

**OREGON ENVIRONMENTAL COUNCIL, INC.**

**FINANCIAL STATEMENTS**

**Year Ended March 31, 2022**



Oregon  
Environmental  
Council  
*It's Your Oregon*

**KERN ▲ THOMPSON**  
CERTIFIED PUBLIC ACCOUNTANTS

**OREGON ENVIRONMENTAL COUNCIL, INC.**

**FINANCIAL STATEMENTS**

**Year Ended March 31, 2022**

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**INDEPENDENT AUDITOR'S REPORT**

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

**Opinion**

We have audited the accompanying financial statements of Oregon Environmental Council, Inc. (a nonprofit organization), which comprise the statement of financial position as of March 31, 2022, and the related statements of activities, functional expenses, and cash flows for the year 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 Oregon Environmental Council, Inc. as of March 31, 2022, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

We conducted our audit 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 Oregon Environmental Council, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 Oregon Environmental Council, Inc.'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, including omissions, 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.

To the Board of Directors  
Oregon Environmental Council, Inc.

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 Oregon Environmental Council, Inc.'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 Oregon Environmental Council, Inc.'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.

***Report on Summarized Comparative Information***

We have previously audited Oregon Environmental Council, Inc.'s 2021 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated December 10, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended March 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Kern & Thompson, LLC*

Portland, Oregon  
January 26, 2023

OREGON ENVIRONMENTAL COUNCIL, INC.

STATEMENT OF FINANCIAL POSITION

March 31, 2022

(With Comparative Totals as of March 31, 2021)

ASSETS

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 1,319,649	\$ 1,710,533
Accounts receivable	7,050	2,449
Grants and contributions receivable (Note D)	203,841	20,000
Investments (Note C)	1,658,643	1,600,052
Pledges receivable, net	-	21,500
Prepaid expenses	<u>29,566</u>	<u>61,289</u>
<b>Total assets</b>	<b><u>\$ 3,218,749</u></b>	<b><u>\$ 3,415,823</u></b>

LIABILITIES AND NET ASSETS

Accounts payable	\$ 68,136	\$ 37,671
Wages and payroll taxes payable	117,469	134,712
Refundable advance - PPP	<u>309,857</u>	<u>309,857</u>
<b>Total liabilities</b>	<b><u>495,462</u></b>	<b><u>482,240</u></b>
<b>Net assets</b>		
Without donor restrictions		
Board designated Strategic Opportunity Fund (Note E)	363,889	352,703
Available for operations	<u>430,903</u>	<u>413,661</u>
	794,792	766,364
With donor restrictions (Note E)	<u>1,928,495</u>	<u>2,167,219</u>
<b>Total net assets</b>	<b><u>2,723,287</u></b>	<b><u>2,933,583</u></b>
<b>Total liabilities and net assets</b>	<b><u>\$ 3,218,749</u></b>	<b><u>\$ 3,415,823</u></b>

See notes to financial statements.

**OREGON ENVIRONMENTAL COUNCIL, INC.**

**STATEMENT OF ACTIVITIES**

**Year Ended March 31, 2022**

(With Comparative Totals for the Year Ended March 31, 2021)

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>	
			<b>2022</b>	<b>2021</b>
<b>Revenues and other support</b>				
Individual memberships and contributions	\$ 165,974	\$ 12,078	\$ 178,052	\$ 166,581
Major donor: general support	556,402	15,000	571,402	430,114
Major donor: program specific	-	20,500	20,500	197,821
Corporate sponsor: general support	44,185	-	44,185	39,035
Corporate sponsor: program specific	-	15,250	15,250	13,000
Grants and contracts	353,619	753,177	1,106,796	1,169,913
Paycheck Protection Program grant	-	-	-	311,491
Earth share, partners, and other	974	-	974	14,744
Bequests and legacy gifts	-	-	-	215,335
Interest	3,576	-	3,576	5,200
	1,124,730	816,005	1,940,735	2,563,234
Net assets released from restrictions	1,102,134	(1,102,134)	-	-
<b>Total revenues and other support</b>	<b>2,226,864</b>	<b>(286,129)</b>	<b>1,940,735</b>	<b>2,563,234</b>
<b>Expenses</b>				
Program services				
Climate Protection	293,758	-	293,758	249,182
Transportation Solutions	207,633	-	207,633	217,797
Renew Oregon	91,930	-	91,930	145,560
Toxic-Free Environments	142,991	-	142,991	169,185
Clean and Plentiful Water	151,561	-	151,561	212,972
Effective Environmental Policy	57,032	-	57,032	28,136
Multi-Issue Environmental Protection	252,202	-	252,202	169,254
Strong OEC	154,077	-	154,077	167,669
Total program services	1,351,184	-	1,351,184	1,359,755
Supporting services				
Development	531,252	-	531,252	420,578
Management and general	327,186	-	327,186	263,714
<b>Total expenses</b>	<b>2,209,622</b>	<b>-</b>	<b>2,209,622</b>	<b>2,044,047</b>
<b>Change in net assets before changes in investments</b>	<b>17,242</b>	<b>(286,129)</b>	<b>(268,887)</b>	<b>519,187</b>
Net investment income	17,132	8,214	25,346	5,623
Realized and unrealized gains and (losses) on investments	(5,946)	39,191	33,245	394,777
<b>Change in net assets</b>	<b>28,428</b>	<b>(238,724)</b>	<b>(210,296)</b>	<b>919,587</b>
Net assets - beginning of year	766,364	2,167,219	2,933,583	2,013,996
<b>Net assets - end of year</b>	<b>\$ 794,792</b>	<b>\$ 1,928,495</b>	<b>\$ 2,723,287</b>	<b>\$ 2,933,583</b>

See notes to financial statements.

**OREGON ENVIRONMENTAL COUNCIL, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES**

**Year Ended March 31, 2022**

(With Comparative Totals for the Year Ended March 31, 2021)

	<b>PROGRAM SERVICES</b>								<b>SUPPORTING SERVICES</b>		<b>Total</b>		
	<b>Climate Protection</b>	<b>Transportation Solutions</b>	<b>Renew Oregon</b>	<b>Toxic-Free Environments</b>	<b>Clean and Plentiful Water</b>	<b>Effective Environmental Policy</b>	<b>Multi-Issue Environmental Protection</b>	<b>Strong OEC</b>	<b>Total Program</b>	<b>Development</b>	<b>Management and General</b>	<b>2022</b>	<b>2021</b>
	Salaries	\$ 181,455	\$ 144,129	\$ 7,633	\$ 90,872	\$ 107,800	\$ 19,188	\$ 104,892	\$ 72,110	\$ 728,079	\$ 304,896	\$ 236,290	\$ 1,269,265
Payroll taxes and benefits	41,956	33,434	1,830	21,193	24,170	4,963	24,445	16,597	168,588	69,926	44,823	283,337	286,847
Professional services	33,502	6,354	76,625	8,657	774	29,725	36,583	34,747	226,967	75,153	35,360	337,480	275,170
Re-grants	-	-	-	7,500	-	-	64,905	-	72,405	-	-	72,405	7,500
Rent and insurance	23,335	18,546	988	11,705	13,784	2,523	13,509	9,265	93,655	39,150	3,609	136,414	175,508
Printing, postage, and telephone	7,287	2,388	287	1,507	2,231	325	1,767	5,486	21,278	31,016	348	52,642	37,203
Equipment, supplies, dues and fees	5,626	2,331	4,516	1,303	1,607	258	5,194	10,581	31,416	8,853	4,542	44,811	42,852
Staff travel, meetings, and education	597	451	51	254	1,195	50	907	5,291	8,796	2,258	2,214	13,268	8,594
	<b>\$ 293,758</b>	<b>\$ 207,633</b>	<b>\$ 91,930</b>	<b>\$ 142,991</b>	<b>\$ 151,561</b>	<b>\$ 57,032</b>	<b>\$ 252,202</b>	<b>\$ 154,077</b>	<b>\$ 1,351,184</b>	<b>\$ 531,252</b>	<b>\$ 327,186</b>	<b>\$ 2,209,622</b>	<b>\$ 2,044,047</b>

See notes to financial statements.

**OREGON ENVIRONMENTAL COUNCIL, INC.**

**STATEMENT OF CASH FLOWS**

**Year Ended March 31, 2022**

(With Comparative Totals for the Year Ended March 31, 2021)

	<b>2022</b>	<b>2021</b>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ (210,296)	\$ 919,587
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Realized and unrealized (gains) and losses on investments	(33,245)	(394,777)
Changes in assets and liabilities:		
Accounts and contributions receivable	(4,601)	4,487
Grants receivable	(183,841)	107,000
Pledges receivable, net	21,500	87,234
Prepaid expenses	31,723	(10,594)
Accounts payable	30,465	29,934
Wages and payroll taxes payable	(17,243)	(48,983)
Deferred revenue	-	(11,528)
Refundable advance - PPP	-	309,857
<b>Net cash provided by (used in) operating activities</b>	<b>(365,538)</b>	<b>992,217</b>
<b>Cash flows from investing activities:</b>		
Proceeds from sale of investments	-	177,398
Purchase of investments, net	-	(376,253)
Reinvestment of investment income	(25,346)	(22,101)
<b>Net cash provided by (used in) investing activities</b>	<b>(25,346)</b>	<b>(220,956)</b>
<b>Net change in cash and cash equivalents</b>	<b>(390,884)</b>	<b>771,261</b>
Cash and cash equivalents, beginning of year	1,710,533	939,272
<b>Cash and cash equivalents, end of year</b>	<b>\$ 1,319,649</b>	<b>\$ 1,710,533</b>

See notes to financial statements.



**OREGON ENVIRONMENTAL COUNCIL, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**March 31, 2022**

**NOTE A – DESCRIPTION OF ORGANIZATION**

Oregon Environmental Council (OEC), or the Organization, is a nonprofit, nonpartisan, statewide organization. Our mission is to champion equitable, innovative, and collaborative solutions to Oregon’s environmental challenges for today and future generations.

Our strategic goals span a multi-issue agenda that includes: climate protection, transportation solutions, toxic-free environments, and clean and plentiful water. We forward these priorities by: (1) advocating for and implementing effective and equitable public policies that safeguard Oregon today and tomorrow; (2) building inclusive, broad-based coalitions, finding common ground in support of environmental solutions; (3) listening to communities and partners to develop community-based and on-the-ground projects that create tangible benefits throughout Oregon; 4) providing support to community-based organizations and activating individuals to participate in more inclusive environmental decision-making; and 5) creating educational tools to provide credible information for individuals, businesses, communities and decision-makers.

**Climate Protection**

OEC promotes solutions to climate change, including comprehensive carbon-reduction policies and climate-smart transportation (as outlined below). In FY21-22, we worked with our allies to advocate for effective implementation of Governor Brown’s Executive Order 20-04, or the Oregon Climate Action Plan, including ensuring the Climate Protection Program puts strong and equitable rules in place for major sources of climate pollution.

In addition, OEC participated in a broad coalition, led by environmental justice organizations, to pass the 100% Clean Energy for All bill which will transition Oregon to a clean energy grid by 2040, among the fastest such transitions in the United States. We advocated and won adoption of strong standards to protect workers from extreme heat and wildfire smoke, a \$100M climate budget, and supported emergency heat relief for low-income individuals.

**Transportation Solutions**

OEC promotes clean, healthy, safe, and equitable transportation solutions that connect people to the goods and services they need to thrive. In FY21-22, we co-led the Clean and Just Transportation Network, a statewide collaboration to advance transportation electrification and secure sustainable funding for a more equitable transportation system. Our work is helping to shift the statewide conversation on transportation from a “move cars and trucks efficiently” narrative to a balanced approach that will provide safe, healthy, and more equitable transportation options.

We also support transportation electrification, including through implementation of the Oregon Clean Fuels Program, which has provided grants for us to partner with auto shops around EV job training, and with rural irrigation districts around deployment of electric utility vehicles. We also successfully advocated for adoption of the Advanced Clean Trucks rule to reduce air and climate pollution from medium and heavy-duty vehicles.

**OREGON ENVIRONMENTAL COUNCIL, INC.**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**March 31, 2022**

**NOTE A – DESCRIPTION OF ORGANIZATION (CONTINUED)**

**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 consumer-engagement programs that encourage companies to use safer chemicals. In FY21-22, we worked with Hacienda CDC to develop curriculum for their Portland Niños program to help parents reduce exposure to toxics in their homes and the products they use. We partnered with Metro to survey low-income communities on hazard waste pickup. In the legislature, we successfully advocated for Environmental Justice for All, Modernizing the Bottle Bill, Farmworker Overtime, and Mattress Recycling.

**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. In FY21-22, we did a literature review for the State of Water Justice report. During the 2022 legislative session, we successfully advocated for investments in water management, drought relief, and the Agricultural Heritage Fund. We successfully supported improvements in urban sprinkler water efficiency and increased enforcement of illegal water use on cannabis operations. We worked with state agencies to strengthen their inter-agency communication, especially around groundwater quality and quantity concerns.

**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 FY21-22, we had huge successes in supporting agency budgets, and delivering record investment in climate and drought resiliency and non-highway transportation improvements.

**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.

**OREGON ENVIRONMENTAL COUNCIL, INC.**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**March 31, 2022**

**NOTE A – DESCRIPTION OF ORGANIZATION (CONTINUED)**

**Strong OEC**

OEC helps individuals make eco-healthy living choices and stand up for environmental protections through education and outreach. Our audience includes thousands of subscribers who receive regular emails from OEC with news about our policy work, tips on green living, and alerts and information about how to take action to support environmental policy. OEC also engages multiple audiences in Oregon, and nationally, through social media, opinion pieces in print and digital publications, and expert interviews on radio and television broadcasts. In FY21-22, our staff and our work were regularly featured by local and statewide media outlets. We also grew our audiences on social media, and increased our list of donors (members).

**Renew Oregon**

Co-founded by OEC, the Renew Oregon campaign has been laser-focused on building a movement to significantly reduce climate pollution in Oregon. In FY21-22, Renew supported strong implementation of the Oregon Climate Action Plan (EO 20-04). The OCAP structure includes multiple policy roundtables co-led by environmental and environmental justice/community-based organizations on the following: transportation, clean energy, buildings, the Climate Protection Program, natural and working lands, and health. Renew Oregon provides expert communications, coalition management and support, and strategic direction. In FY21-22, Renew Oregon began to transition after the statewide coalition achieved the major accomplishment of securing the Oregon Climate Action Plan, the strongest climate executive order in the nation. The coalition, policy, and communications capacity that Renew Oregon built is now being used to support many other climate efforts, including resilient, healthy, affordable, and climate-smart buildings.

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**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.

**OREGON ENVIRONMENTAL COUNCIL, INC.**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**March 31, 2022**

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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.

**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, 2022. There were no accounts receivable older than ninety days at March 31, 2022.

**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 FDIC insurance. Future changes in market prices may make such investments less valuable. At March 31, 2022, cash in excess of federally insured limits totaled about \$1,069,000.

**OREGON ENVIRONMENTAL COUNCIL, INC.**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**March 31, 2022**

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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.

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, 2021, from which the summarized information was derived.

**OREGON ENVIRONMENTAL COUNCIL, INC.**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**March 31, 2022**

**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, 2022:

Equities	\$ 1,115,247
Fixed income mutual funds	351,980
Money market funds	63,221
Other	<u>128,195</u>
	<u>\$ 1,658,643</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, 2022, 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, 2022.

The Organization has been awarded funds from several utility companies that are subject to both a barrier, and right of return to funder should the conditions of the awards not be met. The conditional grants total about \$263,000 at March 31, 2022, and will be recognized as revenue as the conditions, primarily incurring expenses, are met.

**NOTE E – 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, 2022:

Subject to purpose restrictions:	
Climate Protection	\$ 183,905
Transportation	134,754
Renew Oregon	47,378
Environmental Health	41,448
Clean and Plentiful Water	82,260
Other	<u>28,996</u>
	518,741
Subject to timing restrictions	<u>115,000</u>
Subject to spending policy and appropriation:	
Endowment	<u>1,294,754</u>
Total net assets with donor restrictions	<u>\$ 1,928,495</u>

**OREGON ENVIRONMENTAL COUNCIL, INC.**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**March 31, 2022**

**NOTE E – RESTRICTIONS AND LIMITATIONS ON NET ASSETS (CONTINUED)**

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 \$363,889 at March 31, 2022.

**NOTE F – REFUNDABLE ADVANCE – PPP**

In response to the global economic impact caused by the coronavirus pandemic, the US Small Business Administration (SBA) created the Paycheck Protection Program (PPP) “forgivable loan” to assist nonprofit organizations and for-profit enterprises with eligible payroll and certain specified operating costs. While originally structured as a loan, in substance these funds were a conditional grant under ASC 958-605. Organization qualified for its first \$311,491 advance on April 17, 2020. The SBA repaid this advance on December 7, 2020. On March 16, 2021, the Organization qualified for a second \$309,857 PPP advance and met all conditions of the grant subsequent to March 31, 2022.

**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.

**OREGON ENVIRONMENTAL COUNCIL, INC.**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**March 31, 2022**

**NOTE G – ENDOWMENT (CONTINUED)**

**Interpretation of Relevant Law (Continued)**

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, 2022, no endowment funds are valued below historic dollar value of the associated gifts.

Endowment net asset composition and changes in endowment net assets as of March 31, 2022 are as follows:

	With Donor Restrictions		Total Net
	Accumulated	Corpus	Endowment
	Gains		Assets
Endowment net assets, March 31, 2021	\$ 803,623	\$ 443,726	\$ 1,247,349
Changes in endowment net assets for the year ended March 31, 2022:			
Contributions	-	-	-
Investment return:			
Investment income	26,993	-	26,993
Investment fees	(18,779)	-	(18,779)
Net appreciation (depreciation)	39,191	-	39,191
Appropriation of endowment assets for expenditure	-	-	-
	-	-	-
Endowment net assets as of March 31, 2022	\$ 851,028	\$ 443,726	\$ 1,294,754

**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, 2022, totaled \$51,201.

**NOTE I – LEASES**

OEC leases office space under an agreement that expires June 30, 2023. For the year ended March 31, 2022, the total lease expense was \$125,588. Future minimum rental payments under the leases are as follows:

Year Ending March 31,	
2023	\$ 72,489
2024	18,213
	\$ 90,702



**OREGON ENVIRONMENTAL COUNCIL, INC.**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**March 31, 2022**

**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, 2022:

Financial assets at year-end	
Cash and cash equivalents	\$ 1,319,649
Accounts receivables	7,050
Grants and contributions receivable	203,841
Investments	<u>1,658,643</u>
Total financial assets	<u>3,189,183</u>
Less those unavailable for general expenditure within one year, due to:	
Contractual or Donor-imposed restrictions:	
Endowment funds	(1,294,754)
Board designations:	
Board-designated Strategic Opportunities Fund	<u>(363,889)</u>
Total unavailable financial assets	<u>(1,658,643)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,530,540</u>

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 26, 2023 which is the date the financial statements were available to be issued.