



**FINANCIAL STATEMENTS**

**For the Years Ended December 31, 2024 and 2023**



WESTERN ENVIRONMENTAL LAW CENTER  
FINANCIAL STATEMENTS  
For the Years Ended December 31, 2024 and 2023

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1 - 2
Financial Statements:	
Statements of Financial Position	3 - 4
Statements of Activities	5 - 6
Statements of Cash Flows	7
Statements of Functional Expenses	8 - 9
Notes to Financial Statements	10 - 19

## 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, 2024 and 2023, 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, 2024 and 2023, 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 25, 2025

## FINANCIAL STATEMENTS

WESTERN ENVIRONMENTAL LAW CENTER  
STATEMENTS OF FINANCIAL POSITION  
December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 1,221,433	\$ 1,193,938
Certificates of deposit, short-term	3,688,605	3,745,642
Accounts receivable	308,357	41,162
Grants and contributions receivable	1,204,507	667,657
Other receivables	49,942	58,984
Prepaid expenses	<u>26,193</u>	<u>27,539</u>
Total current assets	<u>6,499,037</u>	<u>5,734,922</u>
<b>Equipment and furnishings</b>		
Equipment and furnishings	138,407	154,873
Accumulated depreciation	<u>(81,806)</u>	<u>(93,575)</u>
Equipment and furnishings, net	<u>56,601</u>	<u>61,298</u>
<b>Other assets</b>		
Beneficial interest in the assets of community foundations	70,354	64,913
Deposits	12,830	10,918
Unemployment deposit	10,443	10,443
Operating lease right-of-use assets, net	221,191	203,577
Funds held in trust	<u>36,351</u>	<u>39,664</u>
Total other assets	<u>351,169</u>	<u>329,515</u>
<b>Total assets</b>	<u><u>\$ 6,906,807</u></u>	<u><u>\$ 6,125,735</u></u>

	<u>2024</u>	<u>2023</u>
<b>Liabilities and Net Assets</b>		
<b>Current liabilities</b>		
Accounts payable	\$ 39,130	\$ 32,038
Credit cards payable	30,582	20,790
Payroll related liabilities	140,329	113,770
Operating lease liabilities, current portion	<u>101,936</u>	<u>97,422</u>
Total current liabilities	311,977	264,020
<b>Other liabilities</b>		
Funds held in trust	36,351	39,664
Operating lease liabilities, net of current portion	<u>122,548</u>	<u>108,778</u>
Total other liabilities	<u>158,899</u>	<u>148,442</u>
Total liabilities	<u>470,876</u>	<u>412,462</u>
<b>Net assets</b>		
Without donor restrictions:		
Board designated	1,951,943	1,853,752
Undesignated	<u>3,215,139</u>	<u>3,024,369</u>
Total net assets without donor restrictions	5,167,082	4,878,121
With donor restrictions	<u>1,268,849</u>	<u>835,152</u>
Total net assets	<u>6,435,931</u>	<u>5,713,273</u>
<b>Total liabilities and net assets</b>	<u>\$ 6,906,807</u>	<u>\$ 6,125,735</u>

The accompanying notes are an integral part of these statements.

WESTERN ENVIRONMENTAL LAW CENTER  
STATEMENT OF ACTIVITIES  
For the Year Ended December 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenues, gains, and other support</b>			
Grants	\$ 620,000	\$ 1,824,100	\$ 2,444,100
Contributions	1,606,859	57,500	1,664,359
Service fees and reimbursements	1,064,707	-	1,064,707
Education fees	22,000	-	22,000
In-kind donations	6,231	-	6,231
Miscellaneous	1,200	-	1,200
Investment income	217,644	-	217,644
Change in beneficial interest in the assets of community foundations	5,441	-	5,441
Net assets released from restrictions:			
Satisfaction of program restrictions	<u>1,447,903</u>	<u>(1,447,903)</u>	<u>-</u>
 Total revenues, gains, and other support	 <u>4,991,985</u>	 <u>433,697</u>	 <u>5,425,682</u>
 <b>Expenses</b>			
Program	3,722,340	-	3,722,340
Management and general	529,298	-	529,298
Fundraising	<u>451,386</u>	<u>-</u>	<u>451,386</u>
 Total expenses	 <u>4,703,024</u>	 <u>-</u>	 <u>4,703,024</u>
 <b>Change in net assets</b>	 288,961	 433,697	 722,658
 Net assets, beginning of year	 <u>4,878,121</u>	 <u>835,152</u>	 <u>5,713,273</u>
 Net assets, end of year	 <u>\$ 5,167,082</u>	 <u>\$ 1,268,849</u>	 <u>\$ 6,435,931</u>

The accompanying notes are an integral part of these statements.



WESTERN ENVIRONMENTAL LAW CENTER  
STATEMENT OF ACTIVITIES  
For the Year Ended December 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenues, gains, and other support</b>			
Grants	\$ 242,500	\$ 1,125,000	\$ 1,367,500
Contributions	1,096,728	25,000	1,121,728
Service fees and reimbursements	1,172,743	-	1,172,743
Education fees	22,000	-	22,000
In-kind donations	4,839	-	4,839
Miscellaneous	2,200	-	2,200
Investment income	212,694	-	212,694
Change in beneficial interest in the assets of community foundations	8,268	-	8,268
Net assets released from restrictions:			
Satisfaction of program restrictions	<u>2,427,375</u>	<u>(2,427,375)</u>	<u>-</u>
 Total revenues, gains, and other support	 <u>5,189,347</u>	 <u>(1,277,375)</u>	 <u>3,911,972</u>
 <b>Expenses</b>			
Program	3,670,554	-	3,670,554
Management and general	536,306	-	536,306
Fundraising	<u>367,204</u>	<u>-</u>	<u>367,204</u>
 Total expenses	 <u>4,574,064</u>	 <u>-</u>	 <u>4,574,064</u>
 <b>Change in net assets</b>	 615,283	 (1,277,375)	 (662,092)
 Net assets, beginning of year	 <u>4,262,838</u>	 <u>2,112,527</u>	 <u>6,375,365</u>
 Net assets, end of year	 <u>\$ 4,878,121</u>	 <u>\$ 835,152</u>	 <u>\$ 5,713,273</u>

The accompanying notes are an integral part of these statements.

WESTERN ENVIRONMENTAL LAW CENTER  
STATEMENTS OF CASH FLOWS  
For the Years Ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 722,658	\$ (662,092)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	20,400	18,858
Change in beneficial interest in the assets of community foundations	(5,441)	(8,268)
Amortization of operating lease right-of-use assets	121,159	93,932
Unrealized (gain) loss on certificates of deposit	(257,963)	(30,979)
(Increase) decrease in:		
Accounts receivable	(267,195)	16,081
Grants and contributions receivable	(536,850)	582,375
Prepaid expenses	1,346	(22,321)
Other receivables	9,042	(36,129)
Deposits	(1,912)	(2,318)
Increase (decrease) in:		
Accounts payable	7,092	(54,027)
Credit card payable	9,792	10,737
Payroll related liabilities	26,559	(26,601)
Operating lease liabilities	<u>(120,489)</u>	<u>(92,865)</u>
Net cash provided (used) by operating activities	<u>(271,802)</u>	<u>(213,617)</u>
<b>Cash flows from investing activities</b>		
Purchases of equipment	(15,703)	(22,775)
Proceeds from maturity of certificates of deposit	5,400,000	3,250,000
Investment in certificates of deposit	<u>(5,085,000)</u>	<u>(3,250,000)</u>
Net cash provided (used) by investing activities	<u>299,297</u>	<u>(22,775)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	27,495	(236,392)
Cash and cash equivalents, beginning of year	<u>1,193,938</u>	<u>1,430,330</u>
Cash and cash equivalents, end of year	<u>\$ 1,221,433</u>	<u>\$ 1,193,938</u>
<b>Noncash financing and investing activities</b>		
Operating lease right-of-use assets obtained	\$ 138,772	\$ 140,166
Operating lease liabilities exchanged for right-of-use assets	<u>(138,772)</u>	<u>(140,166)</u>
Cash paid for operating lease right-of-use assets	<u>\$ -</u>	<u>\$ -</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, 2024

		Support Services		
	Program Services	Management and General	Fundraising	Total Expenses
Salaries	\$ 2,385,692	\$ 330,789	\$ 248,680	\$ 2,965,161
Payroll taxes	185,439	25,712	19,330	230,481
Payroll benefits	355,092	49,236	37,014	441,342
Litigation:				
Communication	50,506	-	-	50,506
Education and licensure	87,704	-	-	87,704
Experts	107,161	-	-	107,161
Travel and meals	212,390	-	-	212,390
Other	40,188	-	-	40,188
Communications	10,259	1,422	1,069	12,750
Depreciation	16,413	2,276	1,711	20,400
General insurance	13,316	1,846	1,388	16,550
Professional services	-	62,667	19,286	81,953
Operating lease expense and rents	118,522	16,434	12,354	147,310
Repairs	4,866	675	507	6,048
Small equipment	1,278	178	133	1,589
Utilities	6,390	886	666	7,942
Education and outreach	127,124	-	-	127,124
Printing and postage	-	905	75,331	76,236
Supplies	-	11,094	749	11,843
Technology	-	-	13,534	13,534
Board expense	-	15,150	-	15,150
Staff development and training	-	528	760	1,288
Office expenses	-	9,500	-	9,500
Other expenses	-	-	18,874	18,874
Total functional expenses	<u>\$ 3,722,340</u>	<u>\$ 529,298</u>	<u>\$ 451,386</u>	<u>\$ 4,703,024</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, 2023

		Support Services		
	Program Services	Management and General	Fundraising	Total Expenses
Salaries	\$ 2,314,075	\$ 337,071	\$ 214,492	\$ 2,865,638
Payroll taxes	186,607	27,181	17,297	231,085
Payroll benefits	336,262	48,980	31,168	416,410
Litigation:				
Communication	59,630	-	-	59,630
Education and licensure	98,067	-	-	98,067
Experts	82,296	-	-	82,296
Travel and meals	227,843	-	-	227,843
Grants passed through	23,250	-	-	23,250
Other	49,424	-	-	49,424
Communications	9,690	1,412	898	12,000
Depreciation	15,228	2,218	1,412	18,858
General insurance	8,310	1,211	770	10,291
Professional services	-	56,501	-	56,501
Operating lease expense and rents	95,389	13,895	8,842	118,126
Repairs	4,575	667	424	5,666
Small equipment	2,399	350	222	2,971
Utilities	6,468	942	600	8,010
Education and outreach	151,041	-	-	151,041
Printing and postage	-	1,351	69,394	70,745
Supplies	-	15,779	170	15,949
Technology	-	-	4,613	4,613
Board expense	-	16,160	-	16,160
Staff development and training	-	973	523	1,496
Office expenses	-	11,615	-	11,615
Other expenses	-	-	16,379	16,379
Total functional expenses	<u>\$ 3,670,554</u>	<u>\$ 536,306</u>	<u>\$ 367,204</u>	<u>\$ 4,574,064</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 Western U.S. 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, demand deposits, money market accounts, and certificates of deposit with original maturities of three months or less, with multiple financial institutions.

WESTERN ENVIRONMENTAL LAW CENTER  
NOTES TO FINANCIAL STATEMENTS

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

**Certificates of Deposit**

Certificates of deposit consists of certificates of deposit with an original maturity greater than three months. At December 31, 2024 and 2023, 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.

**Accounts Receivable and Allowance for Credit Losses**

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. Management evaluates collectability of receivables on a case-by-case basis based on historical experience, current conditions including the aging of the receivables, and subsequent collections, and may allow for receivables for which management is uncertain of collection. If associated with an active case, those costs may ultimately be recovered through a settlement or court decision. Receivables are written off only after all collection efforts have been exhausted. Receivables are unsecured.

**Grants and Contributions Receivable**

Grants and contributions receivable are uncollateralized and recognized when the unconditional promises to give are made. Management has assessed the collectability of grants and contributions receivable as of December 31, 2024 and 2023, and considers the amount fully collectible; therefore, management has elected not to record an allowance. Grants and contributions receivable are stated at the amount WELC expects to collect.

**Other Receivables**

Other receivables consist primarily of accrued interest receivable on certificates of deposit.

**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.

WESTERN ENVIRONMENTAL LAW CENTER  
NOTES TO FINANCIAL STATEMENTS

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

**Leases**

WELC determines if an arrangement is or contains a lease at inception. Operating leases, wherein WELC is the lessee, are included in right-of-use (ROU) assets and lease liabilities in the statements of financial position. ROU assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term. Operating lease expense is recognized on a straight-line basis over the lease term. WELC does not report ROU assets and leases liabilities for its short-term non-building leases (leases with a term of 12 months or less). Short-term leases are recognized on a straight-line basis over the term of the lease. WELC's accounting policy is to not separate non-lease components and lease components when determining ROU assets and lease liabilities for all asset classes. WELC has made an accounting policy election to use a risk-free rate in lieu of its incremental borrowing rate to discount future lease payments for all asset classes.

**Revenue Recognition**

Grants and contributions are recognized as revenue when the unconditional 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.

Service fees and reimbursement revenue is recognized when the related services have been rendered by WELC. A portion of service fee revenue is considered variable consideration as it is based on the future unknown outcome of the cases being litigated and any awarded funds for attorney fees and/or settlement amounts. The variable consideration is considered subject to constraint and is included in the transaction price (and therefore revenue) for the contract only after management has determined that it is probable that a significant reversal in the amount of revenue recognized will not occur, which is generally after the court has issued its ruling on the case or settlement of the case has been reached. Fee and reimbursement revenue is considered to be without donor restrictions.

**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 using direct costs to determine an overhead rate for the allocation.

**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, 2024 and 2023, WELC's financial assets, reduced by amounts not available for general expenditures within one year, are comprised of the following:

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 1,221,433	\$ 1,193,938
Receivables	1,562,806	767,803
Certificates of deposit, short-term	<u>3,688,605</u>	<u>3,745,642</u>
Financial assets	6,472,844	5,707,383
Less amounts not available for general expenditure within one year:		
Amounts with donor-imposed restrictions	(1,268,849)	(835,152)
Board designated reserve	<u>(1,951,943)</u>	<u>(1,853,752)</u>
Financial assets available for general expenditure within one year	<u>\$ 3,252,052</u>	<u>\$ 3,018,479</u>

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 community foundations 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, 2024 and 2023, 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 credit losses have 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:

	<u>2024</u>	<u>2023</u>
Fees and settlements from legal actions	\$ 294,576	\$ 19,162
Contracted services and other receivables	<u>13,781</u>	<u>22,000</u>
Total accounts receivable	<u>\$ 308,357</u>	<u>\$ 41,162</u>

Beginning of year accounts receivable balances were \$41,162 and \$57,243 at January 1, 2024 and 2023, respectively.



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 and/or the Securities Investor Protection Corporation (SIPC) insurance limits of \$500,000. At December 31, 2024 and 2023, WELC's cash and cash equivalent balances exceeded insurance limits by \$22,598 and \$-0-, respectively.

WELC has accounts receivable from various parties under the terms of contracts and settlement agreements. At December 31, 2024, 71.93 percent of the total accounts receivable balance was due from one organization. At December 31, 2023, 53.45 percent of total accounts receivable balance was due from two organizations.

At December 31, 2024, 49.81 percent of the total grants and contributions receivable balance was due from two parties. At December 31, 2023, 37.44 percent of the total grants and contributions receivable balance was due from three parties.

**6. Beneficial Interest in the Assets of Community Foundations**

In 2007, a board designated endowment fund (OCF Fund) was established at the Oregon Community Foundation (OCF). The OCF Fund is used by OCF as the source of unrestricted grants for WELC. The agreement with OCF stipulates that the OCF 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 OCF Fund.

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

	2024	2023
Interest and dividends	\$ 439	\$ 440
Realized gains	(56)	4,960
Unrealized gains (loss)	5,069	2,592
Investment management fees	(146)	(127)
OCF fees	(288)	(249)
Net change	5,018	7,616
Beginning balance	54,537	46,921
Ending balance	<u>\$ 59,555</u>	<u>\$ 54,537</u>

WESTERN ENVIRONMENTAL LAW CENTER  
NOTES TO FINANCIAL STATEMENTS

**6. Beneficial Interest in the Assets of Community Foundations, continued**

In 2022, a board designated endowment fund (SVCF Fund) was established at the Silicon Valley Community Foundation (SVCF). The SVCF Fund is used by SVCF as the source of unrestricted grants for WELC. The agreement with SVCF stipulates that the SVCF Fund shall be held and owned by SVCF. SVCF may distribute, on an annual basis, a fixed percentage of the Fund assets. The percentage is determined by the Board of Directors of SVCF. The agreement also provides that, upon written request from a majority of the Board of Directors of SVCF, additional distributions may be made from the Fund assets, even to the exhaustion of the SVCF Fund.

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

	<u>2024</u>	<u>2023</u>
Interest and dividends	\$ 99	\$ 96
Realized gains (loss)	104	(11)
Unrealized gains (loss)	1,093	921
SVCF fees	<u>(873)</u>	<u>(354)</u>
Net change	423	652
Beginning balance	<u>10,376</u>	<u>9,724</u>
Ending balance	<u><u>\$ 10,799</u></u>	<u><u>\$ 10,376</u></u>

**7. Net Assets**

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

	<u>2024</u>	<u>2023</u>
Litigation and grant programs	<u><u>\$ 1,268,849</u></u>	<u><u>\$ 835,152</u></u>

**8. Lease Commitments as Lessee**

Certain WELC lease agreements include variable payments based on actual future costs to be incurred and others include payments adjusted periodically for inflation. As these future payments are not determinable at the lease commencement, they are not included in the measurement of the lease asset and liabilities. WELC's lease agreements do not contain any material residual value guarantees or material restrictive covenants. Some of WELC's leases include one or more options to renew. Only lease options that WELC believes are reasonably certain to exercise are included in the measurement of the lease assets and liabilities.

WESTERN ENVIRONMENTAL LAW CENTER  
NOTES TO FINANCIAL STATEMENTS

**8. Lease Commitments as Lessee, continued**

Information about WELC's leases as of and for the years ended December 31 are as follows:

	<u>2024</u>	<u>2023</u>
Components of lease cost:		
Operating lease cost	\$ 128,901	\$ 98,809
Variable lease cost	1,563	6,973
Short-term lease cost	<u>16,846</u>	<u>12,344</u>
Total lease cost	<u>\$ 147,310</u>	<u>\$ 118,126</u>
Cash flow information:		
Cash paid for amounts included in measurement of lease liabilities:		
Operating cash flows from operating leases	<u>\$ (128,231)</u>	<u>\$ (97,743)</u>
Right-of-use lease assets obtained in exchange for lease liabilities:		
Operating leases	<u>\$ 138,772</u>	<u>\$ 138,772</u>
Summary of lease-related assets and liabilities:		
Operating lease right-of-use assets	\$ 391,666	\$ 358,694
Accumulated amortization	<u>(170,475)</u>	<u>(155,117)</u>
Operating lease right-of-use assets, net	<u>\$ 221,191</u>	<u>\$ 203,577</u>
Current operating lease liabilities	\$ 101,936	\$ 97,422
Noncurrent operating lease liabilities	<u>122,548</u>	<u>108,778</u>
Total operating lease liabilities	<u>\$ 224,484</u>	<u>\$ 206,200</u>
Weighted-average remaining lease term:		
Operating leases	2.7 years	2.4 years
Weighted-average discount rate:		
Operating leases	3.65%	2.97%

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

<u>Year Ended December 31,</u>	
2025	\$ 108,288
2026	67,739
2027	29,859
2028	22,960
2029	7,883
Thereafter	<u>-</u>
Total future undiscounted	236,729
Less: interest	<u>(12,245)</u>
Present value of lease liabilities	<u>\$ 224,484</u>

WESTERN ENVIRONMENTAL LAW CENTER  
NOTES TO FINANCIAL STATEMENTS

**9. Concentrations of Revenue Sources**

For the year ended December 31, 2024, 63.42 percent of the total grants came from five grantors which comprised 28.57 percent of total revenues, gains, and other support. For the year ended December 31, 2023, 56.31 percent of the total grants came from four grantors which comprised 19.68 percent of total revenues, gains, and other support. For the year ended December 31, 2024, 30.87 percent of the total contributions came from three donors which comprised 9.47 percent of total revenues, gains, and other support. For the year ended December 31, 2023, 28.82 percent of the total contributions came from two donors which comprised 8.26 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.

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, 2024 and 2023.

*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.

WESTERN ENVIRONMENTAL LAW CENTER  
NOTES TO FINANCIAL STATEMENTS

**10. Fair Value Measurement, continued**

*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 community foundations:* 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, 2024:

	Level 1	Level 2	Level 3	Total
Certificates of deposit	\$ -	\$ 3,688,605	\$ -	\$ 3,688,605
Money market funds	-	455,019	-	455,019
Beneficial interest in the assets of SVCF	-	-	10,799	10,799
Beneficial interest in the assets of OCF	-	-	59,555	59,555
Total fair value assets measured on a recurring basis	<u>\$ -</u>	<u>\$ 4,143,624</u>	<u>\$ 70,354</u>	<u>\$ 4,213,978</u>

The following table sets forth by level, within the fair value hierarchy, WELC's assets at fair value as of December 31, 2023:

	Level 1	Level 2	Level 3	Total
Certificate of deposit	\$ -	\$ 3,745,642	\$ -	\$ 3,745,642
Money market funds	-	256,056	-	256,056
Beneficial interest in the assets of SVCF	-	-	10,376	10,376
Beneficial interest in the assets of OCF	-	-	54,537	54,537
Total fair value assets measured on a recurring basis	<u>\$ -</u>	<u>\$ 4,001,698</u>	<u>\$ 64,913</u>	<u>\$ 4,066,611</u>

**11. 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, 2024 and 2023, WELC contributed \$105,404 and \$103,443, respectively, to the plan as employer matching contributions.

WESTERN ENVIRONMENTAL LAW CENTER  
NOTES TO FINANCIAL STATEMENTS

**12. Contingencies**

WELC has elected to self-insure for unemployment in Oregon. The contingent liability is not subject to measurement. In 2024 and 2023, there were two and four 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 \$10,443 at December 31, 2024 and 2023, respectively.

**13. Compensated Absences**

WELC accrues earned vacation time. The amount payable at December 31, 2024 and 2023 was \$93,317 and \$77,087, 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.

**14. Credit Card Lines of Credit**

Certain WELC employees use WELC credit cards for organizational expenses. At December 31, 2024 and 2023, the combined balance on these cards was \$30,582 and \$20,790, respectively. As of December 31, 2024 and 2023, the combined available credit on all the cards was \$14,418 and \$19,210, respectively. At December 31, 2024 and 2023, there were credit cards being held by 27 and 20 employees, respectively.