

OREGON ENVIRONMENTAL COUNCIL, INC.

FINANCIAL STATEMENTS

Year Ended March 31, 2020



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OREGON ENVIRONMENTAL COUNCIL, INC.

FINANCIAL STATEMENTS

Year Ended March 31, 2020

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Oregon Environmental Council, Inc.
Portland, Oregon

We have audited the accompanying financial statements of Oregon Environmental Council, Inc. (a non-profit organization), which comprise the statement of financial position as of March 31, 2020, and the related statements of activities, functional expenses and cash flows for the year 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit 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 auditors' 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 Oregon Environmental Council, Inc. as of March 31, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Report on Summarized Comparative Information

We have previously audited Oregon Environmental Council, Inc.'s 2019 financial statements, and we expressed an unmodified opinion on those financial statements in our report dated January 27, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended March 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Portland, Oregon
January 25, 2021

OREGON ENVIRONMENTAL COUNCIL, INC.

STATEMENT OF FINANCIAL POSITION

March 31, 2020

(With Comparative Totals as of March 31, 2019)

ASSETS

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 939,272	\$ 1,259,621
Investments (Note C)	984,318	1,057,564
Accounts receivable	6,936	14,082
Grants and contributions receivable (Note D)	127,000	76,500
Pledges receivable, net (Note E)	108,734	264,084
Prepaid expenses	<u>50,695</u>	<u>50,304</u>
Total assets	<u>\$ 2,216,955</u>	<u>\$ 2,722,155</u>

LIABILITIES AND NET ASSETS

Accounts payable	\$ 7,737	\$ 149,640
Wages and payroll taxes payable	183,694	58,369
Deferred revenue	11,528	-
Total liabilities	<u>202,959</u>	<u>208,009</u>
Net assets		
Without donor restrictions		
Board designated Strategic Opportunity Fund (Note F)	118,388	120,656
Available for operations	<u>254,553</u>	<u>204,506</u>
	372,941	325,162
With donor restrictions (Note F)	<u>1,641,055</u>	<u>2,188,984</u>
Total net assets	<u>2,013,996</u>	<u>2,514,146</u>
Total liabilities and net assets	<u>\$ 2,216,955</u>	<u>\$ 2,722,155</u>

See notes to financial statements.

OREGON ENVIRONMENTAL COUNCIL, INC.

STATEMENT OF ACTIVITIES

Year Ended March 31, 2020

(With Comparative Totals for the Year Ended March 31, 2019)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	
			<u>2020</u>	<u>2019</u>
Revenues and other support				
Individual memberships and contributions	\$ 140,699	\$ 3,015	\$ 143,714	\$ 154,292
Major donor: general support	402,438	-	402,438	616,158
Major donor: program specific	-	383,757	383,757	277,021
Corporate sponsor: general support	29,084	-	29,084	16,556
Corporate sponsor: program specific	6,500	62,000	68,500	74,533
Grants	93,972	1,228,550	1,322,522	1,815,219
Government	-	-	-	-
Event revenue, net of direct benefits	-	-	-	117,848
Event tickets and fee for service	5,005	-	5,005	33,007
Earth share, partners, and other	15,808	7,000	22,808	15,532
Bequests and legacy gifts	-	-	-	120,656
Other	5,365	-	5,365	5,877
	<u>698,871</u>	<u>1,684,322</u>	<u>2,383,193</u>	<u>3,246,699</u>
Net assets released from restrictions	<u>2,159,005</u>	<u>(2,159,005)</u>	<u>-</u>	<u>-</u>
Total revenues and other support	<u>2,857,876</u>	<u>(474,683)</u>	<u>2,383,193</u>	<u>3,246,699</u>
Expenses				
Program services				
Climate Protection	447,864	-	447,864	488,248
Renew Oregon	523,042	-	523,042	976,467
Toxic-Free Environments	269,341	-	269,341	271,830
Clean and Plentiful Water	426,311	-	426,311	410,346
Effective Environmental Policy	110,344	-	110,344	264,072
Multi-Issue Environmental Protection	157,360	-	157,360	219,325
Strong OEC	108,486	-	108,486	243,125
Total program services	<u>2,042,748</u>	<u>-</u>	<u>2,042,748</u>	<u>2,873,413</u>
Supporting services				
Development	419,333	-	419,333	505,375
Management and general	348,016	-	348,016	244,478
Total expenses	<u>2,810,097</u>	<u>-</u>	<u>2,810,097</u>	<u>3,623,266</u>
Change in net assets before changes in investments	47,779	(474,683)	(426,904)	(376,567)
Net investment income	-	6,561	6,561	12,277
Realized and unrealized gains and (losses) on investments	<u>-</u>	<u>(79,807)</u>	<u>(79,807)</u>	<u>39,423</u>
Change in net assets	47,779	(547,929)	(500,150)	(324,867)
Net assets - beginning of year	<u>325,162</u>	<u>2,188,984</u>	<u>2,514,146</u>	<u>2,839,013</u>
Net assets - end of year	<u>\$ 372,941</u>	<u>\$ 1,641,055</u>	<u>\$ 2,013,996</u>	<u>\$ 2,514,146</u>

See notes to financial statements.

OREGON ENVIRONMENTAL COUNCIL, INC.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended March 31, 2020

(With Comparative Totals for the Year Ended March 31, 2019)

	PROGRAM SERVICES							SUPPORTING SERVICES		Total		
	Climate Protection	Renew Oregon	Toxic-Free Environments	Clean and Plentiful Water	Effective Environmental Policy	Multi-Issue Environmental Protection	Strong OEC	Total Program	Development	Management and General	2020	2019
	Salaries	\$ 306,915	\$ -	\$ 138,288	\$ 237,009	\$ 24,683	\$ 68,052	\$ 60,418	\$ 835,365	\$ 242,023	\$ 204,250	\$ 1,281,638
Payroll taxes and benefits	73,801	-	33,670	55,530	5,710	16,939	14,331	199,981	57,811	49,129	306,921	337,402
Professional services	5,594	388,314	54,801	1,286	54,921	17,543	7,948	530,407	55,431	72,730	658,568	1,149,397
Re-grants	-	79,750	15,000	84,508	5,250	-	-	184,508	-	-	184,508	378,750
Rent and insurance	36,109	27,284	16,309	27,746	2,883	8,061	20,520	138,912	28,438	3,580	170,930	150,197
Printing, postage and telephone	7,810	3,671	6,219	2,530	3,147	876	739	24,992	22,271	7	47,270	87,646
Equipment, supplies, dues and fees	5,313	12,669	1,741	6,413	3,469	31,731	3,642	64,978	9,547	5,938	80,463	71,270
Staff travel, meetings, education	12,322	11,354	3,313	11,289	10,281	14,158	888	63,605	3,812	12,382	79,799	128,954
	\$ 447,864	\$ 523,042	\$ 269,341	\$ 426,311	\$ 110,344	\$ 157,360	\$ 108,486	\$ 2,042,748	\$ 419,333	\$ 348,016	\$ 2,810,097	\$ 3,623,266

See notes to financial statements.

OREGON ENVIRONMENTAL COUNCIL, INC.

STATEMENT OF CASH FLOWS

Year Ended March 31, 2020

(With Comparative Totals for the Year Ended March 31, 2019)

	2020	2019
Cash flows from operating activities:		
Change in net assets	\$ (500,150)	\$ (324,867)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Realized and unrealized (gains) and losses on investments	79,807	(39,423)
Changes in assets and liabilities:		
Accounts receivable	7,146	14,736
Grants receivable	(50,500)	428,500
Pledges receivable, net	155,350	(19,134)
Prepaid expenses	(391)	26,372
Accounts payable	(141,903)	57,158
Wages and payroll taxes payable	125,325	(23,675)
Deferred revenue	11,528	(5,318)
Net cash provided by (used in) operating activities	(313,788)	114,349
Cash flows from investing activities:		
Proceeds from sale of investments	-	67,145
Purchase of investments, net	(6,561)	(204,079)
Net cash provided by (used in) investing activities	(6,561)	(136,934)
Net change in cash and cash equivalents	(320,349)	(22,585)
Cash and cash equivalents, beginning of year	1,259,621	1,282,206
Cash and cash equivalents, end of year	\$ 939,272	\$ 1,259,621

See notes to financial statements.

OREGON ENVIRONMENTAL COUNCIL, INC.

NOTES TO FINANCIAL STATEMENTS

March 31, 2020

NOTE A – DESCRIPTION OF ORGANIZATION

Oregon Environmental Council (OEC) is a nonprofit, nonpartisan, statewide organization. Our mission is to advance innovative, collaborative and equitable solutions to Oregon's environmental challenges for today and future generations. Our strategic goals include: climate protection to safeguard our communities and economy; clean and plentiful water to support people, fish and wildlife, and productive agriculture; and toxic-free environments to protect human health, starting with children's health. We forward these priorities by: (1) advancing effective public policies that safeguard Oregon's future; (2) promoting viable environmental practices for businesses, communities and families; and (3) building broad-based coalitions, finding common ground in support of environmental solutions.

Climate Protection

OEC promotes solutions to climate change, including comprehensive carbon-reduction policies and eco-friendly transportation (as outlined below). In FY2019-20, we worked with our allies to develop a policy to cap and put a price on the state's carbon pollution and have it introduced in the 2020 legislative session. These efforts resulted in the release of Governor Brown's Executive Order 20-04, or the Oregon Climate Action Plan, in March 2020. In addition, successful watchdogging and defense of one of our signature accomplishments, the Clean Fuels Standard, has led to a highly functioning program that has slashed 4 million tons of climate pollution (as of the end of 2019), supported local jobs, and cut air pollution.

Transportation Solutions

OEC promotes clean and equitable transportation solutions that connect people to the goods and services they need to thrive. In FY 2019-20, we co-launched the Clean and Just Transportation Network, a statewide collaboration to advance transportation electrification and secure sustainable funding for a more equitable transportation system. At the local level, we helped guide development of the Let's Get Moving Metro transportation initiative that will create greater safety for pedestrians and bicyclists, as well as expand transit opportunities in the region. We also supported successful changes to the City of Portland's residential code to allow more density.

Toxic-Free Environments

OEC works to reduce people's exposure to toxic chemicals, especially children (who are particularly vulnerable) and people-of-color and low-income communities (who are disproportionately exposed). We promote safe, non-toxic products through public policy and through market-based programs that encourage companies to use safer chemicals. In FY2019-20, we ensured that rulemaking for the Toxic-Free Kids Act (one of our signature accomplishments) reflects the latest science and harmonizes with other states. We educated the public around low-toxic ways to protect themselves from COVID-19 and launched a partnership with Hacienda CDC to do outreach with low-income residents on ways to reduce exposure to toxics in their homes and the products they use. OEC also works to reduce air pollution and served on a task force to further reductions in diesel pollution.

OREGON ENVIRONMENTAL COUNCIL, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

March 31, 2020

NOTE A – DESCRIPTION OF ORGANIZATION (CONTINUED)

Clean and Plentiful Water

To protect the health of Oregon's waterways and keep drinking water safe, OEC works to preserve water as well as reduce polluted runoff from both urban and rural sources, including pesticides, nitrate and toxic chemicals. Our work with the Swalley Irrigation District helped return 1.2 million gallons of water per day during the irrigation season to the upper Deschutes River, helping to make the Deschutes basin a better place for fish and frogs, farmers and recreationalists, families and communities. In FY2019-20, we launched the Water Futures project, a series of conversations with culturally-specific communities around Oregon. We also partnered with Affiliated Tribes of Northwest Indians to produce and launch an anthem video for the Changing Currents Tribal Water Project, elevating tribal voices for the future of Oregon's waters and water resource management.

Multi-Issue Environmental Protection

OEC undertakes cross-cutting, overarching work to protect Oregon's environment, such as conducting general environmental education and outreach; bridging Oregon's urban-rural divide by increasing and deepening our engagement with rural interests; building partnerships with allied organizations and participating in environmental coalitions; and promoting strategies that broadly protect the environment and the health of Oregonians, such as sufficient budgets for state natural resource agencies. In FY2019-20, we worked with our allies to continue to challenge federal attacks on bedrock environmental safeguards with targeted advocacy and public-facing environmental campaigns making Oregon a prominent leader in pushing back on and holding the line against the Trump administration's environmental rollbacks.

Effective Environmental Policy

OEC helps state and local elected officials and government agencies provide effective and equitable environmental leadership. We are a member of the Oregon Conservation Network, a coalition of 40+ environmental organizations working together for strong environmental protections. We also co-lead educational trainings for citizens to enable them to do more effective and robust civic engagement.

Strong OEC

OEC helps individuals make eco-healthy living choices and stand up for environmental protections through education and outreach, including our print newsletter, reaching 3,600; e-newsletter (eNews), reaching 25,163; "Living Green" e-newsletter, reaching 6,893; and Grassroots Action & Information Network action alerts, reaching 3,715. OEC engages Oregonians through social media, informs the public about environmental issues through opinion pieces in print publications, expert interviews on radio, and television broadcasts, and print media. In 2019-20, we secured 32 news stories or opinion pieces around the state, averaged 5,263 unique visits each month to our website, and averaged a social media influence score of 67.8% and engagement score of 302.4%.

OREGON ENVIRONMENTAL COUNCIL, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

March 31, 2020

NOTE A – DESCRIPTION OF ORGANIZATION (CONTINUED)

Renew Oregon

Co-founded by OEC, the Renew Oregon campaign is laser-focused on building a movement to win big on climate in Oregon by capping and pricing carbon and advancing clean renewable energy and transportation alternatives that also create local jobs. Renew Oregon's educational and outreach work has resulted in endorsements from more than 70 nonprofit organizations; a support letter signed by more than 195 farms and agricultural stakeholders; public support from more than 140 clergy leaders from across the state; and a support letter from more than 830 local businesses, including many in rural communities. Renew Oregon's base of supporters has grown to more than 35,000 on social media (cumulative total for Facebook, Twitter, and Instagram) and an email list of over 65,000. Renew Oregon and our statewide coalition was instrumental in securing the Oregon Climate Action Plan, the strongest climate executive order in the nation.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Adoption of New Accounting Pronouncements

During the fiscal year ended March 31, 2020, the Organization adopted two new accounting pronouncements: *Accounting Standards Update No. 2014-09, Revenue from Contracts with Customers (Topic 606) ("ASU 2014-09")* and *Accounting Standards Update No. 2018-08, Not-for-Profit Entities (Topic 958) Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made ("ASU 2018-08")*.

ASU 2014-09 outlines a single, comprehensive model for accounting for revenue from contracts with customers. Revenue streams applicable to the Organization that may qualify as exchange transactions include consulting fees.

Management of the Organization has analyzed the provisions of ASU 2014-09, and has concluded that no changes to its revenue recognition policies are necessary to conform with the new standard.

ASU 2018-08 clarifies and improves guidance for contributions received and contributions made, and provides guidance to organizations on how to account for certain exchange transactions. This guidance clarifies whether to account for transactions as contributions or as exchange transactions. In addition, it clarifies whether a contribution is conditional. As a result, it enhances comparability of financial information among not-for-profit entities.

The change in accounting principle resulting from ASU 2018-08 was adopted on a modified prospective basis. There was no resulting cumulative-effect adjustment to opening net assets without donor restrictions or opening net assets with donor restrictions as of March 31, 2020.

OREGON ENVIRONMENTAL COUNCIL, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

March 31, 2020

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Statement Presentation

The Organization reports information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. Accordingly, the net assets of the Organization and changes therein are classified and reported as follows:

- **Net Assets Without Donor Restrictions** – Net assets that are not subject to donor-imposed stipulations. The Board of Directors may designate net assets without donor restrictions for specific purposes.
- **Net Assets With Donor Restrictions** – Net assets either subject to donor-imposed stipulations that will be met either by actions of the Organization and/or the passage of time, or net assets with donor restrictions that are not subject to appropriation or expenditure.

Expenses are reported as a decrease in net assets without donor restrictions. Gains and losses are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expiration of net assets with donor restrictions (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

Revenue Recognition

All contributions and grants are considered “without donor restriction” unless specifically restricted by a donor. Service revenues are recognized at the time services are provided and the revenues are earned. Bequests are recorded when probate courts declare the bequest instrument valid and the proceeds are measurable. Membership payments received are considered equivalent to “without donor restriction” contributions and are recognized as revenue when received. The Organization makes an annual determination of the adequacy of the allowance for grants and pledges receivable.

Functional Allocation of Expenses

The statement of functional expenses presents the natural classification detail of expenses by function. Individual salaries are distributed based on each person’s time spent in programs or supporting tasks. Payroll taxes and benefits are allocated on the basis of the direct salary expenses by program. Certain shared costs including occupancy and office expenses are allocated either on the basis of square footage or on the basis of direct salary expense by program.

Cash and Cash Equivalents

OEC considers all highly liquid investments held for the purpose of funding normal operations to be cash equivalents. Cash and cash equivalents held for long-term investment purposes are excluded from cash and cash equivalents and are included in investments regardless of their liquidity.

OREGON ENVIRONMENTAL COUNCIL, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

March 31, 2020

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable

Receivables are recognized as services are provided. OEC does not assess finance charges on past due amounts. OEC uses the allowance method to account for uncollectible accounts receivable. The allowance for doubtful accounts is estimated by management and is based on various factors including past history and current economic conditions. Such an allowance was not considered necessary at March 31, 2020. There were no accounts receivable older than ninety days at March 31, 2020.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Concentrations of Credit Risk

Financial instruments that potentially subject OEC to credit risk include cash, investments in marketable securities, and accounts receivable. Interest bearing accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Management also periodically evaluates the quality of the investments in marketable securities with other institutions, which are partially covered by federal insurance. Future changes in market prices may make such investments less valuable. At March 31, 2020, cash in excess of Federally insured limits insurance totaled about \$703,500.

Property and Equipment

Property and equipment of \$5,000 or more are capitalized and recorded at cost. Donations of equipment and furniture are recorded as revenues at their estimated fair market values on the date of receipt. Such donations are reported as unrestricted revenues unless the donor has restricted the donated asset to a specific purpose. Depreciation on the equipment is computed using the straight-line method over the estimated useful lives of the assets that range from three to five years. Maintenance and repairs are expensed when incurred.

Investments and Fair Value Measurements

Investments are the only assets measured at fair value on a recurring basis. Valuation techniques used to measure fair value are prioritized into the following hierarchy:

- **Level 1** – Quoted prices in active markets for identical assets.
- **Level 2** – Quoted prices for similar assets in active or inactive markets, or inputs derived from observable market data by correlation such as appraisals or other means such as calculations based on contractual rates and published tables.
- **Level 3** – Unobservable inputs that reflect management's assumptions and best estimates based on available data.

OREGON ENVIRONMENTAL COUNCIL, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
March 31, 2020

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments and Fair Value Measurements (Continued)

Investments in equities and fixed income mutual funds are carried at fair value based on quoted prices in active markets (all Level 1 measurements) in the Statement of Financial Position. Unrealized gains and losses are included in the change in net assets in the accompanying Statement of Activities. OEC has no assets measured under Level 2 or Level 3.

Income Taxes

OEC has been approved as a tax-exempt organization under the Internal Revenue Code Section 501(c)(3) and applicable state laws. Accordingly, no provision for income taxes is included in the accompanying financial statements. OEC does not believe it has unrelated trade or business income in excess of \$1,000.

Prior Year Summarized Financial Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class or natural expense classification by function. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the OEC's financial statements for the year ended March 31, 2019, from which the summarized information was derived.

NOTE C – INVESTMENTS

Investments are carried at fair market value as determined by quoted market price (all Level 1 measurements) and consist of the following as of March 31, 2020:

Equities	\$ 603,932
Fixed income mutual funds	129,365
Money market funds	232,129
Other	<u>18,892</u>
	<u>\$ 984,318</u>

There have been no changes in valuation techniques and related inputs.

NOTE D – GRANTS AND CONTRIBUTIONS RECEIVABLE

Grants and contributions receivable consist of unconditional promises to give, primarily from foundations. As of March 31, 2020, all grants and contributions receivable are expected to be collected within one year. Management has recorded no allowance for uncollectible accounts as of March 31, 2020.

OREGON ENVIRONMENTAL COUNCIL, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
March 31, 2020

NOTE E – PLEDGES RECEIVABLE

OEC is seeking multi-year pledges in order to provide long-term stability for programs. Pledges that are scheduled to be paid in future years are reported as net assets with donor restrictions subject to time restrictions in Note F. Pledged contributions whose restrictions are met within the same year received are reflected as contributions without donor restrictions. Pledges receivable consist of the following:

Pledges receivable, general operations	\$	98,734
Pledges receivable, endowment		<u>10,000</u>
	\$	<u><u>108,734</u></u>

The receivables are expected to be collected as follows:

Less than one year	\$	94,234
One to five years		<u>14,500</u>
	\$	<u><u>108,734</u></u>

NOTE F – RESTRICTIONS AND LIMITATIONS ON NET ASSETS

The Organization's net assets with donor restrictions are subject to the following purpose or time restrictions as of March 31, 2020:

Subject to purpose restrictions:		
Climate Protection	\$	301,115
Transportation		135,070
Environmental Health		94,494
Clean and Plentiful Water		68,495
Other		<u>70,217</u>
		<u>669,391</u>
Subject to timing restrictions		<u>95,734</u>
Not subject to spending policy and appropriation:		
Endowment		<u>875,930</u>
Total net assets with donor restrictions	\$	<u><u>1,641,055</u></u>

The Organization also funded a board-designated Strategic Opportunity Fund. This fund is distinct from the Endowment, and unlike the Endowment, revenue growth is not a fund objective. This fund is included with investments and was valued at \$118,388 at March 31, 2020.

OREGON ENVIRONMENTAL COUNCIL, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

March 31, 2020

NOTE G – ENDOWMENT

Interpretation of Relevant Law

The Uniform Prudent Management of Institutional Funds Act (UPMIFA) was enacted by the state of Oregon. UPMIFA eliminates the historic dollar value threshold, an amount below which an organization could not spend from an endowment fund and establishes a set of prudent management and investment standards for boards to follow when managing endowment funds. Under UPMIFA, the OEC may spend so much of an endowment fund as it considers prudent, regardless of whether the fund is below its historic dollar value. A donor's intent to maintain an endowment in perpetuity must still be considered and the fund managed accordingly. However, the Organization retains variance power over its endowment assets. The Organization's organizing documents and fund agreements set forth the power to modify any restrictions or conditions on distributions from funds if, in the Organization's judgment, such restrictions or conditions become unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the area being served.

OEC considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the fund, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of OEC, and (7) OEC's investment policies.

The Board has adopted an investment policy that attempts to maintain and grow the purchasing power of the endowment assets over the long term. Working with financial experts, the board adopted a customized environmental, social and governance (ESG) criteria that reflects our commitment to clean water, a healthy climate, an unpolluted landscape and social equity as well as our commitment to financial performance.

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the historic dollar value of the gifts. As of March 31, 2020, no endowment funds are valued below historic dollar value of the associated gifts.

OREGON ENVIRONMENTAL COUNCIL, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

March 31, 2020

NOTE G – ENDOWMENT (CONTINUED)

Interpretation of Relevant Law (Continued)

Endowment net asset composition and changes in endowment net assets as of March 31, 2020 are as follows:

	With Donor Restrictions		Total Net
	Accumulated	Corpus	Endowment
	Gains	Corpus	Assets
Endowment net assets, March 31, 2019	\$ 508,181	\$ 438,726	\$ 946,907
Changes in endowment net assets for the year ended March 31, 2020:			
Contributions	-	-	-
Investment return:			
Investment income	17,843	-	17,843
Investment fees	(13,574)	-	(13,574)
Net appreciation (depreciation)	(75,246)	-	(75,246)
Appropriation of endowment assets for expenditure	-	-	-
Endowment net assets as of March 31, 2020	\$ 437,204	\$ 438,726	\$ 875,930
Funds held as investment			\$ 865,930
Endowment receivable			10,000
			\$ 875,930

NOTE H – PENSION PLAN

OEC provides a 401(k) plan for its employees. OEC may make discretionary contributions to the plan. Contributions to the plan for the year ended March 31, 2020, totaled \$49,142.

NOTE I – LEASES

OEC leases office space under an agreement that expires January 31, 2024. For the year ended March 31, 2020, the total lease expense was \$161,963.

OREGON ENVIRONMENTAL COUNCIL, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

March 31, 2020

NOTE I – LEASES (CONTINUED)

Future minimum rental payments under the leases are as follows:

Year Ending March 31,		
2021	\$	164,696
2022		169,656
2023		174,744
2024		149,256
	\$	658,352

NOTE J – LIQUIDITY

The following table represents OEC's financial assets available to meet cash needs for general expenditures within one year of March 31, 2020:

Financial assets at year-end		
Cash and cash equivalents	\$	939,272
Accounts receivables		6,936
Grants and contributions receivable		127,000
Pledges receivable		108,734
Investments		984,318
Total financial assets		2,166,260
Less those unavailable for general expenditure within one year, due to:		
Contractual or Donor-imposed restrictions:		
Endowment funds		(875,930)
Pledges subject to timing restriction		(14,500)
Board designations:		
Board-designated Strategic Opportunities Fund		(118,388)
Total unavailable financial assets		(1,008,818)
Financial assets available to meet cash needs for general expenditures within one year	\$	1,157,442

As part of OEC's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

NOTE K – SUBSEQUENT EVENTS

Subsequent events have been evaluated through January 25, 2021 which is the date the financial statements were available to be issued.

OREGON ENVIRONMENTAL COUNCIL, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

March 31, 2020

NOTE K – SUBSEQUENT EVENTS (CONTINUED)

Beginning in March 2020, an outbreak of a coronavirus necessitated social distancing measures. While the inability to gather and travel has impacted some programmatic activity, OEC's staff continues to work remotely. These social distancing measures may continue for some time, and may continue to impact both programming and fundraising, as some donors may redirect their giving to needs more directly related to the pandemic.

OEC borrowed \$311,491 under the Paycheck Protection Program to provide additional liquidity. OEC followed regulations that resulted in the forgiveness of this loan in October, 2020.