31, 2017, 85.2 percent of the total accounts receivable balance was due from two parties.

7. Beneficial Interest in the Assets of the Oregon Community Foundation (OCF)

In 2007, a board designated endowment fund (Fund) was established at the Oregon Community Foundation (OCF). This Fund is used by OCF as the source of unrestricted grants for WELC. The agreement with OCF stipulates that the Fund shall be held and owned by OCF. OCF may distribute, on an annual basis, a fixed percentage of the Fund assets. The percentage is determined by the Board of Directors of OCF. The agreement also provides that, upon written request from a majority of the Board of Directors of OCF, additional distributions may be made from the Fund assets, even to the exhaustion of the Fund.

The following schedule summarizes the activity of the Fund, reported at fair value, for the years ended December 31:

	<u>2018</u>	<u>2017</u>
Interest and dividends	\$ 305	\$ 321
Realized gains	738	386
Unrealized gains (losses)	(1,885)	4,897
Investment management fees	(155)	(138)
OCF fees	<u>(204)</u>	<u>(189)</u>
Net change	(1,201)	5,277
Beginning balance	<u>40,337</u>	<u>35,060</u>
Ending balance	<u>\$ 39,136</u>	<u>\$ 40,337</u>

WESTERN ENVIRONMENTAL LAW CENTER
NOTES TO FINANCIAL STATEMENTS

8. Net Assets

As of December 31, net assets with donor restrictions were available for:

	2018	2017
Litigation and grant programs	\$ 461,253	\$ 333,917
Total net assets with donor restrictions	\$ 461,253	\$ 333,917

9. Leases

As of December 31, 2018, WELC occupied office space at several locations under non-cancelable lease agreements as follows:

	Term	Monthly Lease Payment
Office space: Seattle, Washington	September 1, 2017 – September 30, 2022	\$ 2,048
Taos, New Mexico	August 1, 2016 – July 31, 2017, month to month thereafter	2,069
Helena, Montana	May 1, 2013 – December 31, 2020; monthly lease payment includes utility charge of \$185, increasing 3% annually each April.	870
Eugene, Oregon	April 6, 2018 – April 5, 2023	2,563

Future minimum lease payments under the non-cancelable lease agreements are as follows:

Year Ended December 31,		
2019	\$	66,843
2020		68,718
2021		59,296
2022		53,913
2023		8,962
Thereafter		-
Total	\$	257,732

Rental expenses for the years ended December 31, 2018 and 2017 totaled \$81,425 and \$79,408, respectively.

WESTERN ENVIRONMENTAL LAW CENTER
NOTES TO FINANCIAL STATEMENTS

10. Concentrations of Income

For the year ended December 31, 2018, 28.21 percent of the total grants came from two grantors which comprised 12.58 percent of total revenues, gains, and other support. For the year ended December 31, 2017, 27.02 percent of the total grants came from a two grantors which comprised 7.30 percent of total revenues, gains, and other support. For the year ended December 31, 2018, 13.61 percent of the total contributions came from one donor which comprised 4.34 percent of total revenues, gains, and other support. For the year ended December 31, 2017, 40.20 percent of the total contributions came from one donor which comprised 16.79 percent of total revenues, gains, and other support.

11. Fair Value Measurement

Accounting principles generally accepted in the United States of America define fair value, establish a framework for measuring fair value, and establish a fair value hierarchy that prioritizes the inputs to valuation techniques. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability; in the absence of a principal market, the most advantageous market.

Valuation techniques that are consistent with the market, income, or cost approach are used to measure fair value.

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

Level 1: Inputs are quoted prices in active markets for identical assets or liabilities for which WELC has the ability to access at the measurement date.

Level 2: Inputs (other than quoted prices included within Level 1) that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which determination of fair value requires significant management judgment or estimation.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

WESTERN ENVIRONMENTAL LAW CENTER
NOTES TO FINANCIAL STATEMENTS

11. Fair Value Measurement, continued

The following table sets forth by level, within the fair value hierarchy, WELC's assets at fair value as of December 31, 2018:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Certificates of deposit	\$ -	\$ 499,920	\$ -	\$ 499,920
Beneficial interest in the assets of OCF	<u>-</u>	<u>-</u>	<u>39,136</u>	<u>39,136</u>
Total fair value assets measured on a recurring basis	<u>\$ -</u>	<u>\$ 499,920</u>	<u>\$ 39,136</u>	<u>\$ 539,056</u>

The following table sets forth by level, within the fair value hierarchy, WELC's assets at fair value as of December 31, 2017.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Certificate of deposit	\$ -	\$ 223,121	\$ -	\$ 223,121
Beneficial interest in the assets of OCF	<u>-</u>	<u>-</u>	<u>40,337</u>	<u>40,337</u>
Total fair value assets measured on a recurring basis	<u>\$ -</u>	<u>\$ 223,121</u>	<u>\$ 40,337</u>	<u>\$ 263,458</u>

12. Defined Contribution Pension Plan

Effective April 1, 2011, WELC sponsored a 401(k) deferred compensation plan, with a safe harbor plan. Effective January 1, 2016, the plan was amended to include employer matching contributions. During the years ended December 31, 2018 and 2017, WELC contributed \$41,765 and \$35,942, respectively, to the plan as employer matching contributions.

13. Contingencies

WELC has elected to self-insure for unemployment. The contingent liability is not subject to measurement. In 2018 and 2017, there were one and two former employees who had been separated from service and were within the unemployment look back period, respectively. The State of Oregon Employment Department required WELC to hold separately an unemployment reserve with a minimum balance of \$10,000.

14. Compensated Absences

WELC accrues earned vacation time. The amount payable at December 31, 2018 and 2017, was \$38,909 and \$27,799, respectively. WELC has a sabbatical program under which employees can earn three months of paid leave every five years of employment. No amount is accrued for sabbatical time as the liability is not subject to reasonable estimation.

WESTERN ENVIRONMENTAL LAW CENTER
NOTES TO FINANCIAL STATEMENTS

15. Credit Card Lines of Credit

Certain WELC employees use WELC credit cards for organizational expenses. At December 31, 2018 and 2017, the combined balance on these cards was \$27,047 and \$16,530, respectively. As of December 31, 2018 and 2017, the combined available credit on all the cards was \$72,953 and \$73,470, respectively. At December 31, 2018 and 2017, there were credit cards being held by 18 and 16 employees, respectively.

16. Reclassifications

Certain prior year amounts have been reclassified to conform to current year presentation. Such reclassifications had no effect on previously reported net assets or change in net assets.

17. Subsequent Events

Management evaluates events and transactions that occur after the statement of financial position date as potential subsequent events. Management has performed this evaluation through the date of the independent auditor's report.