

**THE OHIO ENVIRONMENTAL
COUNCIL**

FINANCIAL REPORT

June 30, 2025 and 2024

THE OHIO ENVIRONMENTAL COUNCIL

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
The Ohio Environmental Council
Columbus, Ohio

Opinion

We have audited the financial statements of The Ohio Environmental Council (an Ohio nonprofit corporation), which comprise the statements of financial position as of June 30, 2025 and 2024, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements (collectively, the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of The Ohio Environmental Council as of June 30, 2025 and 2024, 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 ("GAAS"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audits of the Financial Statements section of our report. We are required to be independent of The Ohio Environmental Council 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 The Ohio Environmental Council's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audits 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but it is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than 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 GAAS, 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 The Ohio Environmental Council'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 The Ohio Environmental Council'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 audits.



Columbus, Ohio
December 12, 2025

THE OHIO ENVIRONMENTAL COUNCIL
STATEMENTS OF FINANCIAL POSITION
June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
ASSETS		
Current Assets		
Cash	\$ 411,218	\$ 464,926
Investments, at fair value	2,620,415	2,957,357
Grants receivable	41,422	54,000
Related party receivable	108,901	258,378
Interest receivable	11,214	9,105
Prepaid expenses	352	198
Total current assets	<u>3,193,522</u>	<u>3,743,964</u>
Property and equipment, net	847,039	600,412
Intangibles, net	10,861	8,625
Investments, at fair value - restricted	113,767	106,076
Beneficial interest in assets held by The Cleveland Foundation	15,939	14,415
Right-of-use asset - operating, net	<u>-</u>	<u>53,965</u>
Total assets	<u>\$ 4,181,128</u>	<u>\$ 4,527,457</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 117,201	\$ 92,589
Accrued payroll liabilities	210,352	183,391
Other accrued expenses	-	3,251
Refundable advances	345,261	1,115,601
Operating lease liability	<u>-</u>	<u>45,076</u>
Total current liabilities	672,814	1,439,908
Net Assets		
Without donor restrictions	3,262,112	2,832,973
With donor restrictions	<u>246,202</u>	<u>254,576</u>
Total net assets	<u>3,508,314</u>	<u>3,087,549</u>
Total liabilities and net assets	<u>\$ 4,181,128</u>	<u>\$ 4,527,457</u>

The accompanying notes are an integral part of these financial statements.

THE OHIO ENVIRONMENTAL COUNCIL

STATEMENTS OF ACTIVITIES

Year ended June 30, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support			
Grants and contracts	\$ 2,591,771	\$ 132,435	\$ 2,724,206
Contributions of cash and other financial assets	896,652	-	896,652
Special event	109,286	-	109,286
Other revenues	14,170	-	14,170
Net assets released from restrictions	150,000	(150,000)	-
Total revenue and support	3,761,879	(17,565)	3,744,314
Operating Expenses			
Program	2,663,314	-	2,663,314
Administrative	536,060	-	536,060
Fundraising	255,267	-	255,267
Total operating expenses	3,454,641	-	3,454,641
Change in net assets from operations	307,238	(17,565)	289,673
Other Income			
Realized and unrealized gain on investments	54,648	1,784	56,432
Investment income, net	86,466	7,407	93,873
Change in beneficial interest in assets held by The Cleveland Foundation	1,524	-	1,524
Loss on disposal of property and equipment	(23,472)	-	(23,472)
Miscellaneous income	2,735	-	2,735
Total other income	121,901	9,191	131,092
Change in net assets	429,139	(8,374)	420,765
Net Assets			
Beginning of year	2,832,973	254,576	3,087,549
End of year	\$ 3,262,112	\$ 246,202	\$ 3,508,314

The accompanying notes are an integral part of these financial statements.

THE OHIO ENVIRONMENTAL COUNCIL
STATEMENTS OF ACTIVITIES (CONTINUED)

Year ended June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support			
Grants and contracts	\$ 2,406,991	\$ 148,500	\$ 2,555,491
Contributions of cash and other financial assets	913,839	-	913,839
Special event	125,161	-	125,161
Other revenues	11,700	-	11,700
Net assets released from restrictions	<u>39,213</u>	<u>(39,213)</u>	<u>-</u>
Total revenue and support	3,496,904	109,287	3,606,191
Operating Expenses			
Program	2,694,004	-	2,694,004
Administrative	562,468	-	562,468
Fundraising	<u>252,117</u>	<u>-</u>	<u>252,117</u>
Total operating expenses	<u>3,508,589</u>	<u>-</u>	<u>3,508,589</u>
Change in net assets from operations	(11,685)	109,287	97,602
Other Income			
Realized and unrealized gain on investments	190,725	7,346	198,071
Investment income, net	30,504	4,541	35,045
Change in beneficial interest in assets held by The Cleveland Foundation	1,511	-	1,511
Miscellaneous income	<u>45,413</u>	<u>-</u>	<u>45,413</u>
Total other income	<u>268,153</u>	<u>11,887</u>	<u>280,040</u>
Change in net assets	256,468	121,174	377,642
Net Assets			
Beginning of year	<u>2,576,505</u>	<u>133,402</u>	<u>2,709,907</u>
End of year	<u>\$ 2,832,973</u>	<u>\$ 254,576</u>	<u>\$ 3,087,549</u>

The accompanying notes are an integral part of these financial statements.

THE OHIO ENVIRONMENTAL COUNCIL

STATEMENTS OF FUNCTIONAL EXPENSES

Year ended June 30, 2025

	<u>Program</u>	<u>Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and fringe benefits	\$ 1,932,126	\$ 286,038	\$ 65,565	\$ 2,283,729
Contributions	156,350	-	-	156,350
Depreciation and amortization	-	18,326	-	18,326
Insurance	-	4,698	-	4,698
IT, equipment, and supplies	31,323	3,267	22,368	56,958
Media and resources	3,934	-	-	3,934
Memberships and permits	29,400	10,194	7,941	47,535
Miscellaneous	8,112	1,575	486	10,173
Occupancy	116,422	2,342	3,572	122,336
Postage	752	1,006	25,074	26,832
Printing	3,416	12,572	46,843	62,831
Purchased services	232,790	188,367	45,965	467,122
Special and program events	101,525	4,065	34,400	139,990
Travel	<u>47,164</u>	<u>3,610</u>	<u>3,053</u>	<u>53,827</u>
Total operating expenses	<u>\$ 2,663,314</u>	<u>\$ 536,060</u>	<u>\$ 255,267</u>	<u>\$ 3,454,641</u>

The accompanying notes are an integral part of these financial statements.

THE OHIO ENVIRONMENTAL COUNCIL

STATEMENTS OF FUNCTIONAL EXPENSES (CONTINUED)

Year ended June 30, 2024

	<u>Program</u>	<u>Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and fringe benefits	\$ 1,793,632	\$ 298,588	\$ 126,025	\$ 2,218,245
Contributions	13,250	-	-	13,250
Depreciation	-	7,761	-	7,761
Insurance	-	9,652	-	9,652
IT, equipment, and supplies	54,378	-	13,050	67,428
Media and resources	35	125	-	160
Memberships and permits	22,218	1,464	1,788	25,470
Miscellaneous	12,520	2,020	179	14,719
Occupancy	93,924	5,988	8,202	108,114
Pass-through grants	378,300	-	-	378,300
Postage	108	1,713	23,786	25,607
Printing	12,037	13,217	39,442	64,696
Purchased services	169,734	200,912	33,054	403,700
Special and program events	80,398	14,672	675	95,745
Travel	<u>63,470</u>	<u>6,356</u>	<u>5,916</u>	<u>75,742</u>
 Total operating expenses	 <u>\$ 2,694,004</u>	 <u>\$ 562,468</u>	 <u>\$ 252,117</u>	 <u>\$ 3,508,589</u>

The accompanying notes are an integral part of these financial statements.

THE OHIO ENVIRONMENTAL COUNCIL

STATEMENTS OF CASH FLOWS

Years ended June 30, 2025 and 2024

	2025	2024
Cash Flows from Operating Activities		
Change in net assets	\$ 420,765	\$ 377,642
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation and amortization	18,326	7,761
Reimbursement of depreciation expense from related entities	2,120	461
Loss on disposal of property and equipment	23,472	-
Realized and unrealized gain on investments	(56,432)	(198,071)
Change in beneficial interest in assets held by The Cleveland Foundation	(1,524)	(1,511)
Amortization - right-of-use asset - operating	53,965	70,446
(Increase) decrease in operating assets:		
Grants receivable	12,578	(667)
Promises to give	-	1,637
Related party receivable	149,477	(206,923)
Interest receivable	(2,109)	(6,453)
Prepaid expenses	(154)	(9)
Increase (decrease) in operating liabilities:		
Accounts payable	24,612	938
Accrued payroll liabilities	26,961	34,012
Other accrued expenses	(3,251)	3,251
Refundable advances	(770,340)	734,476
Operating lease liability	(45,076)	(70,494)
Net cash (used in) provided by operating activities	(146,610)	746,496
Cash Flows from Investing Activities		
Purchase of property and equipment	(289,906)	(576,594)
Purchase of intangibles	(2,875)	(8,625)
Purchase of investments	(948,316)	(1,592,248)
Proceeds from sale or maturity of investments	1,333,999	1,589,256
Net cash provided by (used in) investing activities	92,902	(588,211)
Net change in cash	(53,708)	158,285
Cash Balance		
Beginning of year	464,926	306,641
End of year	<u>\$ 411,218</u>	<u>\$ 464,926</u>

The accompanying notes are an integral part of these financial statements.

THE OHIO ENVIRONMENTAL COUNCIL

NOTES TO FINANCIAL STATEMENTS

NOTE A - DESCRIPTION OF ORGANIZATION

The Ohio Environmental Council (the "Council") is a private nonprofit corporation formed to promote environmental concerns and educate Ohio's public about environmental issues. The Council is the state's most comprehensive, effective, and respected environmental advocate for a healthier, more sustainable Ohio. Using legislative, legal action, scientific principles, and statewide partnerships, the Council secures a healthier environment for Ohio's families and communities.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the Council's significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

1. *Basis of Accounting*

The Council prepares its financial statements on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP").

2. *Basis of Presentation*

Net assets, revenues, and gains and losses of the Council are classified in net assets based on the existence or absence of donor-imposed restrictions. A description of the classes of net assets are as follows:

Net assets without donor restrictions - Net assets available for use in general operations and not subject to donor-imposed stipulations.

Net assets with donor restrictions - Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Council and/or the passage of time. Also, they represent endowment funds which are subject to the restriction of the donors that only income from the endowment fund be utilized while the principal be invested in perpetuity.

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are released to net assets without donor restrictions.

THE OHIO ENVIRONMENTAL COUNCIL

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3. *Cash*

For purposes of the statement of cash flows, cash includes all of the Council's checking and savings accounts. The Council's cash accounts are insured by the Federal Deposit Insurance Corporation up to specified limits. The cash balances that exceed insured limits at June 30, 2025 and 2024 were \$164,998 and \$215,218, respectively. The Council believes it is not exposed to any significant credit risk on its cash balance and has not experienced any loss in such accounts.

4. *Property and Equipment*

The Council capitalizes property and equipment acquisitions when the acquisition value exceeds \$5,000. Purchased items are capitalized at cost. Donated items are recorded at their fair value at the date of the gift. Depreciation is computed on a straight-line method over the estimated useful lives of the assets, with leasehold improvements being depreciated over the shorter of useful life or the lease term, including expected lease term extensions:

Furniture and equipment	5-10 years
Leasehold improvements	15 years
Building and improvements	15-39 years

Expenditures for maintenance and repairs which do not extend the life of the applicable assets are charged to expense as incurred.

5. *Intangibles*

Intangibles are stated at cost. The Council capitalizes internally created websites when the useful life extends beyond one year. Amortization is computed using the straight-line method over the anticipated useful lives of the assets. The anticipated useful life of websites is estimated to be 3 years. Operational expenditures such as on-going site maintenance which do not extend the useful life of the applicable assets are charged to expenses as incurred. The Council's website was placed in service during the year ended June 30, 2025, at which point the Council began recording amortization.

THE OHIO ENVIRONMENTAL COUNCIL

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE B - SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

6. *Beneficial Interest in Assets Held by The Cleveland Foundation*

The Council created the Ohio Environmental Council Fund (the "Fund") to meet the future needs of the Council. The Fund is a component fund of The Cleveland Foundation (the "Foundation") and is subject to the variance power of the Foundation's Board of Directors. However, the variance power can be exercised only if circumstances have so changed that execution of the original intent of the Fund is unnecessary, undesirable, impractical or impossible.

The agreement with the Foundation indicates that, upon the approval by a majority of the Council's Board of Directors, the funds can be distributed to the Council or another beneficiary. The Council has recorded the fair value of the Fund as an asset. The Foundation has determined specific shares of the Foundation's fund that are allocated to the Council. Realized and unrealized gains and losses from the investments held by the Foundation are allocated pro-rata to the Council's share in the trust assets and are used for unrestricted purposes of the Council.

7. *Investment Valuation and Income Recognition*

Investments are reported at fair value. The Council's management determines the valuation policies utilizing information provided by the investment advisor. See note B(11) for discussion of fair value measurements.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Investment income includes the Council's interest and dividends, net of applicable fees. Realized and unrealized gain on investments on the statements of activities includes the net gains and losses on investments bought and sold as well as held during the year.

8. *Revenue Recognition*

Grants and Contracts

A portion of the Council's revenue is derived from various cost-reimbursable contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Council has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position. As of June 30, 2025 and 2024 the Council had refundable advances of \$345,261 and \$1,115,601, respectively. As of June 30 2025 and 2024 the Council had grants and contracts that have not been earned or received of \$252,804 and \$1,026,101, respectively.

THE OHIO ENVIRONMENTAL COUNCIL

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE B - SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

8. *Revenue Recognition (Continued)*

When eligible expenditures are incurred and the grant funds have not yet been received, a grant receivable is reported on the statement of financial position. Management determines the allowance for credit losses by performing an analysis on past collection patterns, current market conditions, and projections of estimated future economic factors. As of June 30, 2025 and 2024, management determined that all grant receivables are fully collectible and there was no allowance for credit losses.

Contributions of Cash and Other Financial Assets

The Council recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met.

Contributions of Nonfinancial Assets

The Council records various types of in-kind support, including professional services, equipment and supplies, as contributions revenue. Contributed professional services are recognized if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair value when received if they typically would be purchased otherwise. During the years ended June 30, 2025 and 2024, the value of contributed services meeting the requirement for recognition in the financial statements was not material and has not been recorded. In-kind contributions represent donated products and services which are auctioned off during the Council's program-based fundraiser. This revenue is offset by like amounts included in expenses. The value of in-kind contributions received during the years ended June 30, 2025 and 2024 was immaterial and is not recorded on the statements of activities. During the year ended June 30, 2025 and 2024, the Council received in-kind contributions of \$32,635 and \$3,579, respectively.

Special and Program Events

The Council records special events revenue when the event takes place and is recorded in contribution revenue.

THE OHIO ENVIRONMENTAL COUNCIL

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE B - SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

9. *Functional Allocation of Expenses*

The cost of providing programs and other activities have been reported in the statements of functional expenses. The expenses are allocated based on employee time spent on each specific function or benefit each function received from the applicable expenses. Expenses allocated to programs and supporting activities include salaries and benefits, occupancy expenses, purchased services, and travel expenses.

10. *Income Taxes*

The Council is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and therefore has made no provision for federal income taxes in the accompanying financial statements.

The Council's evaluation on June 30, 2025 and 2024, revealed no uncertain tax positions that would have a material impact on the financial statements. The Council does not believe that any reasonably possible changes in tax positions will occur within the next twelve months that will have a material impact on the financial statements.

11. *Fair Value Measurements*

The Council estimates the fair value of financial instruments using available market information and other generally accepted valuation methodologies. Fair value is defined as the price that would be received to sell an asset or would be paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The inputs used to measure fair value are classified into three levels:

Level 1: Quoted market prices in active markets for identical assets and liabilities.

Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data.

Level 3: Unobservable inputs in which little or no market data exists.

The following is a description of the valuation methodology used for assets measured at fair value. There have been no changes in the methodologies used as of June 30, 2025 and 2024:

Money Market Accounts: Interest-bearing accounts the Council has elected to treat as investments as the intended purpose of the funds is to act as an investment. These funds are classified as Level 1.

THE OHIO ENVIRONMENTAL COUNCIL

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE B - SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

11. *Fair Value Measurements (Continued)*

Money Market and Equity Mutual Funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Council are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset values and to transact at that price. These funds are classified as Level 1.

U.S. Treasury Notes: Valued based on quoted market prices in active markets and are classified as Level 1. The Council believes the market for U.S. Treasury notes is an actively traded market given the high level of daily trading volume. The notes mature in 1 to 2 years.

Common Stock: Valued at the closing price reported on the active market in which the individual securities are traded and are classified as Level 1.

Beneficial Interest in Assets Held by The Cleveland Foundation: The fair value of the Council's beneficial interest is estimated based on the number of units held of the Cleveland Foundation's investment pool; thus, is considered a Level 2 fair value.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Council believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

12. *Leases*

The Council recognizes right-of-use ("ROU") assets and lease liabilities at the inception of a contract that contains a lease. ROU assets and lease liabilities are recognized at the present value of future lease payments over the lease term. If the rate implicit in the lease is not readily determinable, the Council has adopted the practical expedient to use the risk-free rate to discount future lease payments. The lease term used to determine the ROU assets and lease liabilities includes the non-cancellable period of the lease plus any options to extend the lease when the Council determines it is reasonably certain that the option will be exercised. The Council does not recognize ROU assets and lease liabilities for leases with a lease term of twelve months or less.

THE OHIO ENVIRONMENTAL COUNCIL

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE B - SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

13. *Use of Management's Estimates*

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

NOTE C - FINANCIAL ASSETS AND LIQUIDITY

The following table reflects the Council's financial assets as of June 30, reduced by amounts not available for general expenditures within one year:

	<u>2025</u>	<u>2024</u>
Financial assets:		
Cash	\$ 411,218	\$ 464,926
Investments, at fair value	2,620,415	2,957,357
Grants receivable	41,422	54,000
Related party receivable	108,901	258,378
Interest receivable	11,214	9,105
Investments, at fair value - restricted	113,767	106,076
Beneficial interest in assets held by The Cleveland Foundation	<u>15,939</u>	<u>14,415</u>
Financial assets, at year-end	3,322,876	3,864,257
Less those not available for general expenditures within one year:		
Assets restricted by donors with purpose restrictions	158,144	166,518
Assets restricted by donors in perpetuity	<u>88,058</u>	<u>88,058</u>
	<u>246,202</u>	<u>254,576</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 3,076,674</u>	<u>\$ 3,609,681</u>

As part of the Council'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. The Council anticipates collecting revenues sufficient to cover operating expenses. In addition, the Board of Directors has established an operating reserve that could be utilized for future obligations.

THE OHIO ENVIRONMENTAL COUNCIL

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE D - INVESTMENTS

The fair value of the Council's investments as of June 30, presented by hierarchy level, are as follows:

June 30, 2025				
	Level 1	Level 2	Level 3	Total
Without Donor Restrictions:				
Money market accounts	\$ 4	\$ -	\$ -	\$ 4
Money market mutual funds	1,030,683	-	-	1,030,683
Equity mutual funds	85,597	-	-	85,597
U.S. Treasury notes	1,504,131	-	-	1,504,131
Beneficial interest in assets held by The Cleveland Foundation	-	15,939	-	15,939
	<u>\$ 2,620,415</u>	<u>\$ 15,939</u>	<u>\$ -</u>	<u>\$ 2,636,354</u>
With Donor Restrictions:				
Money market mutual funds	\$ 44,491	\$ -	\$ -	\$ 44,491
Equity mutual funds	69,276	-	-	69,276
	<u>\$ 113,767</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 113,767</u>
June 30, 2024				
	Level 1	Level 2	Level 3	Total
Without Donor Restrictions:				
Money market accounts	\$ 18	\$ -	\$ -	\$ 18
Money market mutual funds	1,350,902	-	-	1,350,902
Equity mutual funds	77,143	-	-	77,143
U.S. Treasury notes	1,519,233	-	-	1,519,233
Common stock	10,061	-	-	10,061
Beneficial interest in assets held by The Cleveland Foundation	-	14,415	-	14,415
	<u>\$ 2,957,357</u>	<u>\$ 14,415</u>	<u>\$ -</u>	<u>\$ 2,971,772</u>
With Donor Restrictions:				
Money market mutual funds	\$ 44,013	\$ -	\$ -	\$ 44,013
Equity mutual funds	62,063	-	-	62,063
	<u>\$ 106,076</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 106,076</u>

THE OHIO ENVIRONMENTAL COUNCIL

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE E - PROPERTY AND EQUIPMENT

As of June 30, property and equipment consists of:

	<u>2025</u>	<u>2024</u>
Constuction in progress	\$ 11,679	\$ -
Furniture and equipment	21,820	8,433
Leasehold improvements	-	44,679
Building and improvements	<u>841,434</u>	<u>576,594</u>
	874,933	629,706
Less: Accumulated depreciation	<u>(27,894)</u>	<u>(29,294)</u>
	<u><u>\$ 847,039</u></u>	<u><u>\$ 600,412</u></u>

Depreciation expense for the years ended June 30, 2025 and 2024 was \$17,687 and \$7,761, respectively.

NOTE F - RELATED PARTY TRANSACTIONS

The Council has common board members, as well as common management, with the Ohio Environmental Council Action Fund, Inc. and affiliated entities (the "Action Fund"). A formal reimbursement policy has been adopted by the Council and the Action Fund which states that the Council will receive reimbursements from the Action Fund for items at cost. In addition, the Action Fund reimburses the Council for its use of the shared office space and various other operating expenses. The Action Fund pays for both its expenses and for Conservation Ohio Political Action Committee ("Conservation Ohio"); Conservation Ohio will then reimburse the Action Fund for those expenses.

At June 30, 2025 and 2024, the Council has a receivable from the Action Fund of \$108,901 and \$258,378, respectively. The receivable as of June 30, 2024 includes a \$188,000 payment made to the Action Fund for a grant in which the Council is the grantee. During the year ended June 30, 2025 the Council contributed \$150,000 to the Action Fund, reported in contributions on the statement of functional expenses.

The shared expenses from the Action Fund, were as follows for the years ended June 30:

	<u>2025</u>	<u>2024</u>
Salaries and fringe benefits	\$ 347,574	\$ 251,386
Insurance	771	1,079
Occupancy	19,050	11,887
Other	2,166	485
Professional services	31,616	22,625
Special programs and events	196	191
Supplies	4,847	6,742
Travel	<u>138</u>	<u>1,809</u>
	<u><u>\$ 406,358</u></u>	<u><u>\$ 296,204</u></u>

THE OHIO ENVIRONMENTAL COUNCIL

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE G - RETIREMENT PLAN

The Council offers a SIMPLE IRA retirement plan which covers all employees. Under the plan, employees may elect to defer a portion of their salary and have it contributed to their SIMPLE IRA account. The Council matches each participating employee's deferral up to 3% of compensation.

Retirement plan expense was \$49,282 and \$47,591 for the years ended June 30, 2025 and 2024, respectively.

NOTE H - OPERATING LEASES

In July 2014, the Council signed a lease agreement for its Columbus, Ohio office, which has been extended and expired in March 2025. The lease agreement initially required a security deposit and the first month's rent and requires base monthly rent payments, ranging from \$4,057 to \$6,620 per month.

In September 2021, the Council signed a lease agreement for office space in Cleveland, Ohio, which has been extended and expired in September 2024. The lease agreement initially required a security deposit and the first month's rent and requires base monthly rent payments ranging from \$707 to \$735 per month. The Council determined the operating ROU asset and operating lease liability for the Cleveland office space was not material, and no amount has been recorded on the statement of financial position as of June 30, 2025 and 2024 accordingly.

Rent expense from operating leases, less amounts reimbursed by the Action Fund, was \$61,384 and \$77,922 for the years ended June 30, 2025 and 2024, respectively. Rent expense for the year ended June 30, 2025 included \$45,076 for the Columbus office lease and \$32,846 for other rentals.

Cash paid against the Council's operating lease liability during the years ended June 30, 2025 and 2024 was \$45,076 and \$78,738, respectively.

As of June 30, 2024, the weighted-average remaining lease term for the Council's operating lease was 0.63 years. The weighted-average discount rate associated with the operating lease as of June 30, 2024 was 2.86%, which was the risk-free rate at the time of adoption of FASB ASC 842.

NOTE I - CONCENTRATIONS

The Council received approximately 60% of its grant revenue from four foundations during the year ended June 30, 2025 and approximately 75% of its grant revenue from three foundations and one company during the year ended June 30, 2024. The Council continues to pursue other grants and increasing fundraising efforts to offset this concentration.

Approximately 50% of the Council's employees are covered by a collective bargaining agreement with the Chicago and Midwest Regional Joint Board, Workers United (the "Union"). The collective bargaining agreement is effective July 1, 2023 through June 30, 2026.

THE OHIO ENVIRONMENTAL COUNCIL

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE J - NET ASSETS

Net Assets without Donor Restrictions

The Council's policy regarding their operating reserve of the net assets without donor restrictions is to maintain 3 to 6 months of reserves available to cover future expenses. The balance of the net assets without donor restrictions as of June 30:

	<u>2025</u>	<u>2024</u>
Designated operating reserve	\$ 1,599,648	\$ 1,665,414
Undesignated	<u>1,662,464</u>	<u>1,167,559</u>
	<u>\$ 3,262,112</u>	<u>\$ 2,832,973</u>

Net Assets with Donor Restrictions

Net assets with donor restrictions consists of funds to be used for specific purposes (restricted for specific purposes including clean energy, justice, and democracy environmental initiatives) and other funds are restricted in perpetuity. The balance of the net assets with donor restrictions as of June 30 was:

	<u>2025</u>	<u>2024</u>
Restricted grants for specific purposes	\$ 132,435	\$ 148,500
Endowment - principal restricted in perpetuity	88,058	88,058
Endowment - restricted accumulated earnings	<u>25,709</u>	<u>18,018</u>
	<u>\$ 246,202</u>	<u>\$ 254,576</u>

NOTE K - RESTRICTED ENDOWMENT

Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. The Council's endowment consists completely of a donor-restricted endowment fund as of June 30, 2025 and 2024. The original gift will remain in perpetuity and the investment earnings can be used for the state's scenic rivers water quality monitoring program. The Council elected to appropriate \$1,500 and \$13,010 from the investment earnings for expenditures during the years ended June 30, 2025 and 2024, respectively. As of June 30, 2025, the Council has not yet adopted a formal spending policy or investment strategy.

THE OHIO ENVIRONMENTAL COUNCIL

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE K - RESTRICTED ENDOWMENT (CONTINUED)

Changes in endowment net assets for the years ended June 30 are as follows:

	<u>Original Gift Amount</u>	<u>Accumulated Earnings</u>	<u>Total</u>
Endowment net assets, July 1, 2023	\$ 82,958	\$ 19,141	\$ 102,099
Contributions	5,100	-	5,100
Investment return:			
Investment income, net	-	4,541	4,541
Realized and unrealized gain	-	7,346	7,346
	-	11,887	11,887
Appropriation for expenditures	-	(13,010)	(13,010)
Endowment net assets, June 30, 2024	88,058	18,018	106,076
Contributions	-	-	-
Investment return:			
Investment income, net	-	7,407	7,407
Realized and unrealized gain	-	1,784	1,784
	-	9,191	9,191
Appropriation for expenditures	-	(1,500)	(1,500)
Endowment net assets, June 30, 2025	<u>\$ 88,058</u>	<u>\$ 25,709</u>	<u>\$ 113,767</u>

NOTE L - SUBSEQUENT EVENTS

The Council has evaluated subsequent events through the date of the independent auditors' report, which is the date the financial statements were available to be issued. The Council has determined that there were no subsequent events that required disclosure through the evaluation date.