

**RENEWABLE NORTHWEST PROJECT**

**FINANCIAL STATEMENTS**  
For the Year Ended December 31, 2010

With

Independent Auditors' Report

**RENEWABLE NORTHWEST PROJECT  
DECEMBER 31, 2010  
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**INDEPENDENT AUDITORS' REPORT**

Board of Directors  
Renewable Northwest Project  
Portland, Oregon

We have audited the accompanying statement of financial position of Renewable Northwest Project as of December 31, 2010, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of Renewable Northwest Project's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the financial statements of Renewable Northwest Project as of December 31, 2009, and in our report dated June 3, 2010, we expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Renewable Northwest Project as of December 31, 2010, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

*James E. Richman, CPA, PC*

May 31, 2011

**RENEWABLE NORTHWEST PROJECT**  
**STATEMENT OF FINANCIAL POSITION**  
December 31, 2010  
(with comparative amounts for 2009)

	2010	2009
<b><u>ASSETS</u></b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 1,062,638	\$ 796,252
Unconditional promises to give	25,000	22,500
Other receivables	1,713	3,231
Prepaid expenses	2,952	10,943
Total current assets	1,092,303	832,926
<b>BOARD-DESIGNATED OPERATING RESERVES:</b>		
Cash and cash equivalents	373,211	34,606
Certificates of deposit	67,691	403,387
	440,902	437,993
<b>PROPERTY AND EQUIPMENT</b>	32,953	22,271
<b>TOTAL ASSETS</b>	\$ 1,566,158	\$ 1,293,190
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable and accrued expenses	\$ 65,200	\$ 30,412
Accrued compensated absences	30,062	39,964
Total current liabilities	95,262	70,376
<b>NET ASSETS:</b>		
Unrestricted:		
Available for general operations	905,136	570,050
Board-designated operating reserves	440,902	437,993
Net investment in property and equipment	32,953	22,271
	1,378,991	1,030,314
Temporarily restricted	91,905	192,500
Total net assets	1,470,896	1,222,814
<b>TOTAL LIABILITIES AND NET ASSETS</b>	\$ 1,566,158	\$ 1,293,190

See accompanying notes to financial statements.

**RENEWABLE NORTHWEST PROJECT**  
**STATEMENT OF ACTIVITIES**  
**Year Ended December 31, 2010**  
**(with comparative totals for 2009)**

	2010			2009
	Unrestricted	Temporarily Restricted	Total	
<b>REVENUES, GAINS &amp; OTHER SUPPORT:</b>				
Grants and contributions	\$ 459,719	\$ 128,450	\$ 588,169	\$ 450,824
Memberships	664,500	35,000	699,500	476,000
Anniversary event revenues	53,861	-	53,861	22,500
Less cost of direct benefits to donors	(26,138)	-	(26,138)	-
Interest income	4,644	-	4,644	10,747
Other	1,106	-	1,106	-
	<u>1,157,692</u>	<u>163,450</u>	<u>1,321,142</u>	<u>960,071</u>
Net assets released from restrictions	264,045	(264,045)	-	-
	<u>1,421,737</u>	<u>(100,595)</u>	<u>1,321,142</u>	<u>960,071</u>
<b>EXPENSES:</b>				
Program services	901,937	-	901,937	847,317
Management and general	154,622	-	154,622	117,332
Fund-raising	16,501	-	16,501	17,069
	<u>1,073,060</u>	<u>-</u>	<u>1,073,060</u>	<u>981,718</u>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	348,677	(100,595)	248,082	(21,647)
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<u>1,030,314</u>	<u>192,500</u>	<u>1,222,814</u>	<u>1,266,961</u>
<b>NET ASSETS AT END OF YEAR</b>	<u>\$ 1,378,991</u>	<u>\$ 91,905</u>	<u>\$ 1,470,896</u>	<u>\$ 1,245,314</u>

See accompanying notes to financial statements.

**RENEWABLE NORTHWEST PROJECT**  
**STATEMENT OF CASH FLOWS**  
**Year Ended December 31, 2010**  
**(with comparative totals for 2009)**

	2010	2009
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash received from grantors, members, and others	\$ 1,315,516	\$ 1,083,255
Interest received	4,644	10,747
Cash paid to suppliers and employees	(1,032,190)	(963,963)
Net cash provided by operating activities	287,970	130,039
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Net redemption of (investment in) certificates of deposit	335,696	(13,336)
Purchases of property and equipment	(18,675)	(18,343)
Net cash provided by (used in) investing activities	317,021	(31,679)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	604,991	98,360
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	830,858	732,498
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	\$ 1,435,849	\$ 830,858

See accompanying notes to financial statements.

**RENEWABLE NORTHWEST PROJECT  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2010**

**NOTE 1 - ORGANIZATION**

Renewable Northwest Project is a private, nonprofit organization founded in 1994 by a coalition of public interest organizations and energy companies to promote the development of renewable energy sources throughout the northwestern United States. Since its inception, Renewable Northwest Project has been a forceful advocate in Oregon, Washington, Idaho, and Montana for basing the region's energy future on clean, renewable resources, such as solar, wind, and geothermal.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies followed by Renewable Northwest Project are described below to enhance the usefulness of the financial statements to the reader.

**Basis of Accounting**

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America and the principals of fund accounting. Fund accounting is the procedure by which resources for various purposes are classified for accounting purposes in accordance with activities or objectives specified by donors.

**Basis of Presentation**

Net assets and all balances and transactions are presented based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of Renewable Northwest Project and changes therein are classified and reported as follows:

*Unrestricted net assets* are net assets that are not subject to donor-imposed stipulations.

*Temporarily restricted net assets* are net assets subject to donor-imposed stipulations that will be met, either by actions of Renewable Northwest Project and/or the passage of time.

Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

### **Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires that management make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

### **Grants and Contributions**

Grants and contributions, which include unconditional promises to give (pledges), are recognized as revenues in the period the commitment is received. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value.

### **In-Kind Contributions**

Significant services received which create or enhance a nonfinancial asset or require specialized skills that the agency would have purchased if not donated are recognized in the statement of activities. During the year ended December 31, 2010, there were no contributed volunteer promotional services recorded.

In-kind contributions of equipment and other materials are recorded where there is an objective basis upon which to value these contributions and where the contributions are an essential part of the organization's activities. During the year ended December 31, 2010, in-kind contributions of \$4,015 in items used at the anniversary event were recorded.

### **Cash Equivalents**

For purposes of the financial statement of cash flows, Renewable Northwest Project considers all liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

### **Investments**

Investments are carried at market value and consist primarily of certificates of deposit with initial maturities greater than three months. Interest income is accrued as earned.

### **Capital Assets and Depreciation**

Equipment is carried at cost, and at market value when acquired by gift. Depreciation is provided on the straight-line basis over the estimated useful lives of the respective assets, which is generally 3 years. Renewable Northwest Project follows the practice of capitalizing expenditures for equipment in excess of \$500.



## **Revenue Recognition**

All contributions and grants are considered available for unrestricted use unless specifically restricted by a donor. Service revenues are recognized at the time services are provided and the revenues are earned. Membership revenues are considered equivalent to contributions and are recognized as revenue in the period in which the pledge is received; membership payments stipulated for use in future periods are considered temporarily restricted.

## **Income Taxes**

Renewable Northwest Project is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and comparable state law. Accordingly, no provision for income taxes is included in the financial statements. Renewable Northwest Project is not classified as a private foundation.

Renewable Northwest Project's Forms 990, *Return of Organization Exempt from Income Tax* for the years ending December 31, 2007, 2008, and 2009 are subject to examination by the IRS, generally three years after they were filed.

## **Concentrations of Credit Risk**

Renewable Northwest Project's investments consist primarily of cash equivalents and certificates of deposits, which may subject Renewable Northwest Project to concentrations of credit risk as, from time-to-time, cash balances may exceed amounts insured by the Federal Deposit Insurance Corporation. The amount exceeding the federally insured amount of \$250,000 was \$190,902 at one institution, and \$348,891 at another institution as of December 31, 2010. Certain unconditional promises to give may also subject Renewable Northwest Project to concentrations of credit risk.

## **Summarized Financial Information for 2009**

The accompanying financial information as of and for the year ended December 31, 2009 is presented for comparative purposes only and is not intended to represent a complete financial statement presentation. Certain reclassifications have been made to the 2009 amounts to conform to the 2010 presentation.

## **Fair Value of Financial Instruments**

The carrying amounts of financial instruments included in current assets and liabilities approximate fair value due to the short maturity of these instruments.

## **Other Significant Accounting Policies**

Other significant accounting policies are set forth in the financial statements and the following notes.

### NOTE 3 – UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give amounted to \$25,000 at December 31, 2010, all of which was receivable within one year. Management believes the unconditional promises are collectible in full, based on management's knowledge of the grantors and its evaluation of general economic conditions. Therefore, no allowance for uncollectible promises is provided.

### NOTE 4 – PROPERTY AND EQUIPMENT

A summary of property and equipment as of December 31, 2010 is as follows:

Office equipment	\$ 29,508
Website development costs	26,630
	<hr/>
	56,138
Less accumulated depreciation	(23,185)
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	\$ 32,953

### NOTE 5 – RESTRICTIONS AND LIMITATIONS ON NET ASSET BALANCES

Temporarily restricted net assets held at December 31, 2010 consist of the following:

Energy Foundation grant restricted for the use to support renewable power and transmission planning and siting in Montana	\$ 12,971
Pledges restricted for use in Montana Lobbying	30,932
Pledges restricted for use in the wind turbine noise project	13,002
Membership payments restricted for use in future periods	35,000
	<hr/>
	\$ 91,905

In addition, at December 31, 2010, \$440,902 of the Organization's unrestricted net assets had been designated by the Board of Directors for operating reserves. The reserve is comprised of a series of certificates of deposit and a money market account. It is the Board's intention to maintain an operating reserve amounting to approximately one-half of one year's core operating expenses. Subsequent to December 31, 2010, the Board authorized an additional \$163,000 in operating reserves.

### NOTE 6 – NET ASSETS RELEASED FROM RESTRICTIONS

During the year ended December 31, 2010, net assets amounting to \$264,045 were released from donor restrictions by the expiration of time and purpose restrictions.

## NOTE 7 – EXPENSES

The costs of providing the various programs and other activities of the organization have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Expenses by natural classifications for the year ended December 31, 2010 are summarized as follows:

Salaries and related expenses	\$ 743,372
Professional services	18,209
Consultants	81,566
Lobbying	83,271
Occupancy	36,960
Supplies	5,983
Postage	960
Printing and publishing	2,833
Equipment rental and maintenance	2,752
Board expenses	20,741
Telephone	19,586
Travel	38,649
Depreciation and amortization	7,993
Other	10,185
	<hr/>
	<u>\$1,073,060</u>

## NOTE 8 – RETIREMENT PLANS

Renewable Northwest Project provides substantially all full-time and part-time employees with a SEP/IRA retirement plan. The organization's annual contribution is equal to 5% of the annual compensation of each eligible participant that has completed at least one year of employment. Contributions to the plan vest as accrued. Participants select among several investment options. Contributions by the Organization to the plan amounted to \$23,892 for the year ended December 31, 2010.

The Organization also maintains a retirement plan as described under Section 403(b) of the Internal Revenue Code, to which employees may make voluntary contributions on a pre-tax basis, up to the limits allowed by law. Participant contributions to the plan vest as accrued.

## NOTE 9 – OPERATING LEASE COMMITMENTS

The Organization leases its operating facilities under an operating lease agreement which expires June 30, 2011, with provisions for subsequent month-to-month occupancy as needed. Subsequent to December 31, 2011, the Organization has made plans to move its operating facilities, and has entered into a sixty-two month operating lease agreement for this purpose.

In addition, the Organization leases office equipment under an operating lease which expires in June, 2014.

The future minimum annual lease payments for the above described leases are as follows:

<u>Year ending December 31,</u>	
2011	\$35,705
2012	59,088
2013	60,780
2014	61,338
2015	61,944
2016	<u>42,218</u>
Total minimum required payments	<u>\$321,073</u>

Total rent expense for 2010 amounted to \$36,960.

#### NOTE 10 – STATEMENT OF CASH FLOWS RECONCILIATION

The following represents a reconciliation of the decrease in net assets (as reported on the statement of activities) to net cash provided by operating activities (as reported on the statement of cash flows):

Increase in net assets	\$ 248,082
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	7,993
Provision for uncollectible pledges	
(Increase) decrease in:	
Unconditional promises to give	(2,500)
Other receivables	1,518
Prepaid expenses	7,991
Increase (decrease) in:	
Accounts payable and accrued expenses	34,788
Accrued compensated absences	(9,902)
Total adjustments	<u>39,888</u>
Net cash provided by operating activities	<u>\$ 287,970</u>

#### NOTE 11- SUBSEQUENT EVENTS

Subsequent events were evaluated through May 31, 2011, which is the date the financial statements were available to be issued.