

RENEWABLE NORTHWEST PROJECT

FINANCIAL STATEMENTS
For the Year Ended December 31, 2011

With

Independent Auditors' Report

**RENEWABLE NORTHWEST PROJECT
DECEMBER 31, 2011
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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, 2011, 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, 2010, and in our report dated May 31, 2011, 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, 2011, 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.

May 22, 2012

RENEWABLE NORTHWEST PROJECT
STATEMENT OF FINANCIAL POSITION
December 31, 2011
(with comparative amounts for 2010)

	2011	2010
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 785,359	\$ 1,062,638
Unconditional promises to give	15,000	25,000
Other receivables	5	1,713
Prepaid expenses	14,067	2,952
Total current assets	814,431	1,092,303
BOARD-DESIGNATED OPERATING RESERVES:		
Cash and cash equivalents	536,972	373,211
Certificates of deposit	68,192	67,691
	605,164	440,902
PROPERTY AND EQUIPMENT	59,082	32,953
TOTAL ASSETS	\$ 1,478,677	\$ 1,566,158
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	\$ 56,934	\$ 65,200
Accrued compensated absences	28,842	30,062
Total current liabilities	85,776	95,262
NET ASSETS:		
Unrestricted:		
Available for general operations	689,817	905,136
Board-designated operating reserves	605,164	440,902
Net investment in property and equipment	59,082	32,953
	1,354,063	1,378,991
Temporarily restricted	38,838	91,905
Total net assets	1,392,901	1,470,896
TOTAL LIABILITIES AND NET ASSETS	\$ 1,478,677	\$ 1,566,158

See accompanying notes to financial statements.

RENEWABLE NORTHWEST PROJECT
STATEMENT OF ACTIVITIES
Year Ended December 31, 2011
(with comparative totals for 2010)

	2011			2010
	Unrestricted	Temporarily Restricted	Total	
REVENUES, GAINS & OTHER SUPPORT:				
Grants and contributions	\$ 375,384	\$ 50,795	\$ 426,179	\$ 588,169
Memberships	722,500	15,000	737,500	699,500
Anniversary event revenues	-	-	-	53,861
Less cost of direct benefits to donors	-	-	-	(26,138)
Interest income	3,153	-	3,153	4,644
Other	425	-	425	1,106
	<u>1,101,462</u>	<u>65,795</u>	<u>1,167,257</u>	<u>1,321,142</u>
Net assets released from restrictions	118,862	(118,862)	-	-
	<u>1,220,324</u>	<u>(53,067)</u>	<u>1,167,257</u>	<u>1,321,142</u>
EXPENSES:				
Program services	1,064,107	-	1,064,107	901,937
Management and general	170,455	-	170,455	154,622
Fund-raising	10,690	-	10,690	16,501
	<u>1,245,252</u>	<u>-</u>	<u>1,245,252</u>	<u>1,073,060</u>
INCREASE (DECREASE) IN NET ASSETS	(24,928)	(53,067)	(77,995)	248,082
NET ASSETS AT BEGINNING OF YEAR	<u>1,378,991</u>	<u>91,905</u>	<u>1,470,896</u>	<u>1,222,814</u>
NET ASSETS AT END OF YEAR	<u>\$ 1,354,063</u>	<u>\$ 38,838</u>	<u>\$ 1,392,901</u>	<u>\$ 1,470,896</u>

See accompanying notes to financial statements.

RENEWABLE NORTHWEST PROJECT
STATEMENT OF CASH FLOWS
Year Ended December 31, 2011
(with comparative totals for 2010)

	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from grantors, members, and others	\$ 1,171,687	\$ 1,315,516
Interest received	3,153	4,644
Cash paid to suppliers and employees	(1,246,726)	(1,032,190)
Net cash provided by (used in) operating activities	(71,886)	287,970
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net redemption of (investment in) certificates of deposit	(501)	335,696
Purchases of property and equipment	(42,197)	(18,675)
Proceeds from dispositions of property and equipment	1,066	-
Net cash provided by (used in) investing activities	(41,632)	317,021
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(113,518)	604,991
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	1,435,849	830,858
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 1,322,331	\$ 1,435,849

See accompanying notes to financial statements.

**RENEWABLE NORTHWEST PROJECT
NOTES TO FINANCIAL STATEMENTS
December 31, 2011**

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, 2011, in-kind services valued at \$2,550 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, 2011, in-kind contributions of \$1,348 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.

Generally, Renewable Northwest Project is no longer subject to examination by taxing authorities in its major tax jurisdictions for the years ended December 31, 2007 and prior.

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 \$192,164 at one institution, and \$99,049 at another institution as of December 31, 2011. Certain unconditional promises to give may also subject Renewable Northwest Project to concentrations of credit risk.

Summarized Financial Information for 2010

The accompanying financial information as of and for the year ended December 31, 2010 is presented for comparative purposes only and is not intended to represent a complete financial statement presentation. Certain reclassifications have been made to 2010 amounts to conform to the 2011 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 22, 2012, 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 – UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give amounted to \$15,000 at December 31, 2011, 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 it's 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, 2011 is as follows:

Office equipment	\$ 53,599
Leasehold improvements	9,305
Website development costs	28,524
	<u>91,428</u>
Less accumulated depreciation	(32,346)
	<u>\$ 59,082</u>

NOTE 5 – RESTRICTIONS AND LIMITATIONS ON NET ASSET BALANCES

Temporarily restricted net assets held at December 31, 2011 consist of the following:

Turner Foundation grant restricted for the use to support the Montana Renewable Energy Project	\$ 11,729
Pledges restricted for use in Montana Lobbying	7,804
Pledges restricted for use in the wind turbine noise project	4,305
Membership and contribution payments restricted for use in future periods	15,000
	<u>\$ 38,838</u>

In addition, at December 31, 2011, \$605,164 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.

NOTE 6 – NET ASSETS RELEASED FROM RESTRICTIONS

During the year ended December 31, 2011, net assets amounting to \$118,862 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, 2011 are summarized as follows:

Salaries and related expenses	\$ 864,062
Professional services	22,124
Consultants	47,115
Lobbying	89,849
Occupancy	49,306
Supplies	8,161
Postage	677
Printing and publishing	3,416
Equipment rental and maintenance	3,195
Board expenses	25,705
Telephone	26,257
Travel	62,636
Depreciation and amortization	15,002
Staff development	7,196
Moving expenses	11,220
Other	9,331
	<u>\$1,245,252</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 \$24,149 for the year ended December 31, 2011.

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, 2016.

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>	
2012	\$ 54,018
2013	60,351
2014	60,893
2015	61,489
2016	<u>57,934</u>
Total minimum required payments	<u>\$ 294,685</u>

Total rent expense for 2011 amounted to \$49,306.

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	\$ (77,995)
Adjustments to reconcile decrease in net assets to net cash used in operating activities:	
Depreciation	15,002
(Increase) decrease in:	
Unconditional promises to give	10,000
Other receivables	1,708
Prepaid expenses	(11,115)
Increase (decrease) in:	
Accounts payable and accrued expenses	(8,266)
Accrued compensated absences	(1,220)
Total adjustments	<u>6,109</u>
Net cash used in operating activities	<u>\$ (71,886)</u>