

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

FINANCIAL STATEMENTS
For the Year Ended December 31, 2015

With

Independent Auditor's Report

**RENEWABLE NORTHWEST PROJECT
(DBA RENEWABLE NORTHWEST)
DECEMBER 31, 2015
CONTENTS**

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1-2
FINANCIAL STATEMENTS:	
Statement of Financial Position	3
Statement of Activities	4
Statement of Cash Flows	5
Notes to Financial Statements	6-12

James E. Richman, CPA, PC
Certified Public Accountant
One SW Columbia, Suite 400
Portland, OR 97258
(503) 295-3780 FAX (503) 243-1742

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, 2015, 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, 2015, 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, 2014, and our report dated June 4, 2015, 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, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Garner E. Richman, CPA, PC

May 31, 2016

**RENEWABLE NORTHWEST PROJECT
(DBA RENEWABLE NORTHWEST)
STATEMENT OF FINANCIAL POSITION
December 31, 2015
(with comparative amounts for 2014)**

	2015	2014
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 1,050,087	\$ 1,004,306
Accounts receivable	51,299	91,867
Unconditional promises to give	5,925	-
Prepaid expenses	15,124	10,928
Total current assets	1,122,435	1,107,101
BOARD-DESIGNATED OPERATING RESERVES	701,064	700,338
PROPERTY AND EQUIPMENT	23,665	30,121
TOTAL ASSETS	\$ 1,847,164	\$ 1,837,560
 <u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	\$ 37,383	\$ 56,120
Accrued compensated absences	42,261	39,753
Total current liabilities	79,644	95,873
 NET ASSETS:		
Unrestricted:		
Available for general operations	914,243	981,035
Board-designated operating reserves	701,064	700,338
Net investment in property and equipment	23,665	30,121
	1,638,972	1,711,494
Temporarily restricted	128,548	30,193
Total net assets	1,767,520	1,741,687
TOTAL LIABILITIES AND NET ASSETS	\$ 1,847,164	\$ 1,837,560

See accompanying notes to financial statements.

**RENEWABLE NORTHWEST PROJECT
(DBA RENEWABLE NORTHWEST)
STATEMENT OF ACTIVITIES
Year Ended December 31, 2015
(with comparative totals for 2014)**

	2015			2014
	Unrestricted	Temporarily Restricted	Total	
REVENUES, GAINS & OTHER SUPPORT:				
Grants and contributions	\$ 602,141	\$ 82,925	\$ 685,066	\$ 771,464
Memberships	556,000	105,000	661,000	562,000
Contract revenue	148,658	-	148,658	141,667
Special events, net of direct expenses of \$31,952 in 2014	-	-	-	93,784
Interest income	1,868	-	1,868	1,655
Other	-	-	-	27
	<u>1,308,667</u>	<u>187,925</u>	<u>1,496,592</u>	<u>1,570,597</u>
Net assets released from restrictions	89,570	(89,570)	-	-
	<u>1,398,237</u>	<u>98,355</u>	<u>1,496,592</u>	<u>1,570,597</u>
EXPENSES:				
Program services	1,257,646	-	1,257,646	1,199,920
Management and general	197,119	-	197,119	160,824
Fund-raising	15,994	-	15,994	51,107
	<u>1,470,759</u>	<u>-</u>	<u>1,470,759</u>	<u>1,411,851</u>
INCREASE (DECREASE) IN NET ASSETS	(72,522)	98,355	25,833	158,746
NET ASSETS AT BEGINNING OF YEAR	<u>1,711,494</u>	<u>30,193</u>	<u>1,741,687</u>	<u>1,582,941</u>
NET ASSETS AT END OF YEAR	<u>\$ 1,638,972</u>	<u>\$ 128,548</u>	<u>\$ 1,767,520</u>	<u>\$ 1,741,687</u>

See accompanying notes to financial statements.

**RENEWABLE NORTHWEST PROJECT
(DBA RENEWABLE NORTHWEST)
STATEMENT OF CASH FLOWS
Year Ended December 31, 2015
(with comparative totals for 2014)**

	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from grantors, members, and others	\$ 1,489,218	\$ 1,511,610
Interest received	1,868	1,655
Cash paid to suppliers and employees	<u>(1,438,785)</u>	<u>(1,364,761)</u>
Net cash provided by operating activities	52,301	148,504
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net investment in board-designated operating reserves	(726)	(93,724)
Purchases of property and equipment	<u>(5,794)</u>	<u>(12,629)</u>
Net cash used in investing activities	<u>(6,520)</u>	<u>(106,353)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	45,781	42,151
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>1,004,306</u>	<u>962,155</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 1,050,087</u></u>	<u><u>\$ 1,004,306</u></u>

See accompanying notes to financial statements.

RENEWABLE NORTHWEST PROJECT (DBA RENEWABLE NORTHWEST)
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

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 2015.

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, 2015, in-kind services valued at \$40,149 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, 2015, 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, 2015.

Renewable Northwest’s information returns for 2011 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 \$392,176 as of December 31, 2015. In addition, uninsured money market funds of \$349,460 were held at another institution as of December 31, 2015. 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 2014

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, 2014, from which the summarized information was derived.

Certain reclassifications have been made to 2014 amounts to conform to the 2015 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 31, 2016, 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 AND UNCONDITIONAL PROMISES TO GIVE

Accounts receivable and unconditional promises to give amounted to \$51,299 and \$5,925, respectively, at December 31, 2015, 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, 2015 is as follows:

Office equipment	\$ 61,090
Leasehold improvements	9,305
Website development costs	34,774
	<hr/>
	105,169
Less accumulated depreciation and amortization	(81,504)
	<hr/>
	\$ 23,665

NOTE 5 – RESTRICTIONS AND LIMITATIONS ON NET ASSET BALANCES

Temporarily restricted net assets held at December 31, 2015 consist of the following:

Pledges restricted for use in Energy Foundation MT 111(d) project	\$ 13,010
Pledges restricted for use in the Oregon RPS analysis project	4,613
Pledges restricted for use in the IRP model project	5,925
Membership and contribution payments restricted for use in future periods	105,000
	<hr/>
	\$ 128,548

In addition, at December 31, 2015, unrestricted net assets of \$701,064 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, 2015, net assets amounting to \$89,570 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, 2015 are summarized as follows:

Salaries and related expenses	\$ 1,023,798
Professional services	26,315
Consultants	167,532
Lobbying	77,016
Occupancy	56,497
Supplies	5,719
Postage	28
Printing and publishing	2,043
Equipment rental and maintenance	2,793
Board expenses	20,793
Telephone	19,921
Travel	41,061
Depreciation and amortization	12,250
Staff development	2,016
Meetings	917
Insurance	2,386
Other	9,674
	<u>\$ 1,470,759</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 \$30,975 for the year ended December 31, 2015.

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>	
2016	\$ 43,552
2017	70,608
2018	96,171
2019	98,280
2020	101,261
2021	<u>95,327</u>
Total minimum required payments	<u>\$ 505,199</u>

Total rent expense for 2015 amounted to \$56,497.

NOTE 10 – STATEMENT OF CASH FLOWS RECONCILIATION

The following represents a reconciliation of the increase 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	\$ 25,833
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation	12,250
(Increase) decrease in:	
Accounts receivable	40,568
Unconditional promises to give	(5,925)
Prepaid expenses	(4,196)
Increase (decrease) in:	
Accounts payable and accrued expenses	(18,737)
Accrued compensated absences	2,508
Total adjustments	<u>26,468</u>
Net cash provided by operating activities	<u>\$ 52,301</u>