

**RENEWABLE NORTHWEST PROJECT  
(DBA RENEWABLE NORTHWEST)**

FINANCIAL STATEMENTS  
For the Year Ended December 31, 2016

With

Independent Auditor's Report

**RENEWABLE NORTHWEST PROJECT  
(DBA RENEWABLE NORTHWEST)  
DECEMBER 31, 2016  
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## **INDEPENDENT AUDITOR'S REPORT**

The Board of Directors  
Renewable Northwest Project (dba Renewable Northwest)  
Portland, Oregon

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Renewable Northwest Project (dba Renewable Northwest) (a nonprofit organization), which comprise the statement of financial position as of December 31, 2016, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Renewable Northwest Project (dba Renewable Northwest) as of December 31, 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Report on Summarized Comparative Information***

We have previously audited Renewable Northwest Project (dba Renewable Northwest)'s financial statements as of and for the year ended December 31, 2015, and our report dated May 31, 2016, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as and for the year ended December 31, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Garner E. Richman, CPA, PC*

May 25, 2017

**RENEWABLE NORTHWEST PROJECT  
(DBA RENEWABLE NORTHWEST)  
STATEMENT OF FINANCIAL POSITION  
December 31, 2016  
(with comparative amounts for 2015)**

	2016	2015
<b><u>ASSETS</u></b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 930,960	\$ 1,050,087
Accounts receivable	90,198	51,299
Unconditional promises to give	-	5,925
Prepaid expenses	26,788	15,124
Total current assets	1,047,946	1,122,435
<b>BOARD-DESIGNATED OPERATING RESERVES</b>	701,961	701,064
<b>PROPERTY AND EQUIPMENT</b>	14,727	23,665
<b>TOTAL ASSETS</b>	\$ 1,764,634	\$ 1,847,164
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable and accrued expenses	\$ 32,502	\$ 37,383
Accrued compensated absences	38,152	42,261
Total current liabilities	70,654	79,644
<b>NET ASSETS:</b>		
Unrestricted:		
Available for general operations	935,992	914,243
Board-designated operating reserves	701,961	701,064
Net investment in property and equipment	14,727	23,665
	1,652,680	1,638,972
Temporarily restricted	41,300	128,548
Total net assets	1,693,980	1,767,520
<b>TOTAL LIABILITIES AND NET ASSETS</b>	\$ 1,764,634	\$ 1,847,164

See accompanying notes to financial statements.

**RENEWABLE NORTHWEST PROJECT  
(DBA RENEWABLE NORTHWEST)  
STATEMENT OF ACTIVITIES  
Year Ended December 31, 2016  
(with comparative totals for 2015)**

	2016			2015
	Unrestricted	Temporarily Restricted	Total	
<b>REVENUES, GAINS &amp; OTHER SUPPORT:</b>				
Grants and contributions	\$ 663,106	\$ 82,000	\$ 745,106	\$ 685,066
Memberships	446,125	29,300	475,425	661,000
Contract revenue	94,600	-	94,600	148,658
Interest income	2,948	-	2,948	1,868
Other	2,660	-	2,660	-
	<u>1,209,439</u>	<u>111,300</u>	<u>1,320,739</u>	<u>1,496,592</u>
Net assets released from restrictions	198,548	(198,548)	-	-
	<u>1,407,987</u>	<u>(87,248)</u>	<u>1,320,739</u>	<u>1,496,592</u>
<b>EXPENSES:</b>				
Program services	1,165,801	-	1,165,801	1,257,646
Management and general	213,483	-	213,483	197,119
Fund-raising	14,995	-	14,995	15,994
	<u>1,394,279</u>	<u>-</u>	<u>1,394,279</u>	<u>1,470,759</u>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	13,708	(87,248)	(73,540)	25,833
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<u>1,638,972</u>	<u>128,548</u>	<u>1,767,520</u>	<u>1,741,687</u>
<b>NET ASSETS AT END OF YEAR</b>	<u>\$ 1,652,680</u>	<u>\$ 41,300</u>	<u>\$ 1,693,980</u>	<u>\$ 1,767,520</u>

See accompanying notes to financial statements.

**RENEWABLE NORTHWEST PROJECT  
(DBA RENEWABLE NORTHWEST)  
STATEMENT OF CASH FLOWS  
Year Ended December 31, 2016  
(with comparative totals for 2015)**

	2016	2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash received from grantors, members, and others	\$ 1,254,931	\$ 1,489,218
Interest received	2,948	1,868
Cash paid to suppliers and employees	(1,373,268)	(1,438,785)
Net cash provided by (used in) operating activities	(115,389)	52,301
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Net investment in board-designated operating reserves	(897)	(726)
Purchases of property and equipment	(2,841)	(5,794)
Net cash used in investing activities	(3,738)	(6,520)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(119,127)	45,781
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	1,050,087	1,004,306
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	\$ 930,960	\$ 1,050,087

See accompanying notes to financial statements.

**RENEWABLE NORTHWEST PROJECT (DBA RENEWABLE NORTHWEST)**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2016**

**NOTE 1 - ORGANIZATION**

Renewable Northwest Project (dba Renewable Northwest) 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 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 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**

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in the Accounting Standards Codification (ASC). Under the ASC, Renewable Northwest is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Renewable Northwest had no permanently restricted net assets in 2016.

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, 2016, in-kind services valued at \$29,886 were recognized.

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, 2016, no in-kind contributions were recorded.

## **Cash Equivalents**

For purposes of the financial statement of cash flows, Renewable Northwest 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 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 is exempt from federal and state income taxes under Sections 501(c)(3) of the Internal Revenue Code and comparable state law. Accordingly, no provision for income taxes is included in the accompanying financial statements.

Under generally accepted accounting principles, an organization must also evaluate its tax positions and provide for a liability for any positions that would not be considered “more likely than not” to be upheld under a tax authority examination. Management has evaluated its tax positions and has concluded that a provision for a tax liability is not necessary at December 31, 2016.

Renewable Northwest’s information returns for 2012 and prior are generally no longer subject to examination by its major tax jurisdictions.

## **Functional Allocation of Expenses**

The costs of providing programs and other activities 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 in accordance with Renewable Northwest’s cost allocation plan.

## **Concentrations of Credit Risk**

Renewable Northwest’s investments consist primarily of cash equivalents and certificates of deposits, which may subject Renewable Northwest 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 \$271,532 as of December 31, 2016. In addition, uninsured money market funds of \$350,819 were held at another institution as of December 31, 2016. Renewable Northwest maintains all deposits in high credit quality institutions and has not experienced any losses in such accounts.

Certain unconditional promises to give may also subject Renewable Northwest to concentrations of credit risk.

## **Summarized Financial Information for 2015**

The accompanying financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with Renewable Northwest’s financial statements for the year ended December 31, 2015, from which the summarized information was derived.

Certain reclassifications have been made to 2015 amounts to conform to the 2016 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.

### **Subsequent Events**

Subsequent events were evaluated through May 25, 2017, which is the date the financial statements were available to be issued.

### **Other Significant Accounting Policies**

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

### **NOTE 3 – ACCOUNTS RECEIVABLE**

Accounts receivable amounted to \$90,198, at December 31, 2016, all of which was receivable within one year. Management believes accounts receivable are collectible in full, based on management's knowledge of the contractors and its evaluation of general economic conditions. Therefore, no allowance for uncollectible accounts is provided.

### **NOTE 4 –PROPERTY AND EQUIPMENT**

A summary of property and equipment as of December 31, 2016 is as follows:

Office equipment	\$ 62,151
Leasehold improvements	11,085
Website development costs	34,774
	<u>108,010</u>
Less accumulated depreciation and amortization	<u>(93,283)</u>
	<u>\$ 14,727</u>

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

Temporarily restricted net assets held at December 31, 2016 consist of the following:

Restricted for use in USE Consulting MT transmission study	\$ 12,000
Membership and contribution payments restricted for use in future periods	<u>29,300</u>
	<u>\$ 41,300</u>

In addition, at December 31, 2016, unrestricted net assets of \$701,961 were designated by the Board of Directors for operating reserves. The reserve is comprised of a series of certificates of deposit, a money market account, and a portion of the balance of an interest-bearing savings account. It is the Board's intention to maintain operating reserves amounting to approximately one-half of one year's core operating expenses.

**NOTE 6 – NET ASSETS RELEASED FROM RESTRICTIONS**

During the year ended December 31, 2016, net assets amounting to \$198,548 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, 2016 are summarized as follows:

Salaries and related expenses	\$ 992,515
Professional services	26,622
Consultants	138,348
Lobbying	77,455
Occupancy	42,604
Supplies	3,934
Postage	257
Printing and publishing	2,040
Equipment rental and maintenance	2,233
Board expenses	19,301
Telephone	22,233
Travel	35,451
Depreciation and amortization	11,779
Staff development	2,603
Meetings	827
Insurance	2,506
Outreach and events	3,427
Membership dues	4,754
Other	5,389
	<u>\$ 1,394,278</u>

## NOTE 8 – RETIREMENT PLANS

Renewable Northwest 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 \$30,428 for the year ended December 31, 2016.

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 November 30, 2021.

In addition, the Organization leases office equipment under an operating lease which expires in August, 2018.

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

<u>Year ending December 31,</u>	
2017	\$ 72,120
2018	98,509
2019	100,691
2020	103,745
2021	<u>97,667</u>
Total minimum required payments	<u>\$ 472,732</u>

Total rent expense for 2016 amounted to \$42,604.

## 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 used in operating activities (as reported on the statement of cash flows):

Decrease in net assets	\$ (73,540)
Adjustments to reconcile decrease in net assets to net cash used in operating activities:	
Depreciation	11,779
(Increase) decrease in:	
Accounts receivable	(38,899)
Unconditional promises to give	5,925
Prepaid expenses	(11,664)
Increase (decrease) in:	
Accounts payable and accrued expenses	(4,881)
Accrued compensated absences	<u>(4,109)</u>
Total adjustments	<u>(41,849)</u>
Net cash used in operating activities	<u>\$ (115,389)</u>