

# SUSTAINABLE NORTHWEST

Audited Financial Statements

For the Year Ended December 31, 2020



MCDONALD JACOBS

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Sustainable Northwest

We have audited the accompanying financial statements of Sustainable Northwest (a nonprofit corporation), which comprise the statement of financial position as of December 31, 2020, 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 from 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 organization'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 organization'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.

*Basis for Qualified Opinion*

The accompanying financial statements do not include financial information of the wholly-owned subsidiary, Sustainable Northwest Wood Distribution Center, Inc. Consolidation of this entity is required by accounting principles generally accepted in the United States of America. If consolidated, assets would have increased by \$567,000, liabilities increased by \$603,000, net assets decreased by \$43,000, revenues increased by \$3,356,000 and expenses increased by \$2,283,000 (amounts approximate).

*Opinion*

In our opinion, except for not consolidating the wholly-owned subsidiary, Sustainable Woods Distribution, Inc., the financial statements referred to above present fairly, in all material respects, the financial position of Sustainable Northwest as of December 31, 2020, and 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 Sustainable Northwest's 2019 financial statements, and we expressed a qualified audit opinion on those audited financial statements in our report dated May 28, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

*McDonald Jacobson, P.C.*

Portland, Oregon  
May 18, 2021

SUSTAINABLE NORTHWEST  
STATEMENT OF FINANCIAL POSITION  
December 31, 2020  
(With comparative totals for 2019)

	2020	2019
<b>ASSETS</b>		
Cash and cash equivalents	\$ 1,011,296	\$ 778,278
Certificates of deposit	1,304,247	-
Accounts receivable	195,169	178,944
Contributions and grants receivable	1,599,736	561,500
Prepaid expenses and other assets	21,977	19,518
Investment in subsidiary	800,000	800,000
Property and equipment, net	31,193	29,063
 TOTAL ASSETS	 \$ 4,963,618	 \$ 2,367,303
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities:		
Accounts payable	\$ 40,057	\$ 134,598
Accrued personnel expenses	76,861	79,147
Total liabilities	116,918	213,745
Net assets:		
Without donor restrictions:		
Undesignated	1,582,282	1,218,946
Net property and equipment	31,193	29,063
Without donor restrictions	1,613,475	1,248,009
With donor restrictions	3,233,225	905,549
Total net assets	4,846,700	2,153,558
 TOTAL LIABILITIES AND NET ASSETS	 \$ 4,963,618	 \$ 2,367,303

See notes to financial statements.

SUSTAINABLE NORTHWEST  
STATEMENT OF ACTIVITIES  
For the year ended December 31, 2020  
(With comparative totals for 2019)

	2020			2019 Total
	Without Donor Restrictions	With Donor Restrictions	Total	
<b>Support and revenue:</b>				
Contributions	\$ 259,903	\$ 3,343,719	\$ 3,603,622	\$ 1,825,427
Government grants	440,001	-	440,001	468,764
Contracts	214,356	-	214,356	227,439
Paycheck Protection Program loan forgiven	258,761	-	258,761	-
Program services	326,353	-	326,353	181,541
Donated materials and services	9,090	-	9,090	-
Special events	4,458	-	4,458	66,860
Interest and dividend income	30,733	-	30,733	474
Other income	7,081	-	7,081	9,573
Net assets released from restrictions:				
Satisfaction of program restrictions	1,016,043	(1,016,043)	-	-
Total support and revenue	<u>2,566,779</u>	<u>2,327,676</u>	<u>4,894,455</u>	<u>2,780,078</u>
<b>Expenses:</b>				
Program services	1,590,348	-	1,590,348	1,675,896
Management and general	438,519	-	438,519	428,716
Fundraising	172,446	-	172,446	239,256
Total expenses	<u>2,201,313</u>	<u>-</u>	<u>2,201,313</u>	<u>2,343,868</u>
Change in net assets	365,466	2,327,676	2,693,142	436,210
<b>Net assets:</b>				
Beginning of year	<u>1,248,009</u>	<u>905,549</u>	<u>2,153,558</u>	<u>1,717,348</u>
End of year	<u>\$ 1,613,475</u>	<u>\$ 3,233,225</u>	<u>\$ 4,846,700</u>	<u>\$ 2,153,558</u>

See notes to financial statements.

SUSTAINABLE NORTHWEST  
STATEMENT OF FUNCTIONAL EXPENSES  
For the year ended December 31, 2020  
(With comparative totals for 2019)

	Program Services						Management and General	Fundraising	2020 Total	2019 Total
	Forests	Water	Energy	Range- lands	Markets	Total Program Services				
Personnel expenses	\$ 492,125	\$ 131,444	\$ 115,343	\$ 52,666	\$ 181,714	\$ 973,292	\$ 282,817	\$ 158,117	\$ 1,414,226	\$ 1,238,275
Consultants and contractors	75,611	158,948	28,609	217,692	54,510	535,370	57,174	-	592,544	742,819
Meetings and workshops	3,707	636	-	-	-	4,343	1,229	-	5,572	94,664
Travel	7,627	3,707	415	608	4,374	16,731	497	1,121	18,349	80,062
Meals and networking	2,680	1,076	94	211	509	4,570	1,866	1,659	8,095	21,485
Rent	25,900	6,145	6,541	2,292	9,762	50,640	11,880	6,265	68,785	66,400
Telephone and internet	-	-	-	-	10	10	19,890	13	19,913	16,494
Office expense	169	-	-	-	126	295	11,496	2,319	14,110	16,677
Insurance	-	-	-	-	-	-	8,109	-	8,109	6,792
Equipment and field supplies	55	-	-	30	-	85	6,301	-	6,386	11,801
Licenses and fees	1,136	300	300	227	969	2,932	24,709	2,399	30,040	26,789
Miscellaneous	26	110	550	-	1,394	2,080	6,350	553	8,983	15,187
Depreciation	-	-	-	-	-	-	6,201	-	6,201	3,363
Total expenses	<u>\$ 609,036</u>	<u>\$ 302,366</u>	<u>\$ 151,852</u>	<u>\$ 273,726</u>	<u>\$ 253,368</u>	<u>1,590,348</u>	<u>\$ 438,519</u>	<u>\$ 172,446</u>	<u>\$ 2,201,313</u>	<u>\$ 2,343,868</u>

See notes to financial statements.

SUSTAINABLE NORTHWEST  
STATEMENT OF CASH FLOWS  
For the year ended December 31, 2020  
(With comparative totals for 2019)

	2020	2019
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 2,693,142	\$ 436,210
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	6,201	3,363
(Increase) decrease in:		
Accounts receivable	(16,225)	30,175
Contributions and grants receivable	(1,038,236)	(240,000)
Prepaid expenses and other assets	(2,459)	6,093
Increase (decrease) in:		
Accounts payable	(94,541)	(59,819)
Accrued personnel expenses	(2,286)	29,465
Net cash flows from operating activities	1,545,596	205,487
<b>Cash flows from investing activities:</b>		
Additions to certificates of deposit	(1,304,247)	-
Purchase of property and equipment	(8,331)	(23,751)
Net cash flows from investing activities	(1,312,578)	(23,751)
Net change in cash and cash equivalents	233,018	181,736
Cash and cash equivalents - beginning of year	778,278	596,542
Cash and cash equivalents - end of year	\$ 1,011,296	\$ 778,278

See notes to financial statements.

SUSTAINABLE NORTHWEST  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2020

1. DESCRIPTION OF ORGANIZATION

Sustainable Northwest (the Organization) brings people, ideas, and innovation together so that nature, local economies, and rural communities can thrive. The Organization works to restore forests, rivers, and rangelands for healthier habitat and clean air and water. Bringing people together to find common ground heals the land and rebuilds rural economies.

Sustainable Northwest is an expert in facilitation, conflict resolution, and negotiation of multi-party agreements. The Organization crafts state and federal policy solutions that balance environmental and community needs and lends expertise in science, law, energy, and other technical knowledge, while mentoring local leaders to incite real, systemic change.

Sustainable Northwest collaborates with local people in rural communities across the Pacific Northwest to find long-term solutions for restoring ecosystems and creating jobs through improved land management practices and investments in new, green economies. Through collaboration, the Organization bridges rural and urban interests, encourages entrepreneurship, and builds trust in sustainable natural resource management and utilization in the western United States.

A summary of the Organization's programs is as follows:

Forests

Decades of fire suppression and litigation over logging have left degraded forests and dying towns. There is an urgent need to increase the pace and scale of restoration projects, and create jobs that make our forests resilient to the increasing threat of abnormal wildfire, insects, and disease. Sustainable Northwest has changed the conversation to "jobs for the environment" by bringing people together to create durable solutions that restore our Northwest forests.

- More large-scale restoration for healthier ecosystems, wildlife habitat, and forests that are resilient to the effects of climate change.
- Local and sustainable wood and biomass energy products.
- Clean, healthy, and abundant forest ecosystems for wildlife habitat and public enjoyment.
- Long-term, sustainable natural resource use for stable community economies with secure living wage jobs for rural people.



SUSTAINABLE NORTHWEST  
NOTES TO FINANCIAL STATEMENTS, Continued  
December 31, 2020

1. DESCRIPTION OF ORGANIZATION, Continued

Water

The competing needs of our cities, agriculture, fish, and energy production have led to water scarcity and pollution in the Pacific Northwest. Efforts to address water challenges in rural areas are often hampered by planning, financial, and social barriers. Historically, the response has been conflict, litigation, and emergency assistance. This has left our water-dependent ecosystems and communities imperiled.

- Enough clean water and habitat to support healthy populations of salmon and other native aquatic species.
- More basin-scale watershed restoration.
- Stable, sustainable water supply for cities and water-reliant livelihoods.
- Secure living wage jobs for rural people.

Energy

Implementation of local energy systems in rural areas is often hampered by the lack of coordinated planning, technical assistance, and financial and social barriers. With our on-the-ground partners and community leaders, Sustainable Northwest is developing lasting solutions through a collaborative community-based approach.

- Affordable access to local renewable energy.
- More energy efficient infrastructure.
- Stable and affordable power.
- Secure living wage jobs for rural people.

Rangelands

Decades of fire suppression have allowed Western Juniper to overtake rangelands, using precious water, and destroying habitat for sage grouse and other wildlife. By sustainably harvesting Western Juniper we are restoring rangelands to their natural state, and returning more water and a healthy wildlife habitat to the high desert.

- A balanced rangeland ecosystem with improved grazing conditions, increased water supplies, decreased wildfire risk, and restored habitat for sensitive wildlife like sage-grouse.
- Secure living wage jobs for rural people.
- New economic opportunities for sustainable wood products sourced from rangelands.

Markets

Sustainable Northwest believes that market based approaches are one of the most effective and long lasting strategies for restoring our environment and rural economies. For 10 years we have helped wood products businesses by providing them with access to a Forest Stewardship Council (FSC) group chain of custody certification program. The group certification program makes obtaining FSC certification easier for members by reducing their certification cost and staff time, and providing technical support.

SUSTAINABLE NORTHWEST  
NOTES TO FINANCIAL STATEMENTS, Continued  
December 31, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The accompanying financial statements only include the financial activity of Sustainable Northwest. Financial information of Sustainable Northwest Wood Distribution Center, Inc., a wholly-owned for-profit corporation, is not included.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

- *Net Assets Without Donor Restrictions* - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.
- *Net Assets With Donor Restrictions* - Net assets subject to donor- (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments available for current use with maturities of three months or less at the time of purchase to be cash equivalents. It includes cash internally set aside to help fund construction and reported separately as cash restricted for capital project.

Accounts Receivable

Accounts receivable are reported at the amount management expects to collect on balances outstanding at year-end. Based on an assessment of the credit history with those having outstanding balances and current relationships with them, management has concluded that realization losses on balances outstanding at year-end will be immaterial.

Accounts receivable more than ninety days past due total approximately \$27,000 and \$37,000 at December 31, 2020 and 2019, respectively.

SUSTAINABLE NORTHWEST  
NOTES TO FINANCIAL STATEMENTS, Continued  
December 31, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Contributions and Grants Receivable

Contributions receivable are unconditional promises to give. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years, if material to the financial statements, are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Contributions receivable are written off when deemed uncollectible.

Investment in Subsidiary

Investment in the Organization's wholly-owned subsidiary is accounted for using the cost method.

Property and Equipment

Acquisitions of property and equipment in excess of \$1,500 are capitalized. Property and equipment purchased are recorded at cost. Donated assets are reflected as contributions at their estimated values on the date received.

Depreciation

Depreciation of property and equipment is calculated using the straight-line method over the estimated useful lives of the assets which range from 3 to 10 years for most furniture and equipment. Leasehold improvements are capitalized and depreciated over the estimated useful life of the improvement or the lease term, whichever is less.

Revenue Recognition

Contributions, which include unconditional promises to give (pledges), are recognized as revenues in the period the Organization is notified of the commitment. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

Government grants are conditioned upon certain performance requirements and the incurrence of allowable qualifying expenses. All of the Organization's cost-reimbursable grants have been recognized at December 31, 2020 because qualifying expenditures have been incurred.

Revenue from contracts with customers and fee for service arrangements is recognized when any performance obligations have been met.

SUSTAINABLE NORTHWEST  
NOTES TO FINANCIAL STATEMENTS, Continued  
December 31, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Revenue Recognition, Continued

The Organization records special events revenue equal to the fair value of direct benefits to donors, and contribution income for the excess received when the event takes place. The portion of sponsorship revenue that relates to commensurate value the sponsor received in return is recognized when the related events are held and performance obligations are met.

The Paycheck Protection Program (PPP) loan of \$257,450 guaranteed by the Small Business Administration (SBA) is accounted for as a conditional advance and accrues interest at 1%. The advance may be forgiven partially or in its entirety if certain conditions are met, including incurrence of allowable qualifying expenses (mostly personnel and occupancy costs) and acceptance and approval of the forgiveness application by the lender. The Organization received notification of forgiveness of the loan and accrued interest and recognized \$258,761 as revenue in 2020.

Functional Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The Organization allocates personnel expenses and rent according to estimates of time and effort.

Income Tax Status

Sustainable Northwest is a nonprofit corporation exempt from income tax under section 501(c)(3) of the Internal Revenue Code and applicable state law. No provision for income taxes is made in the accompanying financial statements, as the Organization has no activities subject to unrelated business income tax. The Organization is not a private foundation.

The Organization follows the provisions of FASB ASC Topic 740 *Accounting for Uncertainty in Income Taxes*. Management has evaluated the Organization's tax positions and concluded that there are no uncertain tax positions that require adjustment to the financial statements to comply with provisions of this Topic.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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.

SUSTAINABLE NORTHWEST  
 NOTES TO FINANCIAL STATEMENTS, Continued  
 December 31, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Subsequent Events

The Organization has evaluated all subsequent events through May 18, 2021, the date the financial statements were available to be issued.

Summarized Financial Information for 2019

The financial information as of December 31, 2019 and for the year then ended is presented for comparative purposes and is not intended to be a complete financial statement presentation.

3. AVAILABLE RESOURCES AND LIQUIDITY

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its primary operations to be general expenditures. It excludes financial assets with donor or other restrictions limiting their use.

Financial assets of the Organization consist of the following at December 31, 2020 and December 31, 2019:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 1,011,296	\$ 778,278
Certificates of deposit	1,304,247	-
Accounts receivable	195,169	178,944
Contributions and grants receivable	<u>1,599,736</u>	<u>561,500</u>
	4,110,448	1,518,722
Less amounts unavailable for general expenditure:		
Net assets with donor restrictions	<u>3,233,225</u>	<u>905,549</u>
Financial assets available for general expenditure	<u>\$ 877,223</u>	<u>\$ 613,173</u>

The Organization also has a \$200,000 line of credit available to meet general expenditure needs. See Note 7.

SUSTAINABLE NORTHWEST  
NOTES TO FINANCIAL STATEMENTS, Continued  
December 31, 2020

4. CONTRIBUTIONS AND GRANTS RECEIVABLE

Contributions and grants receivable represent unconditional promises to give and are expected to be received as follows:

	2020	2019
Total amounts due within one year	\$ 1,549,736	\$ 561,500
Within two to five years	50,000	-
Total contributions and grants receivable	\$ 1,599,736	\$ 561,500

5. INVESTMENT IN SUBSIDIARY

Investment in subsidiary of \$800,000 represents the Organization's equity ownership in Sustainable Northwest Wood Distribution Center, Inc., the Organization's wholly-owned subsidiary.

The financial statements do not include the activity or disclose financial information of Sustainable Northwest Wood Distribution Center, Inc. Accounting principles generally accepted in the United States of America require consolidation if there is a controlling financial interest; or if not consolidated, require disclosure of summarized financial information for those entities.

Summarized financial information for Sustainable Northwest Wood Distribution Center, Inc. is as follows:

	2020	2019
Assets	\$ 1,367,380	\$ 940,032
Liabilities	603,022	223,365
Equity	764,358	716,667
Revenues	3,356,057	3,202,433
Costs of good sold	2,306,906	2,243,112
Operating income and expenses	976,058	919,628
Net income	73,093	39,693

Throughout the year, normal operating activities occur between these entities which generate revenues, expenses, receivables, and payables. At December 31, 2019, \$16,400 was owed to the Organization. In addition, the Organization received approximately a dividend distribution of \$30,000 in 2020.

SUSTAINABLE NORTHWEST  
NOTES TO FINANCIAL STATEMENTS, Continued  
December 31, 2020

6. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31, 2020 and 2019:

	2020	2019
Furniture and equipment	\$ 56,277	\$ 47,946
Leasehold improvements	9,913	9,913
Total property and equipment	66,190	57,859
Less accumulated depreciation	34,997	28,796
Property and equipment, net	\$ 31,193	\$ 29,063

7. LINE OF CREDIT

The Organization has a \$200,000 stand-alone revolving line of credit with a financial institution. Interest on the line is payable monthly at the prime rate plus 0.5%, not falling below 3.75% (3.25% at December 31, 2020 and 4.75% at December 31, 2019). The line matures October 2021 and is secured by all assets of the Organization. There were no outstanding advances on the line at December 31, 2020 and 2019.

8. LEASE COMMITMENTS

The Organization leases administrative space under an operating lease agreement that expires February 2023. Rent expense for the lease totaled approximately \$68,800 and \$66,400 for 2020 and 2019, respectively.

Future minimum lease commitments are as follows:

Year ending December 31, 2021	\$ 68,200
2022	70,200
2023	12,000
Total	\$ 150,400

SUSTAINABLE NORTHWEST  
NOTES TO FINANCIAL STATEMENTS, Continued  
December 31, 2020

9. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following expiring restrictions at December 31, 2020 and 2019:

	2020	2019
Klamath Basin (Water)	\$ 281,265	\$ 234,167
Scaling juniper markets (Rangelands)	-	100,000
Oregon coastal community initiative (Forest)	117,183	265,182
Wildfire and forest resiliency (Forest)	2,475,111	10,000
Future of Collaboration (Forest)	162,000	226,500
John Day (Water)	125,833	-
Green market (Markets)	48,333	-
Other purpose restricted	23,500	69,700
Total net assets with donor restrictions	\$ 3,233,225	\$ 905,549

10. REVENUE FROM CONTRACTS WITH CUSTOMERS

For revenue from contracts with customers, the timing of revenue recognition, billings, and cash collections may result in contract assets from billed accounts receivable or unbilled accounts receivable and contract liabilities, including deferred revenue on the statement of financial position.

- Revenue from fee for service work is recognized over time as work is completed and the performance obligations are met.
- Revenue from certification fees and other services is recognized at a point in time when the performance obligations are satisfied based on providing the certification.
- Revenue from events is recognized at a point in time when the event occurs.



**SUSTAINABLE NORTHWEST**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**December 31, 2020**

**10. REVENUE FROM CONTRACTS WITH CUSTOMERS, Continued**

The following table shows the Organization's revenue disaggregated according to the timing of the transfer of goods or services:

	<u>2020</u>	<u>2019</u>
Fee for service (over time)	\$ 194,356	\$ 188,000
Certifications (point in time)	179,620	181,541
Sales (point in time)	146,733	-
Other services (point in time)	20,000	39,439
Event revenue (point in time)	<u>4,458</u>	<u>66,860</u>
	<u>\$ 545,167</u>	<u>\$ 475,840</u>

The following table provides information about significant changes in the contract assets:

	As of December 31,		
	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contract receivable (over time)	\$ 194,497	\$ 159,711	\$ 197,652
Other receivables	<u>672</u>	<u>19,233</u>	<u>11,467</u>
Total accounts receivable	<u>\$ 195,169</u>	<u>\$ 178,944</u>	<u>\$ 209,119</u>

There were no contract liabilities as of December 31, 2020, 2019, or 2018.

**11. RETIREMENT PLAN**

The Organization provides all employees who have more than six months of service with a tax-sheltered annuity plan as described under Section 403(b) of the Internal Revenue Code. The Organization is required to contribute 5% (4% prior to July 1, 2019) of qualified salaries. Contributions by the Organization for 2020 and 2019 totaled approximately \$49,800 and \$26,400, respectively.

**12. CONCENTRATIONS, COMMITMENTS, AND CONTINGENCIES**

The Organization maintains its cash balances in several financial institutions. Balances in each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The balances, at times, may exceed the federally insured limit. Balances in excess of insured limits were approximately \$1,844,100 and \$465,700 as of December 31, 2020 and 2019, respectively.

SUSTAINABLE NORTHWEST  
NOTES TO FINANCIAL STATEMENTS, Continued  
December 31, 2020

12. CONCENTRATIONS, COMMITMENTS, AND CONTINGENCIES, Continued

Credit risk for contributions receivable is concentrated in that 87% of the total balance is from three organizations at December 31, 2020 (65% from three organizations at December 31, 2019). Revenues are also concentrated with 54% coming from one foundation in 2020 (21% from two foundations in 2019). In addition, substantially all of the balances are receivable from organizations and individuals located within the same geographic region.

The Organization entered into contractual agreements with contractors during 2020 to provide programmatic and website-related services. The commitment remaining under the contractual agreement is approximately \$67,500 as of December 31, 2020.

Amounts received or receivable from various contracting agencies are subject to audit and potential adjustment by the contracting agencies. Any disallowed claims, including amounts already collected, would become a liability of the Organization if so determined in the future. Management believes that no significant amounts received or receivable will be required to be returned in the future.

13. UNCERTAINTY – COVID 19

The Organization has been negatively impacted by the effects of the world-wide coronavirus pandemic. The Organization is closely monitoring its operations, liquidity, and capital resources and is actively working to minimize the current and future impact of this unprecedented situation. As of the date of issuance of these financial statements, the full impact to the Organization's financial position is not known.