

EARTHJUSTICE

FINANCIAL STATEMENTS

June 30, 2025 and 2024



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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
Earthjustice

Opinion

We have audited the financial statements of Earthjustice, 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Earthjustice 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 ("U.S. GAAP").

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("U.S. GAAS"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Earthjustice 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 U.S. GAAP, 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 Earthjustice's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' 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 U.S. GAAS 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.

To the Board of Trustees of
Earthjustice

In performing an audit in accordance with U.S. 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 Earthjustice'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 Earthjustice'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.

BPM LLP

San Francisco, California
December 2, 2025

EARTHJUSTICE
STATEMENTS OF FINANCIAL POSITION
As of June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
ASSETS		
Operating cash, including client trust funds	\$ 28,893,253	\$ 9,039,004
Short-term investments at fair value, including cash equivalents	5,186,730	7,959,660
Contributions receivables, net	17,027,574	28,376,681
Prepaid expenses and other assets	10,424,438	4,602,099
Deferred compensation asset	3,404,307	2,632,220
Split-interest gift agreements	18,498,603	15,398,615
Operating right-of-use lease asset, net	16,328,780	22,512,424
Long-term investments at fair value	210,081,541	201,056,105
Property and equipment, net	<u>5,847,195</u>	<u>5,840,933</u>
 Total assets	 <u>\$ 315,692,421</u>	 <u>\$ 297,417,741</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued liabilities	\$ 16,262,933	\$ 13,727,066
Deferred compensation liability	3,404,307	2,632,220
Operating lease liabilities	19,042,906	28,754,422
Liabilities related to split-interest gift agreements	<u>9,452,125</u>	<u>8,284,617</u>
 Total liabilities	 <u>48,162,271</u>	 <u>53,398,325</u>
Commitments and contingencies (Note10)		
Net assets:		
Without donor restrictions:		
For current operations	36,021,457	19,503,804
Board-designated endowment fund	201,282,311	184,084,803
Investment in property and equipment	<u>5,847,195</u>	<u>5,840,933</u>
 Total without donor restrictions	 <u>243,150,963</u>	 <u>209,429,540</u>
With donor restrictions:		
Purpose restricted	8,102,242	16,743,475
Time restricted	9,108,576	11,911,415
Split-interest gift reserves, net of liabilities	4,646,159	3,671,859
Endowment	<u>2,522,210</u>	<u>2,263,127</u>
 Total with donor restrictions	 <u>24,379,187</u>	 <u>34,589,876</u>
Total net assets	<u>267,530,150</u>	<u>244,019,416</u>
Total liabilities and net assets	<u>\$ 315,692,421</u>	<u>\$ 297,417,741</u>

EARTHJUSTICE
STATEMENTS OF ACTIVITIES
For the years ended June 30, 2025 and 2024

	2025			2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues:						
Contributions	\$ 96,472,139	\$ 48,680,377	\$ 145,152,516	\$ 65,173,249	\$ 53,069,461	\$ 118,242,710
Donated services	16,809,973	-	16,809,973	14,359,022	-	14,359,022
Bequests	8,627,800	349,940	8,977,740	9,527,755	1,569,683	11,097,438
Court awarded attorney fees and costs	5,787,062	-	5,787,062	3,550,324	-	3,550,324
Change in value of split-interest gift agreements	82,409	974,300	1,056,709	898,762	29,895	928,657
Net realized and unrealized gain from investments and split-interest agreements	22,904,300	278,115	23,182,415	17,224,145	198,822	17,422,967
Interest and dividend income, net	5,735,786	66,128	5,801,914	5,458,758	60,277	5,519,035
Other income	428,279	-	428,279	335,356	-	335,356
Release of restrictions	<u>60,559,549</u>	<u>(60,559,549)</u>	<u>-</u>	<u>60,166,556</u>	<u>(60,166,556)</u>	<u>-</u>
Total revenues	<u>217,407,297</u>	<u>(10,210,689)</u>	<u>207,196,608</u>	<u>176,693,927</u>	<u>(5,238,418)</u>	<u>171,455,509</u>
Expenses:						
Program services:						
Litigation	90,751,869	-	90,751,869	82,779,069	-	82,779,069
Donated litigation services	5,709,744	-	5,709,744	5,655,154	-	5,655,154
Public information	46,627,218	-	46,627,218	37,893,756	-	37,893,756
Donated public information services	11,100,229	-	11,100,229	8,703,868	-	8,703,868
Supporting services:						
Management and general	16,045,801	-	16,045,801	14,756,181	-	14,756,181
Fundraising	<u>13,451,013</u>	<u>-</u>	<u>13,451,013</u>	<u>15,972,381</u>	<u>-</u>	<u>15,972,381</u>
Total expenses	<u>183,685,874</u>	<u>-</u>	<u>183,685,874</u>	<u>165,760,409</u>	<u>-</u>	<u>165,760,409</u>
Change in net assets	33,721,423	(10,210,689)	23,510,734	10,933,518	(5,238,418)	5,695,100
Net assets, beginning of year	<u>209,429,540</u>	<u>34,589,876</u>	<u>244,019,416</u>	<u>198,496,022</u>	<u>39,828,294</u>	<u>238,324,316</u>
Net assets, end of year	<u>\$ 243,150,963</u>	<u>\$ 24,379,187</u>	<u>\$ 267,530,150</u>	<u>\$ 209,429,540</u>	<u>\$ 34,589,876</u>	<u>\$ 244,019,416</u>

EARTHJUSTICE
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended June 30, 2025

	Program			Management and General	Fundraising	2025 Total
	Litigation	Public Information	Program Total			
Salaries and related expenses:						
Salary	\$ 56,934,663	\$ 18,786,094	\$ 75,720,757	\$ 8,682,870	\$ 7,693,064	\$ 92,096,691
Employee benefits	5,509,420	1,954,622	7,464,042	966,796	827,209	9,258,047
Retirement plan contributions	4,716,928	1,734,772	6,451,700	671,171	607,376	7,730,247
Payroll taxes	4,059,737	1,486,432	5,546,169	595,468	540,547	6,682,184
Total salaries and related expenses	71,220,748	23,961,920	95,182,668	10,916,305	9,668,196	115,767,169
Other expenses:						
Donated services	5,709,744	11,100,229	16,809,973	-	-	16,809,973
Professional and contracted services	2,134,421	5,311,887	7,446,308	1,818,670	820,925	10,085,903
Occupancy	5,411,151	3,150,838	8,561,989	642,859	670,865	9,875,713
Grants and allocations	2,341,414	4,073,536	6,414,950	17,489	44,150	6,476,589
Media	3,964	4,531,326	4,535,290	16,314	269,105	4,820,709
Travel, conferences, and meetings	1,640,180	958,276	2,598,456	700,555	510,920	3,809,931
Direct case costs	3,541,619	28,662	3,570,281	1,814	119	3,572,214
Software, equipment rental and maintenance	1,716,540	760,690	2,477,230	747,737	185,402	3,410,369
Printing, publications, and reproduction	24,774	1,365,766	1,390,540	274,868	379,560	2,044,968
Depreciation and amortization	849,413	501,788	1,351,201	149,282	116,228	1,616,711
Mailing	23,577	793,225	816,802	317,437	238,107	1,372,346
Bank fees	63	445,875	445,938	206,384	399,874	1,052,196
Research	570,747	326,564	897,311	83,530	18,282	999,123
Telephone and internet	439,180	218,510	657,690	71,843	60,977	790,510
Insurance	470,300	-	470,300	9,798	9,798	489,896
Supplies	192,631	168,972	361,603	37,769	40,156	439,528
Miscellaneous	171,147	29,383	200,530	33,147	18,349	252,026
Total other expenses	25,240,865	33,765,527	59,006,392	5,129,496	3,782,817	67,918,705
	\$ 96,461,613	\$ 57,727,447	\$ 154,189,060	\$ 16,045,801	\$ 13,451,013	\$ 183,685,874

EARTHJUSTICE
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended June 30, 2024

	Program			Management and General	Fundraising	2024 Total
	Litigation	Public Information	Program Total			
Salaries and related expenses:						
Salary	\$ 52,093,515	\$ 18,100,725	\$ 70,194,240	\$ 7,620,132	\$ 8,235,322	\$ 86,049,694
Employee benefits	5,304,149	2,052,618	7,356,767	956,749	911,911	9,225,427
Retirement plan contributions	4,255,279	1,509,159	5,764,438	627,189	671,278	7,062,905
Payroll taxes	3,618,465	1,314,622	4,933,087	539,627	577,010	6,049,724
Total salaries and related expenses	65,271,408	22,977,124	88,248,532	9,743,697	10,395,521	108,387,750
Other expenses:						
Donated services	5,655,154	8,703,868	14,359,022	-	-	14,359,022
Professional and contracted services	2,212,500	3,635,177	5,847,677	1,771,220	1,350,634	8,969,531
Occupancy	4,493,036	1,993,174	6,486,210	725,305	799,731	8,011,246
Media	56,231	3,419,429	3,475,660	96,212	922,291	4,494,163
Direct case costs	2,799,190	587,891	3,387,081	3,811	511	3,391,403
Travel, conferences, and meetings	1,312,002	691,964	2,003,966	578,813	510,683	3,093,462
Software, equipment rental and maintenance	1,417,645	590,240	2,007,885	629,150	234,735	2,871,770
Grants and allocations	2,341,071	289,729	2,630,800	23,746	50,446	2,704,992
Printing, publications, and reproduction	25,545	1,346,150	1,371,695	184,222	409,586	1,965,503
Depreciation and amortization	914,194	416,876	1,331,070	162,926	162,920	1,656,916
Bank fees	844	454,091	454,935	314,568	683,249	1,452,752
Mailing	20,936	728,668	749,604	256,360	241,084	1,247,048
Research	565,499	390,201	955,700	85,195	25,643	1,066,538
Telephone and internet	467,375	200,215	667,590	79,622	82,314	829,526
Insurance	525,755	-	525,755	10,953	10,953	547,661
Supplies	209,435	129,288	338,723	41,180	46,407	426,310
Miscellaneous	146,403	43,539	189,942	49,201	45,673	284,816
Total other expenses	23,162,815	23,620,500	46,783,315	5,012,484	5,576,860	57,372,659
	\$ 88,434,223	\$ 46,597,624	\$ 135,031,847	\$ 14,756,181	\$ 15,972,381	\$ 165,760,409

EARTHJUSTICE
STATEMENTS OF CASH FLOWS
For the years ended June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Cash flows from operating activities:		
Change in net assets	\$ 23,510,734	\$ 5,695,100
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	1,616,711	1,656,916
Change in discount on contributions receivable	291,047	1,646,282
Contributions and actuarial gain on split-interest liabilities	(2,658,768)	(228,901)
Net realized and unrealized gain from investments and split-interest agreements	(23,114,332)	(17,485,065)
Investment income from endowment	(66,128)	(60,277)
Bad debts	9,669	(11,390)
Amortization of right-of-use assets	1,123,979	4,613,240
Changes in assets and liabilities:		
Contributions receivables	11,048,391	2,462,809
Prepaid expenses and other assets	(5,822,339)	(618,932)
Accounts payable and accrued liabilities	2,535,867	1,711,371
Operating lease liabilities	<u>(4,651,851)</u>	<u>(5,787,378)</u>
Net cash provided by (used in) operating activities	<u>3,822,980</u>	<u>(6,406,225)</u>
Cash flows from investing activities:		
Proceeds from sales of long-term investments	19,500,000	14,225,782
Purchase of long-term investments	(5,411,576)	(5,282,930)
Net proceeds from dissolution of charitable trusts	(320,116)	215,936
Purchase of property and equipment	<u>(1,622,973)</u>	<u>(367,755)</u>
Net cash provided by investing activities	<u>12,145,335</u>	<u>8,791,033</u>
Cash flows from financing activities:		
Investment income from endowment	66,128	60,277
Payments to split-interest beneficiaries	<u>1,046,404</u>	<u>(941,047)</u>
Net cash provided by (used in) financing activities	<u>1,112,532</u>	<u>(880,770)</u>
Change in cash and cash equivalents	17,080,847	1,504,038
Cash and cash equivalents, beginning of year	<u>16,762,724</u>	<u>15,258,686</u>
Cash and cash equivalents, end of year	<u>\$ 33,843,571</u>	<u>\$ 16,762,724</u>
Noncash investing and financing activities:		
Net operating lease right-of-use asset obtained/terminated in exchange for operating lease liabilities	<u>\$ (5,059,665)</u>	<u>\$ -</u>

EARTHJUSTICE
NOTES TO FINANCIAL STATEMENTS
June 30, 2025 and 2024

1. History and Organization

Earthjustice (the “Organization”) is the premier nonprofit environmental law organization in the country, wielding the power of law to protect people’s health; to preserve magnificent places and wildlife; to advance clean energy; and to combat climate change. Earthjustice achieves protection of the environment through far-reaching, high-impact litigation, strengthened by targeted lobbying and communications, and by protecting access to the courts. Earthjustice takes on the most precedent-setting cases across the country, partnering with thousands of groups, supporters, and citizens to bring about positive change.

Over the past 50 years, Earthjustice has represented more than 1,000 clients, ranging from large national environmental and health organizations to smaller community groups. This free legal expertise is an essential service that helps clients think strategically about their work, participate effectively in administrative processes, challenge the government or industry in court when needed, and negotiate skillfully when litigation (or the threat of it) brings stakeholders to the bargaining table.

Earthjustice was incorporated in March 1970, under the laws of the State of California. It presently employs approximately 200 attorneys in seventeen office locations: Anchorage, Alaska; Juneau, Alaska; Los Angeles, California; Sacramento, California; San Francisco, California (which also houses the Organization’s headquarters); Denver, Colorado; Washington, D.C.; Miami, Florida; Tallahassee, Florida; Honolulu, Hawaii; Chicago, Illinois; New Orleans, Louisiana; Bozeman, Montana; New York, New York; Philadelphia, Pennsylvania; Houston, Texas; and Seattle, Washington. This nationwide litigation effort is supported by policy and legislation experts and by the Organization’s communications team, which has broad experience in print and broadcast media as well as digital advocacy and social media.

Earthjustice has two programs, Litigation and Public Information, with key focus areas of: advancing clean energy and a stable climate by transitioning to a clean energy economy and curbing the expansion of fossil fuels; safeguarding healthy communities by keeping toxics out of our air and water; and preserving the wild by protecting endangered species and the ecosystems that sustain them.

Earthjustice’s volunteer members of the Board of Trustees (“Board”) are active in oversight of governance, finance, investments and fundraising activities of the Organization.

EARTHJUSTICE
NOTES TO FINANCIAL STATEMENTS
June 30, 2025 and 2024

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting and in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") applicable to nonprofits. Under these guidelines, contributions of cash and other assets are classified as one of the following three categories:

Net Assets Without Donor Restrictions – Those net assets and activities which represent the portion of expendable funds that are available to support Earthjustice's operations. Additionally, the Board may designate a portion of these net assets for specified purposes. As of June 30, 2025, the following fund was established by the Board:

Board-Designated Endowment Fund – This fund is designated to protect Earthjustice's work commitments in the event of a longer-term change in revenue prospects. Earthjustice represents clients in legal matters that create ethical obligations to clients and courts requiring long-term investments of staff and financial resources to fulfill. The fund is designed to provide stable funding to support meeting client commitments on existing work if needed. While the Board Designated Endowment Fund is intended to support Earthjustice's work and client obligations over time, it does not functionally operate as an endowment.

Net Assets with Donor Restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Cash and Cash Equivalents

Cash and cash equivalents include petty cash and cash held at banks and other insured financial institutions which have an original maturity of three months or less when purchased, except funds held in long-term investment or split-interest purposes. Client trust funds include court awards and other funds received for the possible benefit of clients that are initially deposited into separate client trust bank accounts. The corresponding client trust liability is included in the accounts payable and accrued liabilities on the statements of financial position. Once appropriately identified the funds are then transferred to the client and/or transferred into Earthjustice's operating fund accounts. For purposes of the statements of cash flows, cash and cash equivalents include:

	<hr/> 2025 <hr/>	<hr/> 2024 <hr/>
Operating cash, including client trust funds of \$3,169,246 and \$414,600 in 2025 and 2024, respectively	\$ 28,893,253	\$ 9,039,004
Cash equivalents included in short-term investments	<hr/> 4,950,318	<hr/> 7,723,720
	<hr/> \$ 33,843,571	<hr/> \$ 16,762,724

EARTHJUSTICE
NOTES TO FINANCIAL STATEMENTS
June 30, 2025 and 2024

2. Summary of Significant Accounting Policies, continued

Contributions and Receivables

Contributions of cash and other assets, including unconditional promises to give, are recorded as with or without donor restrictions depending on the existence and/or nature of any donor restrictions. When a donor restriction expires, either through the passage of a stipulated time period or the purpose being completed, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported on the statements of activities as satisfaction of program/time restrictions. Revenue from contractual foundation grants is recorded as contributions with donor restrictions upon contract ratification.

Such grants normally have anticipated expenditures that Earthjustice will incur upon collection of the receivable; however, the contributions are not considered conditional based on the occurrence of such expenditures. Contributions receivable with payment terms in excess of one year are subject to discounting using a rate determined by the U.S. Treasury Par Yield Curve Rates. One multi-year pledge of \$5 million is subject to discounting by using a rate of 12%. Conditional promises to give are excluded from revenue and support until the conditions are substantially met. As of June 30, 2025 and 2024, there were \$1,000,000 and \$850,000, respectively, outstanding conditional promises to give.

Revenue from bequests is recognized as receivables and contributions if they are irrevocable, unconditional, and measurable. If a gift does not meet this criteria, it is not recognized as contribution revenue until the bequest is declared valid and subject to final distribution. At that time, Earthjustice recognizes the contribution at fair value, net of a discount, generally 0% - 75%, for likely fees and taxes, based on historical experience. Bequest amounts estimated to be received in excess of one year are subject to discounting.

Donated Services

Donated legal services are recognized as contributions and a corresponding expense at their estimated value at date of receipt, in accordance with U.S. GAAP, if the services (a) create or enhance nonfinancial assets, or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by Earthjustice. Attorneys who contribute services provide Earthjustice details of the dollar value of the time spent. The value of law clerks' time is estimated by management using current rates included in court filings. For the years ended June 30, 2025 and 2024, total donated legal services was estimated to be \$5,709,744 and \$5,655,155, respectively. There are no donor restrictions associated with the donated legal services.

Earthjustice also receives donated space for public service announcements in various print, television, and web-based media as well as in major United States of America ("U.S.") airport locations and various outdoor locations. The fair value of these donations has been estimated using published advertising rates for comparable space in the publications and an estimate for like kind space in airports and amounted to \$11,100,229 and \$8,703,868 for the years ended June 30, 2025 and 2024, respectively. It is Earthjustice's policy to record the value of the donated space when management becomes aware of the ad placement. There are no donor restrictions associated with the donated space for public service announcements.

Court Awarded Attorney Fees and Costs

Revenue from court awards is recognized when the court has approved payment and the opposing side to the case has no further avenues of appeal.

EARTHJUSTICE
NOTES TO FINANCIAL STATEMENTS
June 30, 2025 and 2024

2. Summary of Significant Accounting Policies, continued

Allowance for Doubtful Accounts

Earthjustice provides for amounts that may be uncollectible on pledged contributions, grants, and other receivables. After considering such factors as prior collection history, the ability of the debtor to pay, and historical trends, management concluded allowances of \$164,112 and \$278,749 were necessary as of June 30, 2025 and 2024, respectively. In the years ended June 30, 2025 and 2024, Earthjustice incurred \$9,669 and recovered \$11,390, respectively, in bad debt expenses as the result of revaluing the longer-term collectability of all pledges receivable and in forgiving certain pledges receivable in prior years.

Short-Term Investments

Short-term investments consist of certificates of deposit, money market funds, cash equivalents, and contributed investments that have not yet been sold by Earthjustice in the normal course of business (if applicable). All short-term investments are carried at fair value. As of June 30, 2025 and 2024, short-term investments consisted of certificates of deposit with maturities of three months or more having a fair value of \$236,412 and \$235,940, respectively, and cash equivalents of \$4,950,318 and \$7,723,720, respectively.

Long-Term Investments

Long-term investments, which include mutual funds and money market funds, federal treasury and agency instruments, and equity securities are carried at fair value. Fair value measurements are disclosed in Note 7. Earthjustice also invests in various collective trust funds that are measured on a net asset value ("NAV") per share basis, which approximates fair value. The collective trust funds are index funds and seek investment results that correspond with the underlying assets of the funds. The objective is to provide returns as close to the benchmark indexes as possible over the long term. Investments in the collective trust fund are fully redeemable and Earthjustice may make withdrawals from the fund at any time with no restrictions at the NAV per share less an exit fee. There are no unfunded commitments for these investments. Realized and unrealized gains and losses on investments, other than those held for split-interest gift agreements, are reflected on the statements of activities. Realized and unrealized gains and losses on investments held for split-interest gift agreements are reflected on the statements of activities as a change in value of split-interest gift agreements.

Long-term investments consist of a pool of funds that includes both donor-restricted and Board-designated funds. To a limited extent, the Board allows Board-designated endowment fund investments to help fund current operations, subject to any donor-imposed restrictions on the initial contributions.

EARTHJUSTICE
NOTES TO FINANCIAL STATEMENTS
June 30, 2025 and 2024

2. Summary of Significant Accounting Policies, continued

Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A framework for measuring fair value prioritizes the use of observable market-based inputs over the use of unobservable inputs when measuring fair value. The categorization of an asset or liability is based upon the lowest level of input that is significant to the fair value measurement.

Three levels of inputs are used to measure fair value:

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Level 1 assets include highly liquid government bonds, mutual funds, and exchange traded equities. Level 2 assets may include fixed income investments traded in a limited market, certificates of deposit, and collective trust funds. In certain cases where Level 1 or Level 2 inputs are not available, assets are classified within Level 3 of the hierarchy. Level 3 assets and liabilities may include financial instruments whose value is determined using discounted cash flow methodologies or similar techniques as well as instruments for which the determination of fair value requires significant management judgement or estimation. Level 3 assets include beneficial interests in non-trusteed trusts which hold residential real estate and liabilities related to split-interest agreements.

Endowments

Interpretation of Relevant Law

The Board of Earthjustice has interpreted the provisions of the California's Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as requiring the preservation of the gift principal at the fair value as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary, and to allow endowment funds to be appropriated for expenditure or accumulated as Earthjustice determines is prudent for the uses, benefits, purposes, and duration for which the endowment funds were established. Unless stated otherwise in the gift instrument, the assets in an endowment fund are donor-restricted assets until appropriated for expenditure by Earthjustice.

In accordance with UPMIFA, Earthjustice considers the following factors when investing or making a determination to appropriate or accumulate donor-restricted endowment funds:

- a. The duration and preservation of the fund
- b. The purposes of Earthjustice and the donor-restricted endowment fund
- c. General economic conditions
- d. The possible effect of inflation and deflation
- e. The expected total return from income and the appreciation of investments
- f. Other resources of Earthjustice
- g. The investment policies of Earthjustice

EARTHJUSTICE
NOTES TO FINANCIAL STATEMENTS
June 30, 2025 and 2024

2. Summary of Significant Accounting Policies, continued

Endowments, continued

Spending Policy and How the Investment Objectives Relate to Spending Policy

Earthjustice has adopted a policy of appropriating for distribution each year up to 4% of its endowment fund's average fair value over the prior twelve quarters through the most recent quarter end preceding the fiscal year in which the distribution is planned. In establishing this policy, Earthjustice considered the long-term expected return on its endowment. In accordance with UPMIFA, distributions are allowed from the endowment funds even if the funds are below the fair value of the gift principal.

Financial Statement Presentation

For financial statement purposes, Earthjustice classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument, and (d) the remaining portion of the donor-restricted endowment fund whose use is restricted until those amounts are appropriated for expenditure by Earthjustice in a manner consistent with the standard of prudence prescribed by California's enacted version of UPMIFA.

Aggregate Amount of Deficiencies for Donor-Restricted Endowments

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires Earthjustice to retain as a fund of perpetual duration. Deficiencies of this nature are reported in net assets with donor restrictions. For the years ended June 30, 2025 and 2024, there were no such deficiencies.

Split-Interest Gift Agreements

Earthjustice has entered into several Charitable Gift Annuity Agreements and Charitable Remainder Unitrusts whereby Earthjustice is the trustee, and the donor contributes assets in exchange for distributions based on the value of trust assets for a specified period of time to the donor or other beneficiaries. These assets are recorded as split-interest gifts (see Note 5). At the end of the specified time, the remaining assets are available for Earthjustice's use. Assets received are recorded at fair value on the date the agreement or unitrust is recognized and as required by state law, are invested primarily in U.S. government obligations. A liability equal to the present value of the future distributions to other beneficiaries is recorded. The difference between the fair value of the assets received and the liability to the donor or other beneficiaries is recognized as contribution revenue as a change in value of split-interest gift agreements on the statements of activities. Assets held by third-party trustees are recorded as a beneficial interest within contribution receivables.

Assets of pooled income funds are stated at fair value based on present value techniques that involve estimations of investment returns, life expectancies based on mortality tables, and discount rates. The remainder interest in the assets received is recognized as contributed income with donor restrictions in the period in which the assets are received from the donor and is measured at the fair value of the assets received, discounted for the estimated time period until the donor's death.

EARTHJUSTICE
NOTES TO FINANCIAL STATEMENTS
June 30, 2025 and 2024

2. Summary of Significant Accounting Policies, continued

Property and Equipment

Property and equipment are included in the financial statements at cost when acquired by purchase and at fair value when received by gift. Earthjustice capitalizes property and equipment with an aggregate cost or fair-market value of \$5,000 or more. Leasehold improvements are amortized over the lesser of the useful life of the asset or the term of the lease. Depreciation and amortization is provided using the straight-line method over estimated useful lives as follows:

Building	40 years
Furniture and equipment	7 years
Computer equipment and software	5 years
Leasehold improvements	Term of leases

Leases

Earthjustice determines if an arrangement is or contains a lease at inception. Leases are included in right-of-use ("ROU") assets and lease liabilities on the statements of financial position. ROU assets represent Earthjustice's right to use an underlying asset for the lease term and lease liabilities represent Earthjustice's obligation to make lease payments arising from the leases. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As Earthjustice's leases do not provide an implicit rate, Earthjustice generally use the risk-free rate at commencement date. The operating lease ROU assets also include any lease payments made and excludes lease incentives. Operating lease expense is recognized on a straight-line basis over the lease term. Earthjustice does not report ROU assets and leases liabilities for its short-term leases (leases with a term of 12 months or less). Instead, these are reported as lease expense when the expense is incurred.

Concentrations of Credit Risk

As of June 30, 2025 and 2024, Earthjustice maintained its investments with three investment firms, the largest single investment constituting approximately 26% and 28% of investments, respectively. (Assets separated for split-interest gifts are not included. Assets administered by The Vanguard Group but representing distinct registered investment companies are considered separate investments for purposes of this calculation). As of June 30, 2025 and 2024, Earthjustice held investments in excess of the Securities Investor Protection Corporation insurance limits.

In the regular course of business, Earthjustice may maintain operating cash balances at a bank in excess of federally insured limits. Earthjustice seeks to control the risk of loss by maintaining deposits with only high-quality financial institutions.

Allocation of Functional Expenses

Expenses are summarized and categorized based upon their functional classification as program, management and general or fundraising. Specific expenses that are readily identifiable to a single program or activity are charged directly to that function. Certain categories of expenses are attributable to more than one program or supporting function; therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and related expenses; occupancy; depreciation and amortization; and indirect operating expenses. These expenses are allocated on the basis of estimated time and effort by employees.

EARTHJUSTICE
NOTES TO FINANCIAL STATEMENTS
June 30, 2025 and 2024

2. Summary of Significant Accounting Policies, continued

Advertising

Earthjustice expenses advertising costs as incurred. For the years ended June 30, 2025 and 2024, advertising and media expenses amounted to \$15,920,938 and \$13,198,031, respectively, which includes \$11,100,229 and \$8,703,868, respectively, in donated advertising services.

Income Taxes

Earthjustice has been granted tax-exempt status under Section 501(c)(3) of the Internal Revenue Code ("IRC") and Section 23701d of the California Revenue and Taxation Code. Accordingly, no provision for income taxes is included in the financial statements. Earthjustice files exempt organization tax returns and, if applicable, unrelated business income tax returns in the U.S. Federal and California jurisdictions.

Tax returns will remain open for examination by federal and state taxing authorities for three and four years, respectively.

Grants

Grants are expensed when the unconditional promise to give is approved by management. Conditional grants are recognized as grant expense in the period in which the recipient meets certain criteria or barriers.

Use of 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 reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates include functional allocation of expenses, net present value of split-interest gift agreements, fair value of investments and the fair value determination of contributed goods and services.

Reclassification

Certain amounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year statements.

EARTHJUSTICE
NOTES TO FINANCIAL STATEMENTS
June 30, 2025 and 2024

3. Liquidity and Availability

Earthjustice's working capital and cash flows have seasonal variations during the year attributable to the high concentration of contributions received near calendar year-end. With the oversight of the Board Investment Committee, management projects for future cash needs on a biannual basis and maintains roughly 4-6 months in liquid assets available for current operations. If needed, Earthjustice has a Board-designated endowment fund available for re-designation if additional funds are needed.

The following reflects Earthjustice's financial assets as of June 30:

	<u>2025</u>	<u>2024</u>
Financial assets at fiscal year-end:		
Operating cash, excluding client trust funds	\$ 25,724,006	\$ 8,624,404
Short-term investments at fair value, including cash equivalents	5,186,730	7,959,660
Contribution receivables, net	17,027,574	28,376,681
Other assets - court awards and other receivable	5,018,209	1,766,375
Long-term investments at fair value	210,081,541	201,056,105
Deferred compensation assets	3,404,307	2,632,220
Split-interest gift agreements	<u>18,498,603</u>	<u>15,398,615</u>
 Total financial assets	 284,940,970	 265,814,060
Less: amounts unavailable for general expenditure within one year:		
Contribution receivables due after one year, net	(2,238,171)	(7,207,123)
Deferred compensation assets	(3,404,307)	(2,632,220)
Split-interest gift agreements	(18,498,603)	(15,398,615)
Donor-imposed restrictions:		
Subject to appropriation and satisfaction of donor restrictions	(2,522,210)	(2,263,127)
Board-designated endowment fund	<u>(201,282,311)</u>	<u>(184,084,803)</u>
 Financial assets available to meet cash needs for general expenditures within one year	 <u>\$ 56,995,368</u>	 <u>\$ 54,228,172</u>

EARTHJUSTICE
NOTES TO FINANCIAL STATEMENTS
June 30, 2025 and 2024

4. Contributions Receivables

As of June 30, 2025 and 2024, contributions receivable include both contributions with and without donor restrictions that are attributable to pledges, foundation grants, bequests, and charitable remainder unitrusts. Pledges receivable and bequests which are expected to be collected over a period of time in excess of one year are discounted. These receivables consist of the following as of June 30, 2025 and 2024:

	2025		
	Without Donor Restrictions	With Donor Restrictions	Total
	\$	\$	\$
Foundation grants receivable, net of discount of \$16,327	\$ 2,050,000	\$ 2,284,673	\$ 4,334,673
Pledges receivable, net of discount of \$598,003	6,556,507	5,170,053	11,726,560
Beneficial interest in charitable remainder unitrust	-	780,513	780,513
Bequest receivables	-	349,940	349,940
Allowance for doubtful accounts	-	(164,112)	(164,112)
	<u>\$ 8,606,507</u>	<u>\$ 8,421,067</u>	<u>\$ 17,027,574</u>
2024			
	Without Donor Restrictions	With Donor Restrictions	Total
	\$	\$	\$
Foundation grants receivable, net of discount of \$43,245	\$ 2,950,000	\$ 11,986,755	\$ 14,936,755
Pledges receivable, net of discount of \$862,133	7,361,604	4,238,949	11,600,553
Beneficial interest in charitable remainder unitrust	-	780,513	780,513
Bequest receivables	-	1,337,609	1,337,609
Allowance for doubtful accounts	-	(278,749)	(278,749)
	<u>\$ 10,311,604</u>	<u>\$ 18,065,077</u>	<u>\$ 28,376,681</u>

Receivables from beneficial interests in charitable unitrusts not under control of Earthjustice represent the present value of the estimated future benefits to be received from the trust upon death of the settlers or beneficiaries of the trusts. The receivable has been estimated using published actuarial tables with a rate of return of 6% and factor of 0.11.

Bequests receivable are from seven and ten estates as of June 30, 2025 and 2024, respectively. All bequests receivable are expected to be received within one year.

One donor comprised 18% and 16% of total contributions for the years ended June 30, 2025 and 2024, respectively. For the years ended June 30, 2025 and 2024, one donor comprised 22% and 25%, respectively, of total contributions receivables.

EARTHJUSTICE
NOTES TO FINANCIAL STATEMENTS
June 30, 2025 and 2024

4. Contributions Receivables, continued

The pledge receivable and foundation grant receivable balances are expected to be collected as follows as of June 30, 2025:

Year ending June 30:	
2026	\$ 14,953,515
2027	1,940,000
2028	350,000
2029	350,000
2030	<u>212,501</u>
	17,806,016
Less: discount	(614,330)
Less: allowance	<u>(164,112)</u>
	<u><u>\$ 17,027,574</u></u>

5. Split-Interest Gift Agreements

In the regular course of fund development, Earthjustice enters into various split-interest gift agreements with donors. Earthjustice currently has three different categories of such agreements:

Pooled Income Fund – Donors contributing to this category are assigned a specific number of units in the pool based on their contribution and receive a life interest in any income earned on those units. Upon the donor's death, the value of the units held by the donor within the fund becomes available to Earthjustice for its unrestricted use. As of June 30, 2025 and 2024, the liabilities have been estimated using applicable published actuarial tables and the estimated average rate of return on the fund, which was approximately 3%.

Charitable Remainder Unitrusts – As of June 30, 2025 and 2024, Earthjustice held seven trusts, whereby the donors have contributed assets to Earthjustice, in exchange for a life interest in the income from the trusts or a specified percentage of the fair value. Some of these trusts require Earthjustice to share the corpus upon maturity with another charity. The assets held and the corresponding liabilities are grossed up to include the amounts ultimately payable to the other charities. The liabilities associated with these trusts have been estimated using applicable published actuarial tables and an estimated average rate of return on the trusts of 6%.

Charitable Gift Annuities – Donors contribute assets in exchange for a promise by Earthjustice to pay a fixed amount to designated beneficiaries until death of the last-named beneficiary. Various states in which annuitants reside require that Earthjustice maintain statutory reserves. These statutory reserves typically require that Earthjustice separate the associated assets from other assets to the extent of the reserve requirements. While Earthjustice elects to separate all assets associated with the annuity contracts, assets in excess of required reserve requirements are essentially unrestricted. Earthjustice has computed the reserve requirements based upon the most restrictive computation, which exceeds the liability due to annuitants by \$2,740,805 and \$2,529,398 for the years ending June 30, 2025 and 2024, respectively. As a result, this amount constitutes net assets with donor restrictions. It is Earthjustice's practice not to liquidate the NAV of annuity contracts until such time as the contracts mature. Liabilities estimating the present value of the expected annuity payments have been estimated using applicable published actuarial tables and an estimated average rate of return on the trusts of 6%.

EARTHJUSTICE
NOTES TO FINANCIAL STATEMENTS
June 30, 2025 and 2024

5. Split-Interest Gift Agreements, continued

Split-interest gift agreements were as follows as of June 30, 2025:

	Pooled Income Fund	Charitable Remainder Unitrusts	Charitable Gift Annuities	Split- Interest Gifts Total
Investments, beginning of year	\$ 438,446	\$ 2,611,693	\$ 12,348,476	\$ 15,398,615
Contributions	-	1,270,000	1,417,849	2,687,849
Amounts withdrawn at death of planned giving donors	(100,731)	-	(219,385)	(320,116)
Annuity and beneficiary payments	(12,215)	(181,965)	(852,224)	(1,046,404)
Investment returns:				
Interest and dividend	9,111	26,370	245,885	281,366
Realized and unrealized gains	<u>29,021</u>	<u>301,607</u>	<u>1,166,665</u>	<u>1,497,293</u>
Investments, end of year	<u>\$ 363,632</u>	<u>\$ 4,027,705</u>	<u>\$ 14,107,266</u>	<u>\$ 18,498,603</u>
Comprised of:				
Marketable securities	<u>\$ 363,632</u>	<u>\$ 4,027,705</u>	<u>\$ 14,107,266</u>	<u>\$ 18,498,603</u>
Liabilities related to split-interest gift agreements	<u>\$ 132,432</u>	<u>\$ 2,353,551</u>	<u>\$ 6,966,142</u>	<u>\$ 9,452,125</u>
Split-interest gift net asset classifications:				
With donor restrictions	\$ 231,200	\$ 1,674,154	\$ 2,740,805	\$ 4,646,159
Without donor restrictions	<u>-</u>	<u>-</u>	<u>4,400,319</u>	<u>4,400,319</u>
Total	<u>\$ 231,200</u>	<u>\$ 1,674,154</u>	<u>\$ 7,141,124</u>	<u>\$ 9,046,478</u>

EARTHJUSTICE
NOTES TO FINANCIAL STATEMENTS
June 30, 2025 and 2024

5. Split-Interest Gift Agreements, continued

Split-interest gift agreements were as follows as of June 30, 2024:

	Pooled Income Fund	Charitable Remainder Unitrusts	Charitable Gift Annuities	Split- Interest Gifts Total
Investments, beginning of year	\$ 420,215	\$ 2,502,988	\$ 11,155,219	\$ 14,078,422
Contributions	-	-	1,093,463	1,093,463
Amounts withdrawn at death of planned giving donors	-	-	(215,936)	(215,936)
Annuity and beneficiary payments	(13,502)	(141,683)	(785,862)	(941,047)
Investment returns:				
Interest and dividend	10,499	77,490	233,195	321,184
Realized and unrealized gains	<u>21,234</u>	<u>172,898</u>	<u>868,397</u>	<u>1,062,529</u>
Investments, end of year	<u><u>\$ 438,446</u></u>	<u><u>\$ 2,611,693</u></u>	<u><u>\$ 12,348,476</u></u>	<u><u>\$ 15,398,615</u></u>
Comprised of:				
Marketable securities	<u><u>\$ 438,446</u></u>	<u><u>\$ 2,611,693</u></u>	<u><u>\$ 12,348,476</u></u>	<u><u>\$ 15,398,615</u></u>
Liabilities related to split-interest gift agreements	<u><u>\$ 153,458</u></u>	<u><u>\$ 1,754,219</u></u>	<u><u>\$ 6,376,940</u></u>	<u><u>\$ 8,284,617</u></u>
Split-interest gift net asset classifications:				
With donor restrictions	\$ 284,988	\$ 857,473	\$ 2,529,398	\$ 3,671,859
Without donor restrictions	<u>-</u>	<u>-</u>	<u>3,442,138</u>	<u>3,442,138</u>
Total	<u><u>\$ 284,988</u></u>	<u><u>\$ 857,473</u></u>	<u><u>\$ 5,971,536</u></u>	<u><u>\$ 7,113,997</u></u>

EARTHJUSTICE
NOTES TO FINANCIAL STATEMENTS
June 30, 2025 and 2024

6. Long-Term Investments

The following table details long-term investments by category for the years ended June 30:

	<u>2025</u>	<u>2024</u>
Investments, beginning of year	\$ 201,056,105	\$ 192,512,849
Net transfers due to portfolio balancing, fulfillment of operating requirements and surpluses, and reclassification to short-term investments	(19,500,000)	(14,619,718)
Investment returns:		
Interest and dividends	5,411,104	5,677,909
Realized and unrealized gain	<u>23,114,332</u>	<u>17,485,065</u>
Investments, end of year	<u>\$ 210,081,541</u>	<u>\$ 201,056,105</u>
Long-term investment classifications:		
With donor restrictions	\$ 4,095,567	\$ 3,480,218
Without donor restrictions	<u>205,985,974</u>	<u>197,575,887</u>
Total	<u>\$ 210,081,541</u>	<u>\$ 201,056,105</u>

EARTHJUSTICE
NOTES TO FINANCIAL STATEMENTS
June 30, 2025 and 2024

7. Fair Value Measurements

The following tables present the fair value measurements of assets and liabilities recognized in the accompanying statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall as of June 30, 2025 and 2024:

	2025			
	Level 1	Level 2	Level 3	Total
Assets:				
Receivables - contributions, net:				
Beneficial interest in unitrust	\$ -	\$ -	\$ 780,513	\$ 780,513
Short-term investments:				
Cash equivalents and certificates of deposit	4,735,706	451,024	-	5,186,730
Deferred compensation assets:				
Mutual funds:				
Equity	1,940,455	-	-	1,940,455
Fixed income	1,463,852	-	-	1,463,852
Total deferred compensation assets	3,404,307	-	-	3,404,307
Long-term investments:				
Cash equivalents	399,920	-	-	399,920
Equities:				
Domestic	74,959,107	-	-	74,959,107
International	81,739,713	-	-	81,739,713
Exchange traded funds	126,056	-	-	126,056
REITs	15,316,135	-	-	15,316,135
Mutual funds:				
Fixed income	19,304,918	-	-	19,304,918
Treasury inflation protected securities	9,536,434	-	-	9,536,434
Real estate	8,699,258	-	-	8,699,258
Total long-term investments	210,081,541	-	-	210,081,541
Split-interest gifts:				
Cash equivalents	341,391	-	-	341,391
Mutual funds:				
Domestic equity	6,336,342	-	-	6,336,342
International equity	4,430,991	-	-	4,430,991
Domestic real estate	1,704,630	-	-	1,704,630
International real estate	449,709	-	-	449,709
Government obligations	757,089	-	-	757,089
Fixed income	4,478,451	-	-	4,478,451
Total split-interest gifts	18,498,603	-	-	18,498,603
Total for assets measured at fair value	<u>\$ 236,720,157</u>	<u>\$ 451,024</u>	<u>\$ 780,513</u>	<u>\$ 237,951,694</u>
Liabilities:				
Liabilities under split-interest agreement	\$ -	\$ -	\$ 9,452,125	\$ 9,452,125
Deferred compensation liabilities	3,404,307	-	-	3,404,307
Total for liabilities measured at fair value	<u>\$ 3,404,307</u>	<u>\$ -</u>	<u>\$ 9,452,125</u>	<u>\$ 12,856,432</u>

EARTHJUSTICE
NOTES TO FINANCIAL STATEMENTS
June 30, 2025 and 2024

7. Fair Value Measurements, continued

	2024			
	Level 1	Level 2	Level 3	Total
Assets:				
Receivables - contributions, net:				
Beneficial interest in unitrust	\$ -	\$ -	\$ 780,513	\$ 780,513
Short-term investments:				
Cash equivalents and certificates of deposit	7,510,199	449,461	-	7,959,660
Deferred compensation assets:				
Mutual funds:				
Equity	2,495,393	-	-	2,495,393
Fixed income	136,827	-	-	136,827
Total deferred compensation assets	2,632,220	-	-	2,632,220
Long-term investments:				
Cash equivalents	486,412	-	-	486,412
Equities:				
Domestic	66,021,700	-	-	66,021,700
International	84,200,586	-	-	84,200,586
Exchange traded funds	126,056	-	-	126,056
REITs	16,277,561	-	-	16,277,561
Mutual funds:				
Fixed income	17,657,371	-	-	17,657,371
Treasury inflation protected securities	9,014,391	-	-	9,014,391
Real estate	7,272,028	-	-	7,272,028
Total long-term investments	201,056,105	-	-	201,056,105
Split-interest gifts:				
Cash equivalents	203,635	-	-	203,635
Mutual funds:				
Domestic equity	5,116,222	-	-	5,116,222
International equity	3,303,345	-	-	3,303,345
Domestic real estate	2,229,065	-	-	2,229,065
Government obligations	734,251	-	-	734,251
Fixed income	3,812,097	-	-	3,812,097
Total split-interest gifts	15,398,615	-	-	15,398,615
Total for assets measured at fair value	<u>\$ 226,597,139</u>	<u>\$ 449,461</u>	<u>\$ 780,513</u>	<u>\$ 227,827,113</u>
Liabilities:				
Liabilities under split-interest agreement	\$ -	\$ -	\$ 8,284,617	\$ 8,284,617
Deferred compensation liabilities	2,632,220	-	-	2,632,220
Total for liabilities measured at fair value	<u>\$ 2,632,220</u>	<u>\$ -</u>	<u>\$ 8,284,617</u>	<u>\$ 10,916,837</u>

EARTHJUSTICE
NOTES TO FINANCIAL STATEMENTS
June 30, 2025 and 2024

7. Fair Value Measurements, continued

While management believes its valuation methods are appropriate and consistent with those used by other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date. Those estimated values may differ significantly from the values that would have been used had a readily available market for such investments existed, or had such investments been liquidated, and these differences could be material to the financial statements.

Transfers to or from Level 3 measurements are based on relevant accounting guidance and are assessed during the period of the transfer and are recognized at the end of the fiscal year. No such transfers occurred for the years ended June 30, 2025 and 2024.

Inputs used for valuation of remainder interest trusts are based on qualified appraisals provided by the trustee, the life expectancy of the income beneficiaries, and an applicable discount rate determined by the Organization. The fair value of beneficial interests is reviewed and updated annually by adjusting the current life expectancies of the income beneficiaries, applicable discount rate and market value of the trust. The fair value of liabilities associated with these trusts have been adjusted using applicable published actuarial tables. There was no change in valuation methods during the current fiscal year.

The following table provides a reconciliation of assets measured at fair value using significant unobservable inputs (Level 3) on a recurring basis during the periods ended June 30, 2025 and 2024:

	Beneficial Interest in Trusts
Balance, June 30, 2023	\$ 780,513
Change due to change in market value and actuarial life expectancy	<hr/> -
Balance, June 30, 2024	780,513
Change due to change in market value and actuarial life expectancy	<hr/> -
Balance, June 30, 2025	<hr/> \$ 780,513

EARTHJUSTICE
NOTES TO FINANCIAL STATEMENTS
June 30, 2025 and 2024

7. Fair Value Measurements, continued

The following table provides a reconciliation of liabilities measured at fair value using significant unobservable inputs (Level 3) on a recurring basis during the periods ended June 30, 2025 and 2024:

	Liabilities Under Split-Interest Agreements
Balance, June 30, 2023	\$ 7,918,436
New agreements	1,093,798
Payments to beneficiaries	(941,047)
Dissolution of agreements	(215,935)
Increase in value due to change in market value and actuarial life expectancy	<u>429,365</u>
Balance, June 30, 2024	8,284,617
New agreements	2,687,849
Payments to beneficiaries	(1,046,404)
Dissolution of agreements	(320,116)
Decrease in value due to change in market value and actuarial life expectancy	<u>(153,821)</u>
Balance, June 30, 2025	<u><u>\$ 9,452,125</u></u>

8. Property and Equipment

The major classes of property and equipment are as follows as of June 30:

	2025	2024
Computer equipment and software	\$ 5,548,101	\$ 5,155,452
Furniture and equipment	2,735,824	3,280,067
Leasehold improvements	6,528,558	11,250,011
Building	475,113	475,112
Land - Alaska office	<u>153,880</u>	<u>153,880</u>
	15,441,476	20,314,522
Less: accumulated depreciation and amortization	<u>(9,909,133)</u>	<u>(14,473,589)</u>
Sub-total	5,532,343	5,840,933
Construction in progress	<u>314,852</u>	-
Property and equipment, net	<u><u>\$ 5,847,195</u></u>	<u><u>\$ 5,840,933</u></u>

Depreciation and amortization expense totaled \$1,616,711 and \$1,656,916 for the years ended June 30, 2025 and 2024, respectively.

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June 30, 2025 and 2024

9. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities were as follows as of June 30:

	<u>2025</u>	<u>2024</u>
Accounts payable	\$ 2,977,452	\$ 3,431,275
Accrued vacation	8,173,503	7,110,691
Client trust funds	3,312,170	853,942
Refundable advance	1,000,000	850,000
Other accrued expenses	<u>799,808</u>	<u>1,481,158</u>
	<u><u>\$ 16,262,933</u></u>	<u><u>\$ 13,727,066</u></u>

10. Commitments and Contingencies

Lease Commitments

Earthjustice has entered into various lease agreements for the use of equipment and office spaces with lease terms expiring at various dates ranging from 2024 – 2032. The leases may include the option to extend, however, it is not reasonably certain that Earthjustice will execute these extension options and the extension options have not been included in the measurement of operating lease liabilities.

As of June 30, 2025, minimum operating lease commitments under these leases are as follows:

Year ending June 30:	
2026	\$ 5,241,847
2027	4,017,106
2028	4,942,039
2029	4,034,015
2030	2,808,759
Thereafter	<u>12,681,012</u>
Total undiscounted cash flows	33,724,778
Less: present value discount	<u>(14,681,872)</u>
Operating lease liability	19,042,906
Less: current portion	<u>(4,137,197)</u>
Operating lease liability, net of current portion	<u><u>\$ 14,905,709</u></u>

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NOTES TO FINANCIAL STATEMENTS
June 30, 2025 and 2024

10. Commitments and Contingencies, continued

Lease Commitments, continued

Additional information related to Earthjustice's leases included the following as of and for the year ended June 30, 2025:

	Equipment	Office Space
Fixed operating lease costs	<u>\$ 46,674</u>	<u>\$ 5,979,845</u>
Remaining lease terms (years)	2.5	5.8
Weighted-average discount rate	4%	4%

Insurance

Effective January 1, 2023, Earthjustice is self-insured for its employee welfare benefit plan for all eligible and covered employees and dependents. Earthjustice recognizes the expected ultimate cost for claims incurred (undiscounted) as a liability at the statement of financial position date. The expected ultimate cost for claims incurred is estimated based upon analysis of historical data and actuarial estimates.

Earthjustice's self-insurance liabilities, which are included in accounts payable and accrued liabilities on the statements of financial position, was \$475,938 and \$787,029 for the years ended June 30, 2025 and 2024, respectively.

11. Net Assets With Donor Restrictions

Net assets with donor restrictions were restricted for the following purposes as of June 30:

	2025		2024	
	Balance	Releases	Balance	Releases
Subject to expenditure of specified purpose:				
Clean energy	\$ 2,898,795	\$ (24,343,448)	\$ 14,812,251	\$ (25,098,280)
Healthy communities	1,842,504	(6,126,478)	51,712	(9,050,750)
Lands, wildlife, and oceans	49,602	(2,908,813)	567,360	(4,055,051)
Operational	2,883,149	(4,745,668)	9,000	(2,763,362)
Geographic	428,192	(10,989,152)	1,303,152	(7,591,170)
Total subject to expenditure of specified purpose	8,102,242	(49,113,559)	16,743,475	(48,558,613)
Subject to passage of time	9,108,576	(11,360,830)	11,911,415	(11,523,163)
Charitable remainder trusts and pooled income fund agreements	1,905,354	-	1,142,461	-
Annuity agreements, segregation required by state law	2,740,805	-	2,529,398	-
Endowments:				
Subject to Earthjustice's spending policy and appropriation:				
Investment in perpetuity, which once appropriated, is expendable to support program activities	2,522,210	(85,160)	2,263,127	(84,780)
	<u>\$ 24,379,187</u>	<u>\$ (60,559,549)</u>	<u>\$ 34,589,876</u>	<u>\$ (60,166,556)</u>

EARTHJUSTICE
NOTES TO FINANCIAL STATEMENTS
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11. Net Assets With Donor Restrictions, continued

Net assets with donor restrictions are restricted to endowment investments and contributions and are entirely donor-restricted endowments. However, the earnings on these investments can be spent either on general operations, specific programs, or must be added to endowment principal, depending on donor restrictions. The composition and changes in the endowment net assets were as follows as of June 30, 2025 and 2024:

	2025		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	\$ -	\$ 1,447,833	\$ 1,447,833
Accumulated appreciation	- -	1,074,377	1,074,377
Total endowment funds	\$ -	\$ 2,522,210	\$ 2,522,210
	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	\$ -	\$ 1,447,833	\$ 1,447,833
Accumulated appreciation	- -	815,294	815,294
Total endowment funds	\$ -	\$ 2,263,127	\$ 2,263,127

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

	Without Donor Restrictions	With Donor Restrictions	Total Endowment Net Assets
Endowment net assets, June 30, 2023	\$ -	\$ 2,088,808	\$ 2,088,808
Investment income	- -	60,277	60,277
Net appreciation	- -	198,822	198,822
Amounts appropriated for expenditure	- -	(84,780)	(84,780)
Endowment net assets, June 30, 2024	- -	2,263,127	2,263,127
Investment income	- -	66,128	66,128
Net appreciation	- -	278,115	278,115
Amounts appropriated for expenditure	- -	(85,160)	(85,160)
Endowment net assets, June 30, 2025	\$ -	\$ 2,522,210	\$ 2,522,210

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12. Retirement Plans

Earthjustice has established a retirement annuity plan and a tax-deferred annuity plan for its employees under Section 403 (b) of the Internal Revenue Code (“IRC”). The retirement annuity plan provides for an employer contribution to a defined contribution retirement plan of 3.5% of an employee’s gross earnings after one year of service. After two years of service, the employer contribution increases to 9% of an employee’s gross earnings, with an increase to 10% of gross earnings provided the employee contributes at least 3% to the tax deferred annuity plan. Contributions to the retirement annuity plan of \$7,730,247 and \$7,062,905 have been expensed for the years ended June 30, 2025 and 2024, respectively.

On August 1, 2010, Earthjustice established an eligible deferred compensation plan for a select group of highly compensated employees under Section 457(b) of the IRC. The plan allows pre-tax contributions of the maximum amount allowed by law per year through payroll deduction. As of June 30, 2025, 29 employees had elected to participate in the plan. The investments in this plan remain as assets of the Organization until the employees retire or are eligible for distribution and are presented as deferred compensation assets and corresponding liabilities on the statements of financial position.

13. Related Parties

On June 27, 2017, the Earthjustice Board authorized the formation of Earthjustice Action, an independent 501(c)(4) organization to help advance protection of the environment through political advocacy. Some members of the Earthjustice Action Board are also on the Earthjustice Board as of June 30, 2025. There is a formal cost-sharing agreement under which Earthjustice Action reimburses personnel and overhead costs incurred on its behalf by Earthjustice. Expenses charged to Earthjustice Action by Earthjustice under the cost sharing agreement were \$3,050,942 and \$730,720 for the years ended June 30, 2025 and 2024, respectively. As of June 30, 2025 and 2024, Earthjustice recorded a receivable from Earthjustice Action of \$1,309,613 and \$161,921, respectively, which is included in the prepaid expenses and other assets on the statements of financial position.

14. Subsequent Events

Earthjustice evaluated subsequent events for recognition and disclosure through December 2, 2025, the date which these financial statements were available to be issued. Management concluded that no material subsequent events have occurred since June 30, 2025 that require recognition or disclosure in such financial statements.