

RENEWABLE NORTHWEST PROJECT

FINANCIAL STATEMENTS
For the Year Ended December 31, 2009

With

Independent Auditors' Report

**RENEWABLE NORTHWEST PROJECT
DECEMBER 31, 2009
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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, 2009, 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, 2008, and in our report dated June 11, 2009, 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, 2009, 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

June 3, 2010

**RENEWABLE NORTHWEST PROJECT
STATEMENT OF FINANCIAL POSITION
December 31, 2009
(with comparative amounts for 2008)**

	2009	2008
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 796,252	\$ 732,495
Unconditional promises to give	22,500	186,000
Other receivables	3,231	5,290
Prepaid expenses	10,943	3,187
Total current assets	832,926	926,972
BOARD-DESIGNATED CASH RESERVES	437,993	390,054
PROPERTY AND EQUIPMENT	22,271	7,653
TOTAL ASSETS	\$ 1,293,190	\$ 1,324,679
 <u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	\$ 30,412	\$ 23,298
Accrued compensated absences	39,964	34,420
Total current liabilities	70,376	57,718
NET ASSETS:		
Unrestricted:		
Available for general operations	570,050	558,254
Board-designated cash reserves	437,993	390,054
Net investment in property and equipment	22,271	7,653
	1,030,314	955,961
Temporarily restricted	192,500	311,000
Total net assets	1,222,814	1,266,961
TOTAL LIABILITIES AND NET ASSETS	\$ 1,293,190	\$ 1,324,679

See accompanying notes to financial statements.

**RENEWABLE NORTHWEST PROJECT
STATEMENT OF ACTIVITIES
Year Ended December 31, 2009
(with comparative totals for 2008)**

	2009			2008
	Unrestricted	Temporarily Restricted	Total	
REVENUES, GAINS & OTHER SUPPORT:				
Grants and contributions	\$ 257,324	\$ 193,500	\$ 450,824	\$ 463,381
Memberships	441,000	35,000	476,000	651,500
Interest income	10,747	-	10,747	23,675
Other	-	-	-	14,485
	<u>709,071</u>	<u>228,500</u>	<u>937,571</u>	<u>1,153,041</u>
Net assets released from restrictions	347,000	(347,000)	-	-
	<u>1,056,071</u>	<u>(118,500)</u>	<u>937,571</u>	<u>1,153,041</u>
EXPENSES:				
Program services	847,317	-	847,317	704,733
Management and general	117,332	-	117,332	109,306
Fund-raising	17,069	-	17,069	6,667
	<u>981,718</u>	<u>-</u>	<u>981,718</u>	<u>820,706</u>
INCREASE (DECREASE) IN NET ASSETS	74,353	(118,500)	(44,147)	332,335
NET ASSETS AT BEGINNING OF YEAR	<u>955,961</u>	<u>311,000</u>	<u>1,266,961</u>	<u>934,626</u>
NET ASSETS AT END OF YEAR	<u>\$ 1,030,314</u>	<u>\$ 192,500</u>	<u>\$ 1,222,814</u>	<u>\$ 1,266,961</u>

See accompanying notes to financial statements.

RENEWABLE NORTHWEST PROJECT
STATEMENT OF CASH FLOWS
Year Ended December 31, 2009
(with comparative totals for 2008)

	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from grantors, members, and others	\$ 1,083,255	1,037,502
Interest received	10,747	23,675
Cash paid to suppliers and employees	(963,963)	(796,884)
Net cash provided by operating activities	130,039	264,293
 CASH FLOWS FROM INVESTING ACTIVITIES:		
Website development costs in process	(14,498)	-
Purchases of equipment	(3,845)	(5,388)
Net cash used in investing activities	(18,343)	(5,388)
 NET INCREASE IN CASH AND CASH EQUIVALENTS	111,696	258,905
 CASH AND CASH EQUIVALENTS, INCLUDING BOARD- DESIGNATED CASH RESERVES, AT BEGINNING OF YEAR	1,122,549	863,644
 CASH AND CASH EQUIVALENTS, INCLUDING BOARD- DESIGNATED CASH RESERVES, AT END OF YEAR	\$ 1,234,245	1,122,549

See accompanying notes to financial statements.

**RENEWABLE NORTHWEST PROJECT
NOTES TO FINANCIAL STATEMENTS
December 31, 2009**

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. Donated legal services valued at \$2,488 were recorded for the year ending December 31, 2009.

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. Donated supplies valued at \$6,640 were recorded for the year ending December 31, 2009.

Cash Equivalents

For purposes of the financial statements 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. At December 31, 2009, cash equivalents represented \$789,388 invested in money market funds, of which \$754,782 is included in cash and cash equivalents and \$34,606 is included in board-designated cash reserves on the statement of financial position.

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. Renewable Northwest Project is not classified as a private foundation.

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 federally insured amounts was \$147,572 at one institution at December 31, 2009. Certain unconditional promises to give may also subject Renewable Northwest Project to concentrations of credit risk.

Summarized Financial Information for 2008

The accompanying financial information as of and for the year ended December 31, 2008 is presented for comparative purposes only and is not intended to represent a complete financial statement presentation. Certain reclassifications have been made to the 2008 amounts to conform to the 2009 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 consist of the following at December 31, 2009:

Pledges due within one year	\$ 32,500
Less allowance for uncollectible pledges	<u>(10,000)</u>
	<u>\$ 22,500</u>

The allowance for uncollectible pledges reflects the amounts management considers appropriate in relation to the pledges outstanding based on collection experience, economic conditions, and credit risk quality.

NOTE 4 – PROPERTY AND EQUIPMENT

A summary of property and equipment as of December 31, 2009 is as follows:

Office equipment	\$ 24,033
Website development costs	<u>14,498</u>
	38,531
Less accumulated depreciation	<u>(16,260)</u>
	<u>\$ 22,271</u>

NOTE 5 – RESTRICTIONS AND LIMITATIONS ON NET ASSET BALANCES

Temporarily restricted net assets held at December 31, 2009 consist of the following:

Foundation grant restricted for use to remove barriers to renewable energy transmission and expand the growth of the solar market in the Pacific Northwest	\$ 135,000
Pledges restricted for use in the anniversary event	22,500
Membership payments restricted for use in future periods	<u>35,000</u>
	<u>\$ 192,500</u>

In addition, at December 31, 2009, \$437,993 of the Organization's unrestricted net assets had been designated by the Board of Directors for cash reserves. The reserve is comprised of a series of certificates of deposit and a money market account at the Shore Bank. 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, 2009, net assets amounting to \$347,000 were released from donor restrictions by the expiration of time and purpose restrictions.

NOTE 7 – 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):

Decrease in net assets	\$ (44,147)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	3,725
Provision for uncollectible pledges	10,000
(Increase) decrease in:	
Unconditional promises to give	153,500
Other receivables	2,059
Prepaid expenses	(7,756)
Increase (decrease) in:	
Accounts payable and accrued expenses	7,114
Accrued compensated absences	5,544
Total adjustments	<u>174,186</u>
Net cash provided by operating activities	<u>\$ 130,039</u>

NOTE 8 – 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, 2009 are summarized as follows:

Salaries and related expenses	\$ 676,742
Professional services	21,580
Consultants	51,171
Lobbying	90,200
Occupancy	33,524
Supplies	12,188
Postage	467
Printing and publishing	1,611
Equipment rental and maintenance	2,550
Board expenses	14,973
Telephone	18,200
Travel	45,424
Depreciation	3,725
Other	9,362
	<u>\$ 981,717</u>

NOTE 9 – 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 \$20,868 for the year ended December 31, 2009.

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 10 – OPERATING LEASE COMMITMENTS

The Organization leases its operating facilities under an operating lease agreement which expires in April 2012. Under the terms of this agreement, the Organization renewed its lease, and expanded its facilities. 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>	
2010	\$38,640
2011	40,080
2012	15,120
2013	2,400
2014	1,200
Total minimum required payments	<u>\$97,440</u>

Total rent expense for 2009 amounted to \$33,524.

NOTE 11- SUBSEQUENT EVENTS

Subsequent events were evaluated through June 3, 2010, which is the date the financial statements were available to be issued.