

SOUTH CAROLINA ENVIRONMENTAL LAW PROJECT, INC.

**FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED
DECEMBER 31, 2025 AND 2024**

AND INDEPENDENT AUDITOR'S REPORT

SOUTH CAROLINA ENVIRONMENTAL LAW PROJECT, INC.

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AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
South Carolina Environmental Law Project, Inc.

Opinion

We have audited the accompanying financial statements of South Carolina Environmental Law Project, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of South Carolina Environmental Law Project, Inc. as of December 31, 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. 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 South Carolina Environmental Law Project, Inc. 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 South Carolina Environmental Law Project, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

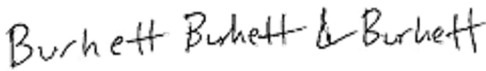
Auditor's Responsibilities for the Audit of the Financial Statements

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 are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of South Carolina Environmental Law Project, 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 South Carolina Environmental Law Project, 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.



BURKETT BURKETT & BURKETT
Certified Public Accountants, P.A.
West Columbia, South Carolina
April 24, 2026

SOUTH CAROLINA ENVIRONMENTAL LAW PROJECT, INC.

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2025 AND 2024

ASSETS:	2025	2024
Current Assets:		
Cash and cash equivalents	\$ 264,696	\$ 141,683
Grants receivable	47,499	62,500
Short-term pledges receivable	82,285	247,068
Investments	2,490,941	2,569,008
Total current assets	<u>2,885,421</u>	<u>3,020,259</u>
Property and Equipment:		
Furniture, fixtures, and equipment	41,346	37,553
Less, accumulated depreciation	<u>(33,557)</u>	<u>(30,843)</u>
Net property and equipment	7,789	6,710
Other Assets:		
Long-term pledges receivable, net	10,270	35,493
Right-of-use assets, operating lease	136,757	114,812
Beneficial interest in perpetual trust	298,221	267,922
Total assets	<u>\$ 3,338,459</u>	<u>\$ 3,445,196</u>
 LIABILITIES AND NET ASSETS:		
Current Liabilities:		
Accounts payable	25,682	26,322
Accrued payroll liabilities	3,317	29,394
Operating lease liabilities - current portion	<u>69,104</u>	<u>64,256</u>
Total current liabilities	98,103	119,972
Operating lease liabilities - non-current portion	<u>70,028</u>	<u>52,539</u>
Total liabilities	<u>168,131</u>	<u>172,511</u>
Net Assets:		
Without donor restrictions	2,948,628	2,925,265
With donor restrictions	<u>221,700</u>	<u>347,420</u>
Total net assets	<u>3,170,328</u>	<u>3,272,685</u>
Total liabilities and net assets	<u>\$ 3,338,459</u>	<u>\$ 3,445,196</u>

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

SOUTH CAROLINA ENVIRONMENTAL LAW PROJECT, INC.

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2025

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2024)

	Without Donor Restrictions	With Donor Restrictions	2025 Total	2024 Total
Revenues				
Capital Campaign Contributions	\$ 170	\$ -	\$ 170	\$ 26,620
Contributions	1,119,079	7,500	1,126,579	880,003
Grants	243,727	100,500	344,227	366,402
Special event revenues	201,577	-	201,577	135,668
Program service fees	190,003	-	190,003	60,740
In-kind contributions	13,543	-	13,543	10,423
Investment return, net	274,717	-	274,717	174,298
Change in discount on pledges	12,924	-	12,924	22,386
Total revenues	2,055,740	108,000	2,163,740	1,676,540
Net assets released from restrictions	233,720	(233,720)	-	-
Total	2,289,460	(125,720)	2,163,740	1,676,540
Expenses				
Program services	1,593,679	-	1,593,679	1,337,450
Management and general	263,213	-	263,213	263,346
Fundraising	409,205	-	409,205	379,371
Total expenses	2,266,097	-	2,266,097	1,980,167
Increase (decrease) in net assets	23,363	(125,720)	(102,357)	(303,627)
Net Assets				
Beginning	2,925,265	347,420	3,272,685	3,576,312
Ending	\$ 2,948,628	\$ 221,700	\$ 3,170,328	\$ 3,272,685

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

SOUTH CAROLINA ENVIRONMENTAL LAW PROJECT, INC.

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2024

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2024 Total</u>
Revenues			
Capital Campaign Contributions	\$ 24,120	\$ 2,500	\$ 26,620
Contributions	880,003	-	880,003
Grants	366,402	-	366,402
Special event revenues	135,668	-	135,668
Program service fees	60,740	-	60,740
In-kind contributions	10,423	-	10,423
Investment return, net	174,298	-	174,298
Change in discount on pledges	22,386	-	22,386
	<u>1,674,040</u>	<u>2,500</u>	<u>1,676,540</u>
Net assets released from restrictions	<u>439,529</u>	<u>(439,529)</u>	<u>-</u>
	<u>2,113,569</u>	<u>(437,029)</u>	<u>1,676,540</u>
Expenses			
Program services	1,337,450	-	1,337,450
Management and general	263,346	-	263,346
Fundraising	379,371	-	379,371
	<u>1,980,167</u>	<u>-</u>	<u>1,980,167</u>
Increase (decrease) in net assets	133,402	(437,029)	(303,627)
Net Assets			
Beginning	<u>2,791,863</u>	<u>784,449</u>	<u>3,576,312</u>
Ending	<u>\$ 2,925,265</u>	<u>\$ 347,420</u>	<u>\$ 3,272,685</u>

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

SOUTH CAROLINA ENVIRONMENTAL LAW PROJECT, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2025

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2024)

	Program Services	Management and General	Fundraising	2025 Total	2024 Total
Employee expenses					
Salaries and wages	\$ 1,008,376	\$ 174,295	\$ 249,772	\$ 1,432,443	\$ 1,267,302
Employee benefits	129,882	20,208	39,061	189,151	160,907
Payroll taxes	76,617	13,286	19,414	109,317	95,111
Total employee expenses	<u>1,214,875</u>	<u>207,789</u>	<u>308,247</u>	<u>1,730,911</u>	<u>1,523,320</u>
Office expenses	91,564	15,152	27,267	133,983	128,671
Professional fees	79,271	12,220	10,302	101,793	73,020
Other direct costs	47,674	2,982	28,362	79,018	58,663
Travel and meals	36,342	3,471	20,053	59,866	50,715
Litigation costs	56,030	-	-	56,030	61,988
Legal research	28,360	-	-	28,360	27,399
Information technology	12,168	3,986	6,770	22,924	13,941
Other expenses	2,213	15,448	1,256	18,917	14,339
Insurance	9,552	1,480	2,287	13,319	13,144
In-kind goods and services	8,882	-	4,661	13,543	10,423
Staff training	6,748	685	-	7,433	4,544
Total	<u>\$ 1,593,679</u>	<u>\$ 263,213</u>	<u>\$ 409,205</u>	<u>\$ 2,266,097</u>	<u>\$ 1,980,167</u>

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

SOUTH CAROLINA ENVIRONMENTAL LAW PROJECT, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2024

	Program Services	Management and General	Fundraising	2024 Total
Employee expenses				
Salaries and wages	\$ 824,673	\$ 182,810	\$ 259,819	\$ 1,267,302
Employee benefits	114,756	16,960	29,191	160,907
Payroll taxes	70,381	8,427	16,303	95,111
Total employee expenses	<u>1,009,810</u>	<u>208,197</u>	<u>305,313</u>	<u>1,523,320</u>
Office expenses	87,659	13,154	27,858	128,671
Professional fees	56,542	13,225	3,253	73,020
Litigation costs	61,338	-	650	61,988
Other direct costs	45,147	577	12,939	58,663
Travel and meals	26,845	4,144	19,726	50,715
Legal research	27,326	-	73	27,399
Other expenses	2,869	11,422	48	14,339
Information technology	5,940	1,796	6,205	13,941
Insurance	8,925	1,310	2,909	13,144
In-kind goods and services	902	9,521	-	10,423
Staff training	4,147	-	397	4,544
Total	<u>\$ 1,337,450</u>	<u>\$ 263,346</u>	<u>\$ 379,371</u>	<u>\$ 1,980,167</u>

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

SOUTH CAROLINA ENVIRONMENTAL LAW PROJECT, INC.

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2025 AND 2024

	2025	2024
Cash Flows from Operating Activities		
Change in net assets	\$ (102,357)	\$ (303,627)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation expense	2,714	1,816
Operating lease expense	392	139
Proceeds from sale of investments	111,320	73,407
Unrealized losses/(gains) on investments	(118,715)	(69,552)
Decrease (Increase) in grants receivable	15,001	(62,500)
Decrease (Increase) in pledges receivable	190,006	460,553
Increase (Decrease) in accounts payable	(640)	968
Increase (Decrease) in accrued liabilities	(26,077)	12,084
Net cash provided by (used in) operating activities	71,644	113,288
Cash Flows from Investing Activities		
Purchase of equipment	(3,793)	(5,289)
Purchase of investments	(752,753)	(1,129,811)
Proceeds from sale of investments	807,915	957,838
Net cash provided by (used in) investing activities	51,369	(177,262)
Net change in cash and cash equivalents	123,013	(63,974)
Cash and cash equivalents		
Beginning	141,683	205,657
Ending	\$ 264,696	\$ 141,683
Non-cash transactions:		
Contributions of investments	\$ 112,078	\$ 69,522

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

SOUTH CAROLINA ENVIRONMENTAL LAW PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2025 AND 2024

Note 1. Nature of Activities

South Carolina Environmental Law Project, Inc. (the “Organization”) is a non-profit public interest law firm dedicated to the protection of South Carolina’s natural environment. The Organization provides concerned citizens and environmental groups the services of attorneys with broad experience in environmental law by representing its clients in court and before governmental agencies, providing free and low-cost legal counsel and advice.

In 2022, the Organization conducted its first capital campaign, Building Up Our Defense, with a financial goal of \$2.6 million over a pledge period of 3 years. The capital campaign funds funded the Strategic Plan in 2022 to 2025 and bolstered the endowment and long term reserves. In January 2023, the campaign goal was achieved, and as of December 31, 2025 \$2.6 million was received.

Note 2. Summary of Significant Accounting Policies

Basis of presentation: The financial statements of the Organization have been prepared in accordance with U.S. generally accepted accounting principles (“US GAAP”), which require the Organization to report information regarding its financial position and activities according to the following net assets classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Organization’s management and the Board of Directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions.

Cash and cash equivalents: For purposes of reporting the statement of cash flows, the Organization considers all highly liquid debt instruments purchased with an original maturity date of three months or less to be cash equivalents. Cash and cash equivalents consist of cash held in checking and overnight investment accounts.

Investments: Investments are stated at quoted market values. Realized gains or losses on sales of securities are the difference between proceeds received and the original cost of the securities and are reflected within investment return, net in the statement of activities.

SOUTH CAROLINA ENVIRONMENTAL LAW PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2025 AND 2024

Note 2. Summary of Significant Accounting Policies (continued)

Investments (continued): The change in the difference between the market value and the cost of the securities is reflected in the statements of activities within investment return, net.

Fair value of financial instruments: The carrying amounts of accounts payables and accrued expenses approximates fair value due to the short maturities of these instruments.

Pledges receivable: Pledges receivable are recorded at net realizable value. In the absence of donor stipulations to the contrary, pledges with payments due in future periods are restricted to use after the due date. Pledges that remain uncollected more than one year after their due dates are written off unless the donors indicate that payment is merely postponed. Pledges receivable collectible greater than one year from the financial statement date are discounted at a rate of 5%.

The Organization maintains an allowance for credit losses to provide for the estimated lifetime expected losses on accounts receivable. The allowance is based on historical loss rates, adjusted for current conditions and reasonable and supportable future economic forecasts. These factors are used to develop loss rate estimates, which are then applied to the financial assets' amortized cost basis to determine the total expected credit loss. The Organization carries its accounts receivable at cost less the allowance for expected credit losses.

Management monitors collectability of its receivables throughout the year. Evaluation occurs and adjustments made at December 31 each year. Management utilizes a loss rate method to develop expected loss estimates. This method considers the entire receivables balance, excluding related party, and applies a percentage to the entire portfolio.

Although, the Organization's credit risk may still be influenced by various factors, including the economic conditions of the regions where it operates, the financial health of its contributors, and changes in laws and regulations. Management actively monitors these factors and adjusts its credit policies as necessary to mitigate the risk of credit losses.

Management believes that the current allowance for credit losses is adequate to cover the expected losses inherent in the receivables portfolio. However, future economic conditions and market factors may impact the level of credit losses and the allowance required. No significant changes were made to the Organization's percentage being applied under the loss-rate method.

Property and equipment: The Organization capitalizes all expenditures for furniture, fixtures and equipment of \$2,500 or more. Furniture, fixtures and equipment are stated at cost or, if donated, at estimated fair market value. Expenditures for major renewals and betterments that extend the useful lives of furniture and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets. A period of three (3) years is used for office equipment and a period of five (5) years is used for office furniture. Depreciation expense for the years ending December 31, 2025 and 2024 was \$2,714 and \$1,816, respectively.

SOUTH CAROLINA ENVIRONMENTAL LAW PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2025 AND 2024

Note 2. Summary of Significant Accounting Policies (continued)

Leases: The Organization follows the guidance in FASB's ASU Update No. 2016-02, Leases (Topic 842). Management has elected to utilize the practical expedients under the guidance that permits for a prospective approach and for leases with terms of one year or less to be expensed when paid. Initial measurement includes recognition of right of use assets and related liabilities using present value calculations for discounted future cash flows at a determined discount rate. The right of use assets and related liabilities are being amortized over the operating leases' terms using the straight-line method. For further information, see **Note 10**.

Support and expense: Contributions received and unconditional promises to give are measured at their fair values and are reported as increases in net assets. 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 substantially met. Certain grants received may be conditioned upon certain performance requirements and the incurrence of allowable qualifying expenses. The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Gifts of land, buildings, and equipment are presented as without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the long-lived assets are placed in service.

Functional expenses: The costs of providing various programs and other activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among program, management and general, and fund-raising services. Such actions are determined by management on an equitable basis. Salaries and wages, staff benefits, and payroll taxes are allocated based on employee time and effort. All other expenses are allocated based on the nature of the expenses incurred.

Use of estimates: The preparation of the financial statements in conformity with US 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 revenue and expenses during the reporting period. Actual results could differ from these estimates.

SOUTH CAROLINA ENVIRONMENTAL LAW PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2025 AND 2024

Note 2. Summary of Significant Accounting Policies (continued)

Income taxes: The Organization is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code. Management has evaluated the Organization's tax positions and concluded that the Organization had taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance. With few exceptions, the Organization is no longer subject to income tax examination by the US Federal or state tax authorities for years before 2022.

Note 3. Availability and Liquidity

The following represents the Organization's financial assets and liabilities at December 31, 2025:

Financial assets at year-end:	
Cash and cash equivalents	\$ 264,696
Grants receivable	47,500
Short-term pledges receivable	82,285
Investments	<u>2,490,941</u>
	2,885,422
Less: Donor-restricted net assets	(221,700)
Less: Board Designated	<u>(187,221)</u>
Total financial assets available to meet general expenditures over the next twelve months:	<u><u>\$ 2,476,501</u></u>

The Organization's goal is to maintain 3 months of forecasted cash needs in reasonable liquid investments. Forecasted cash needs is defined as a conservative estimate of the difference between expected revenue and expenses or \$150,000, whichever is greater.

Note 4. Concentration of credit risk

Financial instruments that potentially expose the Organization to concentrations of credit risk consist primarily of cash equivalents and investments. Cash equivalents are maintained at high-quality financial institutions and credit exposure is limited to any one institution when bank deposits exceed federally insured limits. Those balances are insured by the Federal Insurance Corporation (FDIC) up to \$250,000. As of December 31, 2025 and 2024, the Organization had no deposits in excess of federally insured limits.

Note 5. Pledges Receivable

During 2022, the Organization launched the Building Up Our Defense Capital Campaign with a goal of raising \$2.6 million. At the close of the campaign in January 2023, the Organization exceeded its goal with total pledges of \$2,631,509.

SOUTH CAROLINA ENVIRONMENTAL LAW PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2025 AND 2024

Note 5. Pledges Receivable (continued)

Pledges receivable that are due after December 31, 2026 are discounted to their net present value using a discount rate of 5%. The remaining pledges receivable are due as follows:

	Due in 2026	\$ 84,935
	Due in 2027	8,420
	Due in 2028	<u>3,000</u>
Total unconditional pledges receivable		96,355
Less: unamortized discount to net present value		<u>(3,800)</u>
Net pledges receivable		92,555
Less current portion		<u>(82,285)</u>
Net long term pledges receivable		<u>\$ 10,270</u>

Unamortized discount to net present value is as follows for December 31, 2025:

Balance at the beginning of the year	\$ 16,725
Contribution revenue – discount amortization	<u>(12,925)</u>
Balance at the end of the year	<u>\$ 3,800</u>

Note 6. Investments

Investment securities are exposed to various risks, such as interest rate, market and credit risk. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risk in the near term would materially affect the amounts reported in the statement of financial position.

The following is a summary of investments at December 31:

	2025		2024	
	Market Value	Cost	Market Value	Cost
Money market funds	\$ 259,242	\$ 259,242	\$ 485,507	\$ 485,507
Equities	1,210,401	975,218	1,067,802	914,020
Fixed Income	1,021,298	1,013,943	915,670	926,202
Certificates of deposit	-	-	100,029	100,000
Total	<u>\$ 2,490,941</u>	<u>\$ 2,248,404</u>	<u>\$ 2,569,008</u>	<u>\$ 2,425,729</u>

SOUTH CAROLINA ENVIRONMENTAL LAW PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2025 AND 2024

Note 6. Investments (continued)

Investment return, net is made up of the following:

	<u>2025</u>	<u>2024</u>
Interest and dividends	\$ 83,220	\$ 86,218
Realized gains/(losses)	29,439	11,937
Capital gains distributions	66,561	29,350
Unrealized gains/(losses)	118,715	69,552
Investment fees	(23,218)	(22,759)
Investment return, net	<u>\$ 274,717</u>	<u>\$ 174,298</u>

Note 7. Beneficial Interest in Perpetual Trust

The Organization has transferred funds and entered into an agreement with the Coastal Community Foundation of South Carolina (“CCF”). The agreement calls for the funds to be used in attaining the objectives of the Organization. The fund, however, is to be held, managed, administered, applied and disbursed as a special endowment fund under the general powers of CCF. The Organization accounts for the funds as a beneficial interest in perpetual trust and records contributions and earnings as revenues. The balance as of December 31, 2025 and 2024 was \$298,221 and \$267,922, respectively. The Organization had no spendable amounts as of December 31, 2025 and 2024. Net investment income/(loss) for 2025 and 2024 was \$30,298 and \$30,824, respectively.

Note 8. Fair Value Measurements

The Organization’s financial assets carried at fair value have been classified, for disclosure purposes, based on a hierarchy defined by ASC 820-10, *Fair Value Measurements*. The hierarchy gives the highest ranking to fair values determined using unadjusted quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest ranking to fair values determined using methodologies and models with unobservable inputs (Level 3). The levels of the fair value hierarchy are as follows:

- Level 1** Values are unadjusted quoted prices for identical assets and liabilities in active markets accessible at the measurement date.
- Level 2** Inputs include quoted prices for similar assets or liabilities in active markets, quoted prices from those willing to trade in markets that are not active, or other inputs that are observable or can be corroborated by market data for the term of the instrument. Such inputs include market interest rates and volatilities, spreads and yield curves.
- Level 3** Certain inputs are unobservable (support by little or no market activity) and significant to the fair value measurement. Unobservable inputs reflect the Organization’s best estimate of what hypothetical market participants would use to determine a transaction price for the asset or liability at the reporting date.

SOUTH CAROLINA ENVIRONMENTAL LAW PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2025 AND 2024

Note 8. Fair Value Measurements (continued)

As stated in Note 2, pledges receivable that are expected to be collected within one year are recorded at net realizable value. Pledges receivable that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the pledges receivable are received (currently 5%). Amortization of the discounts is included in contribution revenue. Long-term pledges receivable are shown in Level 3 in the table below.

Financial assets measured at fair value on a recurring basis are:

<u>December 31, 2025</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market funds	\$ 259,242	-	-	\$ 259,242
Equities	1,210,401	-	-	1,210,401
Fixed income	1,021,298	-	-	1,021,298
Beneficial interest in perpetual trust	298,221	-	-	298,221
Long-term pledges receivable, net	-	-	10,270	10,270
Total	<u>\$ 2,789,162</u>	<u>\$ -</u>	<u>\$ 10,270</u>	<u>\$ 2,799,432</u>
<u>December 31, 2024</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market funds	\$ 485,507	-	-	\$ 485,507
Equities	1,067,802	-	-	1,067,802
Fixed income	915,670	-	-	915,670
Certificates of deposit	100,029	-	-	100,029
Beneficial interest in perpetual trust	267,922	-	-	267,922
Long-term pledges receivable, net	-	-	35,493	35,493
Total	<u>\$ 2,836,930</u>	<u>\$ -</u>	<u>\$ 35,493</u>	<u>\$ 2,872,423</u>

Note 9. Retirement Plan

The Organization provides a retirement program for eligible full-time employees who are 21 years of age or older. South Carolina Environmental Law Project, Inc. contributes up to 5% of each qualified employee's basic contribution to the retirement plan. Employees are eligible to enroll in the plan after six months of full-time employment. For the years ended December 31, 2025 and 2024, the Organization made contributions totaling \$54,234 and \$43,027, respectively.

Note 10. Lease Commitments

On January 1, 2022, the Organization entered into a lease agreement for office space in Mt. Pleasant, South Carolina. The lease agreement called for payments of \$2,800 per month for the first year of the lease, with a 2% annual increase each year thereafter, ending on December 31, 2025. During the year ended December 31, 2022, the Organization recorded a right-of-use asset and lease liability related to this lease of \$129,939 using a discount rate of 3.25%. On November 26, 2025, the Organization entered into an agreement to exercise a renewal option on the lease.

SOUTH CAROLINA ENVIRONMENTAL LAW PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2025 AND 2024

Note 10. Lease Commitments (continued)

This agreement calls for additional monthly payments of \$3,326 from January 1, 2026 through December 31, 2027. At the date of the extension, the Organization recorded an increase in the right-of-use asset and lease liability of \$76,971 using a discount rate of 3.45%. As of December 31, 2025, the right-of-use asset has been amortized to \$76,772. The corresponding lease liability has been paid down to \$77,247 for 2025. The Organization recognized operating lease expense of \$35,041 and \$34,620 for 2025 and 2024, respectively. Other information related to these leases can be found below.

On August 1, 2020, the Organization entered into a lease agreement for office space in Georgetown, South Carolina. This lease agreement was amended on August 1, 2022. The lease agreement calls for payments of \$1,000 per month through August 1, 2023, with a 3% annual increase each year thereafter, ending on August 31, 2025. The Organization recorded a right-of-use asset and lease liability related to this lease of \$42,536 using a discount rate of 3.25%. As of December 31, 2025, the right-of-use asset has been fully amortized and the corresponding lease liability has been fully paid. After the expiration of the lease agreement, the Organization continued to lease the related office space under a month-to-month agreement. The Organization recognized operating lease expense of \$12,438 and \$12,298 for 2025 and 2024, respectively. Other information related to this lease can be found below.

On May 1, 2024, the Organization entered into a lease agreement for office space in Greenville, South Carolina. The lease agreement calls for payments of \$1,800 per month through April 30, 2028, with a 3% annual increase. The Organization recorded a right-of-use asset and lease liability related to this lease of \$82,002 using a risk-free rate of 4.96%. As of December 31, 2025, the right-of-use asset has been amortized to \$49,789. The corresponding lease liability has been paid down to \$51,009 for 2025. The Organization recognized operating lease expense of \$22,592 and \$15,061 for 2025 and 2024, respectively. Other information related to this lease can be found below.

On July 22, 2025, the Organization entered into a lease agreement for office space in Columbia, South Carolina. The lease agreement calls for payments of \$864 per month through November 30, 2026. The Organization recorded a right-of-use asset and lease liability related to this lease of \$10,974 using a risk-free rate of 4.05%. As of December 31, 2025, the right-of-use asset has been amortized to \$8,667. The corresponding lease liability has been paid down to \$9,346 for 2025. The Organization recognized operating lease expense of \$2,407 in 2025. Other information related to this lease can be found below.

The Organization also leases office equipment through two separate leases. The Organization recorded right-of-use assets and lease liabilities related to these leases using the risk-free rate. As of December 31, 2025, the right-of-use assets have been amortized to \$1,530. The corresponding lease liabilities have been paid down to \$1,530 for 2025. The Organization recognized operating lease expense related to these leases of \$1,703 and \$1,703 for 2025 and 2024, respectively. Other information related to these leases can be found below.

SOUTH CAROLINA ENVIRONMENTAL LAW PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2025 AND 2024

Note 10. Lease Commitments (continued)

The Organization also leased an office building from SOCO-Work in Columbia, South Carolina for a portion of the year. This lease is on a month-by-month basis and calls for monthly payments of \$1,700. The Organization did not record a related right-of-use asset or lease liability related to this lease.

Other information:

Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	\$ 68,686
ROU assets obtained in exchange for new operating lease liabilities	87,081
Weighted-average remaining lease term in years for operating leases	2.04
Weighted-average discount rate for operating leases	4.04%

Year Ended December 31,	Columbia	Charleston	Greenville	Equip.	Total
2026	\$ 9,504	\$ 39,912	\$ 22,693	\$1,103	\$ 73,212
2027	-	39,912	23,374	452	63,738
2028	-	-	7,866	-	7,866
Total Undiscounted Cash Flows	9,504	79,824	53,933	1,555	144,816
Less: Present Value Discount	(158)	(2,577)	(2,924)	(25)	(5,686)
Total Lease Liabilities	\$ 9,346	\$ 77,247	\$ 51,009	\$1,530	\$ 139,135

Note 11. Net Assets with Donor Restrictions and Board Designations

Net assets with donor restrictions and Board designations are restricted for the following purpose or periods:

	2025		
	Donor Restricted	Board Designated	Total
Restricted for specific purpose:			
Beneficial interest in perpetual trust	\$ 111,000	\$ 187,221	\$ 298,221
Restricted subject to passage of time:			
Pledges & Grants receivable, without donor restrictions, but which are unavailable for expenditure until due	110,700	-	110,700
Total	\$ 221,700	\$ 187,221	\$ 408,921

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NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2025 AND 2024

Note 11. Net Assets with Donor Restrictions and Board Designations (continued)

	2024		
	Donor	Board	
	Restricted	Designated	Total
Restricted for specific purpose:			
Beneficial interest in perpetual trust	\$ 111,000	\$ 156,922	\$ 267,922
Restricted subject to passage of time:			
Pledges receivable, without donor restrictions, but which are unavailable for expenditure until due	236,420	-	236,420
Total	\$ 347,420	\$ 156,922	\$ 504,342

Note 12. Subsequent Events

Management has considered subsequent events through April 24, 2026, the date on which the financial statements were available to be issued, in preparing the financial statements and notes hereto.