



FINANCIAL STATEMENTS

For the Years Ended December 31, 2021 and 2020



WESTERN ENVIRONMENTAL LAW CENTER
FINANCIAL STATEMENTS
For the Years Ended December 31, 2021 and 2020

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

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, 2021 and 2020, and the related statements of activities, 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 Western Environmental Law Center as of December 31, 2021 and 2020, 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.

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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Western Environmental Law Center 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 Western Environmental Law Center's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

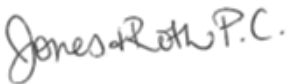
Auditor's Responsibilities for the Audit of the Financial Statements

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. 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 Western Environmental Law Center'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 Western Environmental Law Center'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.



Jones & Roth, P.C.
Eugene, Oregon
August 10, 2022

FINANCIAL STATEMENTS

WESTERN ENVIRONMENTAL LAW CENTER
STATEMENTS OF FINANCIAL POSITION
December 31, 2021 and 2020

	2021	2020
Assets		
Current assets		
Cash and cash equivalents	\$ 1,487,873	\$ 929,994
Accounts receivable	126,683	268,005
Grants and contributions receivable	356,794	312,071
Certificates of deposit, short-term	2,748,225	2,556,393
Prepaid expenses	7,647	4,884
Other assets	-	323
	<u>4,727,222</u>	<u>4,071,670</u>
Equipment and furnishings		
Equipment and furnishings	145,060	119,499
Accumulated depreciation	(91,629)	(78,006)
	<u>53,431</u>	<u>41,493</u>
Other assets		
Funds held in trust	92,211	26,281
Beneficial interest in the assets of the Oregon Community Foundation (OCF)	58,071	51,006
Deposits	10,840	12,735
Unemployment deposit	10,442	10,440
	<u>171,564</u>	<u>100,462</u>
Total assets		
	<u>\$ 4,952,217</u>	<u>\$ 4,213,625</u>

	<u>2021</u>	<u>2020</u>
Liabilities and Net Assets		
Current liabilities		
Accounts payable	\$ 22,868	\$ 6,562
Credit card payable	20,350	14,404
Payroll related liabilities	<u>146,359</u>	<u>122,461</u>
Total current liabilities	189,577	143,427
Other liabilities		
Funds held in trust	<u>92,211</u>	<u>26,281</u>
Total liabilities	<u>281,788</u>	<u>169,708</u>
Net assets		
Without donor restrictions:		
Board designated	1,319,358	1,219,415
Undesignated	<u>2,523,622</u>	<u>2,207,380</u>
Total net assets without donor restrictions	3,842,980	3,426,795
With donor restrictions	<u>827,449</u>	<u>617,122</u>
Total net assets	<u>4,670,429</u>	<u>4,043,917</u>
Total liabilities and net assets	<u>\$ 4,952,217</u>	<u>\$ 4,213,625</u>

The accompanying notes are an integral part of these statements.

WESTERN ENVIRONMENTAL LAW CENTER
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues, gains, and other support			
Grants	\$ 221,000	\$ 1,973,000	\$ 2,194,000
Contributions	1,105,967	130,000	1,235,967
Fees and reimbursements	343,403	-	343,403
Education fees	22,000	-	22,000
Investment income (loss)	(182)	-	(182)
Change in beneficial interest in the assets of the OCF	7,065	-	7,065
Net assets released from restrictions: Satisfaction of program restrictions	<u>1,892,673</u>	<u>(1,892,673)</u>	<u>-</u>
 Total revenues, gains, and other support	 <u>3,591,926</u>	 <u>210,327</u>	 <u>3,802,253</u>
 Expenses			
Program	2,672,345	-	2,672,345
Management and general	305,112	-	305,112
Fundraising	<u>198,284</u>	<u>-</u>	<u>198,284</u>
 Total expenses	 <u>3,175,741</u>	 <u>-</u>	 <u>3,175,741</u>
 Change in net assets	 416,185	 210,327	 626,512
 Net assets, beginning of year	 <u>3,426,795</u>	 <u>617,122</u>	 <u>4,043,917</u>
 Net assets, end of year	 <u>\$ 3,842,980</u>	 <u>\$ 827,449</u>	 <u>\$ 4,670,429</u>

The accompanying notes are an integral part of these statements.

WESTERN ENVIRONMENTAL LAW CENTER
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gains, and other support			
Grants	\$ 174,500	\$ 1,691,000	\$ 1,865,500
Contributions	812,376	85,000	897,376
Fees and reimbursements	509,056	-	509,056
Education fees	20,000	-	20,000
Other government grant - PPP	-	347,200	347,200
Investment income (loss)	19,738	-	19,738
Change in beneficial interest in the assets of the OCF	4,723	-	4,723
Net assets released from restrictions:			
Satisfaction of program restrictions	2,051,753	(2,051,753)	-
Total revenues, gains, and other support	3,592,146	71,447	3,663,593
Expenses			
Program	2,203,249	-	2,203,249
Management and general	311,692	-	311,692
Fundraising	215,909	-	215,909
Total expenses	2,730,850	-	2,730,850
Change in net assets	861,296	71,447	932,743
Net assets, beginning of year	2,565,499	545,675	3,111,174
Net assets, end of year	\$ 3,426,795	\$ 617,122	\$ 4,043,917

The accompanying notes are an integral part of these statements.

WESTERN ENVIRONMENTAL LAW CENTER
STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2021 and 2020

	2021	2020
Cash flows from operating activities		
Change in net assets	\$ 626,512	\$ 932,743
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	13,623	13,028
Change in beneficial interest in the assets of OCF	(7,065)	(4,723)
Unrealized (gain) loss on certificates of deposit	1,775	(4,329)
(Increase) decrease in:		
Accounts receivable	141,322	133,863
Grants and contributions receivable	(44,723)	(105,160)
Prepaid expenses	(2,763)	14,393
Other assets	323	(190)
Deposits	1,895	-
Unemployment deposits	(2)	(1)
Increase (decrease) in:		
Accounts payable	16,306	(18,054)
Credit card payable	5,946	(9,512)
Payroll related liabilities	23,898	46,489
	<u>777,047</u>	<u>998,547</u>
 Cash flows from investing activities		
Purchases of equipment	(25,561)	(10,689)
Proceeds from maturity of certificates of deposit	2,556,393	1,570,095
Investment in certificates of deposit	(2,750,000)	(2,556,393)
	<u>(219,168)</u>	<u>(996,987)</u>
 Net cash provided by operating activities	<u>777,047</u>	<u>998,547</u>
 Net cash used by investing activities	<u>(219,168)</u>	<u>(996,987)</u>
 Net increase in cash and cash equivalents	<u>557,879</u>	<u>1,560</u>
 Cash and cash equivalents, beginning of year	<u>929,994</u>	<u>928,434</u>
 Cash and cash equivalents, end of year	<u>\$ 1,487,873</u>	<u>\$ 929,994</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, 2021

	Support Services			Total Expenses
	Program Services	Management and General	Fundraising	
Salaries	\$ 1,718,640	\$ 213,619	\$ 98,313	\$ 2,030,572
Payroll taxes	118,667	14,750	6,788	140,205
Payroll benefits	218,532	27,163	12,500	258,195
Litigation:				
Communication	134,039	-	-	134,039
Education and licensure	70,693	-	-	70,693
Experts	66,947	-	-	66,947
Meals and travel	27,839	-	-	27,839
Grants passed through	6,388	-	-	6,388
Other	55,769	-	-	55,769
Communications	9,175	1,140	525	10,840
Depreciation	11,531	1,433	660	13,624
General insurance	6,904	858	395	8,157
Professional services	-	12,208	-	12,208
Office rent	96,368	11,978	5,512	113,858
Repairs	4,651	578	266	5,495
Small equipment	2,025	252	116	2,393
Utilities	13,470	1,674	770	15,914
Education, outreach	110,707	-	-	110,707
Printing and postage	-	-	54,141	54,141
Supplies	-	-	712	712
Technology	-	-	4,216	4,216
Staff development and training	-	-	2,060	2,060
Office expenses	-	19,459	-	19,459
Other expenses	-	-	11,310	11,310
Total functional expenses	\$ 2,672,345	\$ 305,112	\$ 198,284	\$ 3,175,741

The accompanying notes are an integral part of these statements.

WESTERN ENVIRONMENTAL LAW CENTER
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2020

	<u>Support Services</u>			<u>Total Expenses</u>
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	
Salaries	\$ 1,438,812	\$ 205,215	\$ 87,429	\$ 1,731,456
Payroll taxes	109,098	15,560	6,629	131,287
Payroll benefits	186,454	39,576	11,947	237,977
Litigation:				
Communication	144,792	-	-	144,792
Education and licensure	39,454	-	-	39,454
Experts	42,579	-	-	42,579
Meals and travel	18,205	-	-	18,205
Grants passed through	-	-	-	-
Other	44,885	-	-	44,885
Communications	7,343	1,046	446	8,835
Depreciation	10,825	1,545	658	13,028
General insurance	5,773	823	351	6,947
Professional services	-	10,500	-	10,500
Office rent	79,690	11,366	4,842	95,898
Repairs	2,264	323	138	2,725
Small equipment	1,337	191	81	1,609
Utilities	17,332	2,472	1,053	20,857
Education, outreach	54,406	-	-	54,406
Printing and postage	-	-	82,840	82,840
Supplies	-	-	657	657
Technology	-	-	5,345	5,345
Staff development and training	-	-	1,417	1,417
Office expenses	-	23,075	-	23,075
Other expenses	-	-	12,076	12,076
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total functional expenses	<u>\$ 2,203,249</u>	<u>\$ 311,692</u>	<u>\$ 215,909</u>	<u>\$ 2,730,850</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.

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 (U.S. GAAP) 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.

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.

Certificates of Deposit

Certificates of deposit consists of certificates of deposit with an original maturity greater than three months. At December 31, 2021 and 2020, the certificates of deposit were recorded at fair market value. Certificates of deposit are classified between current and non-current assets based on respective maturity dates.

WESTERN ENVIRONMENTAL LAW CENTER
NOTES TO FINANCIAL STATEMENTS

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

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 which is considered satisfaction of the performance obligation. There is no variable consideration under such contracts. Fee and reimbursement 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.

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.

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, 2021 and 2020, WELC's financial assets, reduced by amounts not available for general expenditures within one year, are comprised of the following:

	2021	2020
Cash and cash equivalents	\$ 1,487,873	\$ 929,994
Receivables	483,477	580,076
Certificates of deposit	2,748,225	2,556,393
Financial assets	4,719,575	4,066,463
Less amounts not available for general expenditure within one year:		
Amounts with donor-imposed restrictions	(827,449)	(617,122)
Board designated reserve	(1,319,358)	(1,219,415)
Financial assets available for general expenditure within one year	\$ 2,572,768	\$ 2,229,926

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, 2021 and 2020, 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:

	2021	2020
Fees and settlements from legal actions	\$ 112,337	\$ 253,660
Contracted services	13,750	12,500
Other receivables	596	1,845
Total accounts receivable	\$ 126,683	\$ 268,005

WESTERN ENVIRONMENTAL LAW CENTER
NOTES TO FINANCIAL STATEMENTS

4. 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.

5. Concentration of Deposit and Credit Risk

WELC maintains cash and cash equivalents balances that at times exceed the Federal Deposit Insurance Corporation (FDIC) depository insurance limit of \$250,000. At December 31, 2021 and 2020, WELC's cash and cash equivalent balances exceeded FDIC depository insurance by \$760,153 and \$204,111, respectively.

WELC has accounts receivable from various parties under the terms of contracts and settlement agreements. At December 31, 2021, 73.86 percent of the total accounts receivable balance was due from two parties. At December 31, 2020, 88.20 percent of the total accounts receivable balance was due from three parties.

At December 31, 2021, 37.45 percent of the total grants and contributions receivable balance was due from three parties. At December 31, 2020, 64.40 percent of the total grants and contributions receivable balance was due from four parties.

6. 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>2021</u>	<u>2020</u>
Interest and dividends	\$ 210	\$ 308
Realized gains	786	487
Unrealized gains	6,502	4,329
Investment management fees	(159)	(178)
OCF fees	<u>(274)</u>	<u>(223)</u>
Net change	7,065	4,723
Beginning balance	<u>51,006</u>	<u>46,283</u>
Ending balance	<u>\$ 58,071</u>	<u>\$ 51,006</u>

WESTERN ENVIRONMENTAL LAW CENTER
NOTES TO FINANCIAL STATEMENTS

7. Net Assets

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

	2021	2020
Litigation and grant programs	\$ 827,449	\$ 617,122
Total net assets with donor restrictions	\$ 827,449	\$ 617,122

8. Leases

WELC leases office space at several locations under non-cancelable lease agreements as follows:

Office Space Location	Term	Monthly Lease Payment
Seattle, Washington	September 1, 2017 – September 30, 2022	\$ 2,240
Taos, New Mexico	January 1 2020 – December 31, 2022	2,240
Helena, Montana	May 1, 2013 – March 31, 2024; monthly lease payment includes utility charge of \$185, increasing 3% annually each January.	1,183
Eugene, Oregon	April 6, 2018 – April 5, 2023	2,761
Santa Fe, New Mexico	May 7, 2021 – April 30, 2022	1,700

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

Year Ended December 31,	
2022	\$ 102,749
2023	24,022
2024	3,876
2025	-
2026	-
Thereafter	-
Total	\$ 130,647

WELC also leases a copier under a month to month lease agreement. Rental expenses for all leases for the years ended December 31, 2021 and 2020 totaled \$116,252 and \$97,508, respectively.

WESTERN ENVIRONMENTAL LAW CENTER
NOTES TO FINANCIAL STATEMENTS

9. Concentrations of Revenue Sources

For the year ended December 31, 2021, 50.87 percent of the total grants came from four grantors which comprised 29.35 percent of total revenues, gains, and other support. For the year ended December 31, 2020, 42.35 percent of the total grants came from three grantors which comprised 21.55 percent of total revenues, gains, and other support. For the year ended December 31, 2021, 17.37 percent of the total contributions came from two donors which comprised 5.65 percent of total revenues, gains, and other support. For the year ended December 31, 2020, 11.14 percent of the total contributions came from one donor which comprised 2.73 percent of total revenues, gains, and other support.

10. Fair Value of Financial Instruments

U.S. GAAP provides the framework for measuring fair value. 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. WELC classifies certain of its assets and liabilities based upon the established fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

- Level 1: Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that WELC has the ability to access at the measurement date;
- Level 2: Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly; and
- 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

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2021 and 2020.

Certificates of deposit held in brokerage account: Valued using quoted market prices for identical assets in inactive markets, which is considered a Level 2 input.

Money market funds held in brokerage account: Valued using quoted market prices for identical assets in inactive markets, which is considered a Level 2 input.

Beneficial interest in the assets of OCF: Valued at the beneficial interest in assets held at the fair value of WELC's share in the investment pool as of the measurement date. The investment pool is based on quoted net asset values of underlying investments held by the investment pool adjusted by a net asset charge. The investment pool holds investments valued with all three levels of inputs; therefore, the financial instrument is categorized within the valuation hierarchy using Level 3 inputs, the lowest level input significant to the fair value measurement.

The following table sets forth by level, within the fair value hierarchy, WELC's assets at fair value as of December 31, 2021:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Certificates of deposit	\$ -	\$ 2,748,225	\$ -	\$ 2,748,225
Money market funds	-	789,413	-	789,413
Beneficial interest in the assets of OCF	-	-	58,071	58,071
Total fair value assets measured on a recurring basis	<u>\$ -</u>	<u>\$ 3,537,638</u>	<u>\$ 58,071</u>	<u>\$ 3,595,709</u>

The following table sets forth by level, within the fair value hierarchy, WELC's assets at fair value as of December 31, 2020.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Certificate of deposit	\$ -	\$ 2,556,393	\$ -	\$ 2,556,393
Money market funds	-	280,938	-	280,938
Beneficial interest in the assets of OCF	-	-	51,006	51,006
Total fair value assets measured on a recurring basis	<u>\$ -</u>	<u>\$ 2,837,331</u>	<u>\$ 51,006</u>	<u>\$ 2,888,337</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, 2021 and 2020, WELC contributed \$62,109 and \$52,908, respectively, to the plan as employer matching contributions.

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13. Contingencies

WELC has elected to self-insure for unemployment. The contingent liability is not subject to measurement. In 2021 and 2020, there were zero former employees who had been separated from service and were within the unemployment look back period. The State of Oregon Employment Department required WELC to hold separately an unemployment reserve with a minimum balance of \$10,442 and \$10,440 at December 31, 2021 and 2020, respectively.

14. Compensated Absences

WELC accrues earned vacation time. The amount payable at December 31, 2021 and 2020, was \$88,244 and \$79,705, 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.

15. Credit Card Lines of Credit

Certain WELC employees use WELC credit cards for organizational expenses. At December 31, 2021 and 2020, the combined balance on these cards was \$20,350 and \$14,404, respectively. As of December 31, 2021 and 2020, the combined available credit on all the cards was \$19,650 and \$25,596, respectively. At December 31, 2021 and 2020, there were credit cards being held by 18 and 21 employees, respectively.

16. Paycheck Protection Program

In April 2020, WELC applied for and was awarded a Paycheck Protection Program (PPP) loan under the Coronavirus Aid, Relief and Economic Security Act (the CARES Act) through Oregon Pacific Bank. WELC was approved for a loan in the amount of \$347,200 as evidenced by a promissory note dated April 21, 2020. The CARES Act and the provisions of the loan agreement state that WELC may apply to the lender for forgiveness of the loan in the amount equal to the sum of eligible costs incurred by WELC as defined in the CARES Act and the loan agreement. Given the circumstances, WELC accounted for the funds received as a conditional contribution pursuant to FASB Accounting Standards Codification (ASC) Topic 958-605. During the year ended December 31, 2020, WELC had substantially met the conditions of the grant by overcoming the barriers for loan forgiveness by incurring sufficient eligible costs and maintaining sufficient employee head counts in order to apply for full forgiveness of the loan. WELC applied to Oregon Pacific Bank and the Small Business Administration (SBA) for forgiveness of the PPP loan and on November 18, 2020, the SBA approved full forgiveness of the PPP loan.

17. Economic Uncertainties

As a result of the ongoing COVID-19 coronavirus pandemic, continuing economic uncertainties exists which could negatively impact WELC's financial condition and operating results. However, the related financial impact and duration cannot be reasonably estimated at this time.

18. Reclassifications

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