WASHINGTON ENVIRONMENTAL COUNCIL
(A Washington Nonprofit Corporation)

Financial Statements for the
Year Ended December 31, 2018
(With Comparative Totals for 2017)
and Independent Auditor’s Report
WASHINGTON ENVIRONMENTAL COUNCIL
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For the Year Ended December 31, 2018

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INDEPENDENT AUDITOR’S REPORT

To the Board of Directors
Washington Environmental Council
Seattle, Washington

We have audited the accompanying financial statements of Washington Environmental Council (the Organization), a Washington nonprofit corporation, which comprise the statement of financial position as of December 31, 2018, 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 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 Washington Environmental Council as of December 31, 2018, 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

The financial statements as of and for the year ended December 31, 2017 were audited by Watson & McDonell, PLLC, whose practice became part of CliftonLarsonAllen LLP as of February 1, 2019 and whose report dated May 24, 2018 expressed an unmodified opinion on those statements. The 2017 summarized comparative information presented herein as of and for the year ended December 31, 2017 was subjected to the auditing procedures applied in the 2017 audit of the basic financial statements by Watson & McDonell, PLLC, whose report on such information stated that it was fairly stated in all material respects in relation to the 2017 financial statements as a whole.

CliftonLarsonAllen LLP

Bellevue, Washington
August 13, 2019
WASHINGTON ENVIRONMENTAL COUNCIL  
Statement of Financial Position  
December 31, 2018  
(With Comparative Totals for 2017)  

### ASSETS

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current assets:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$1,211,086</td>
<td>$1,039,519</td>
</tr>
<tr>
<td>Investments</td>
<td>571,599</td>
<td>586,105</td>
</tr>
<tr>
<td>Due from related party</td>
<td>-</td>
<td>2,960</td>
</tr>
<tr>
<td>Grants and contributions receivable</td>
<td>145,904</td>
<td>81,279</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>15,480</td>
<td>3,150</td>
</tr>
<tr>
<td>Total current assets</td>
<td>1,944,069</td>
<td>1,713,013</td>
</tr>
<tr>
<td>Property and equipment:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Office equipment, net of accumulated depreciation of</td>
<td></td>
<td></td>
</tr>
<tr>
<td>$77,756 and $64,347, respectively</td>
<td>15,048</td>
<td>14,932</td>
</tr>
<tr>
<td>Other assets:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Board-designated endowment funds</td>
<td>3,948,886</td>
<td>3,392,552</td>
</tr>
<tr>
<td>Security deposit</td>
<td>23,431</td>
<td>10,857</td>
</tr>
<tr>
<td>Total assets</td>
<td>$5,931,434</td>
<td>$5,131,354</td>
</tr>
</tbody>
</table>

### LIABILITIES AND NET ASSETS

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current liabilities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable</td>
<td>$239,687</td>
<td>$96,596</td>
</tr>
<tr>
<td>Due to related party</td>
<td>2,755</td>
<td>-</td>
</tr>
<tr>
<td>Accrued vacation</td>
<td>43,815</td>
<td>34,902</td>
</tr>
<tr>
<td>Total current liabilities</td>
<td>286,257</td>
<td>131,498</td>
</tr>
<tr>
<td>Long-term liabilities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deferred rent</td>
<td>75,298</td>
<td>8,391</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>361,555</td>
<td>139,889</td>
</tr>
<tr>
<td>Net assets:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net assets without donor restrictions:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Board designated endowment funds</td>
<td>3,948,886</td>
<td>3,392,552</td>
</tr>
<tr>
<td>Other net assets without donor restrictions</td>
<td>1,530,203</td>
<td>1,525,023</td>
</tr>
<tr>
<td>Total net assets without donor restrictions</td>
<td>5,479,089</td>
<td>4,917,575</td>
</tr>
<tr>
<td>Net assets with donor restrictions</td>
<td>90,790</td>
<td>73,890</td>
</tr>
<tr>
<td>Total net assets</td>
<td>5,569,879</td>
<td>4,991,465</td>
</tr>
<tr>
<td>Total liabilities and net assets</td>
<td>$5,931,434</td>
<td>$5,131,354</td>
</tr>
</tbody>
</table>

The accompanying notes should be read with these financial statements.
WASHINGTON ENVIRONMENTAL COUNCIL

Statement of Activities
For the Year Ended December 31, 2018
(With Comparative Totals for 2017)

<table>
<thead>
<tr>
<th></th>
<th>Net Assets Without Donor Restrictions</th>
<th>Net Assets With Donor Restrictions</th>
<th>2018 Total</th>
<th>2017 Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contributions</td>
<td>$ 1,915,079</td>
<td>$ 325,723</td>
<td>$ 2,240,802</td>
<td>$ 1,531,697</td>
</tr>
<tr>
<td>Grants</td>
<td>746,000</td>
<td>1,421,688</td>
<td>2,167,688</td>
<td>1,416,626</td>
</tr>
<tr>
<td>Workplace campaigns</td>
<td>21,707</td>
<td>-</td>
<td>21,707</td>
<td>23,818</td>
</tr>
<tr>
<td>Special event revenue, net of expenses of $85,976 and $100,647, respectively</td>
<td>(43,226)</td>
<td>-</td>
<td>(43,226)</td>
<td>(43,272)</td>
</tr>
<tr>
<td>Donated goods and services</td>
<td>69,367</td>
<td>-</td>
<td>69,367</td>
<td>64,768</td>
</tr>
<tr>
<td>Investment income (loss)</td>
<td>(149,230)</td>
<td>-</td>
<td>(149,230)</td>
<td>417,603</td>
</tr>
<tr>
<td>Other income</td>
<td>15,932</td>
<td>-</td>
<td>15,932</td>
<td>14,882</td>
</tr>
<tr>
<td>Net assets released from restriction</td>
<td>1,730,511</td>
<td>(1,730,511)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>4,306,140</td>
<td>16,900</td>
<td>4,323,040</td>
<td>3,426,122</td>
</tr>
<tr>
<td><strong>Expenses:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Program services</td>
<td>3,154,730</td>
<td>-</td>
<td>3,154,730</td>
<td>2,276,744</td>
</tr>
<tr>
<td>Management and administration</td>
<td>239,757</td>
<td>-</td>
<td>239,757</td>
<td>211,979</td>
</tr>
<tr>
<td>Fundraising and development</td>
<td>350,139</td>
<td>-</td>
<td>350,139</td>
<td>389,334</td>
</tr>
<tr>
<td>Total support services</td>
<td>589,896</td>
<td>-</td>
<td>589,896</td>
<td>601,313</td>
</tr>
<tr>
<td>Total expenses</td>
<td>3,744,626</td>
<td>-</td>
<td>3,744,626</td>
<td>2,878,057</td>
</tr>
<tr>
<td><strong>Change in net assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>561,514</td>
<td>16,900</td>
<td>578,414</td>
<td>548,065</td>
</tr>
<tr>
<td><strong>Net assets, beginning of year</strong></td>
<td>4,917,575</td>
<td>73,890</td>
<td>4,991,465</td>
<td>4,443,400</td>
</tr>
<tr>
<td><strong>Net assets, end of year</strong></td>
<td>$ 5,479,089</td>
<td>$ 90,790</td>
<td>$ 5,569,879</td>
<td>$ 4,991,465</td>
</tr>
</tbody>
</table>

The accompanying notes should be read with these financial statements.
## WASHINGTON ENVIRONMENTAL COUNCIL
### Statement of Functional Expenses
#### For the Year Ended December 31, 2018
(With Comparative Totals for 2017)

<table>
<thead>
<tr>
<th>Evergreen</th>
<th>Voter</th>
<th>Climate &amp; Clean Energy</th>
<th>Puget Sound</th>
<th>Oil Program</th>
<th>Transportation</th>
<th>Total Services</th>
<th>Management &amp; Administration</th>
<th>Fundraising &amp; Development</th>
<th>Support Services</th>
<th>Total 2018</th>
<th>Total 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries and wages</td>
<td>$297,524</td>
<td>$185,279</td>
<td>$243,982</td>
<td>$290,815</td>
<td>$1,208,195</td>
<td>$123,218</td>
<td>$204,895</td>
<td>$328,113</td>
<td>$1,536,308</td>
<td>$1,424,010</td>
<td></td>
</tr>
<tr>
<td>Employee benefits</td>
<td>$36,561</td>
<td>$25,252</td>
<td>$32,565</td>
<td>$24,303</td>
<td>$151,832</td>
<td>$12,863</td>
<td>$23,702</td>
<td>$36,565</td>
<td>$188,397</td>
<td>$157,112</td>
<td></td>
</tr>
<tr>
<td>Payroll taxes</td>
<td>$25,304</td>
<td>$14,957</td>
<td>$19,527</td>
<td>$23,851</td>
<td>$99,556</td>
<td>$9,387</td>
<td>$14,671</td>
<td>$24,058</td>
<td>$123,614</td>
<td>$116,081</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>$359,389</td>
<td>$225,488</td>
<td>$296,074</td>
<td>$347,817</td>
<td>$1,459,583</td>
<td>$145,468</td>
<td>$243,268</td>
<td>$388,736</td>
<td>$1,848,319</td>
<td>$1,697,203</td>
<td></td>
</tr>
</tbody>
</table>

**Legal and professional services**
- Total: $150,072

**Special events**
- Total: $150,072

**Occupancy**
- Total: $75,951

**Communications**
- Total: $4,669

**Equipment and software**
- Total: $11,270

**Insurance**
- Total: $721

**Office supplies**
- Total: $1,285

**Postage and delivery**
- Total: $835

**Travel**
- Total: $16,057

**Training**
- Total: $1,167

**Printing and publishing**
- Total: $5,393

**Miscellaneous**
- Total: $1,990

**Meetings and conferences**
- Total: $28,467

**Membership dues and fees**
- Total: $952

**Depreciation**
- Total: $13,409

**Total expense before donated legal services**
- Total: $664,649

- **Less: expenses included with revenue on the statement of activities**
- Total: $10,613

- **Total expenses included in the expense section of the statement of activities**
- Total: $664,649

The accompanying notes should be read with these financial statements.
WASHINGTON ENVIRONMENTAL COUNCIL  
Statement of Cash Flows  
For the Year Ended December 31, 2018  
(With Comparative Totals for 2017)

<table>
<thead>
<tr>
<th>Description</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CASH FLOWS FROM OPERATING ACTIVITIES:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Change in net assets</td>
<td>$ 578,414</td>
<td>$ 548,065</td>
</tr>
<tr>
<td>Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>13,409</td>
<td>10,613</td>
</tr>
<tr>
<td>Realized and unrealized (income) losses on investments, net</td>
<td>214,579</td>
<td>(320,582)</td>
</tr>
<tr>
<td>Decrease (increase) in operating assets:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Due from related party</td>
<td>2,960</td>
<td>(2,960)</td>
</tr>
<tr>
<td>Grants and contributions receivable</td>
<td>(64,625)</td>
<td>109,719</td>
</tr>
<tr>
<td>Prepaid expense</td>
<td>(12,330)</td>
<td>(3,150)</td>
</tr>
<tr>
<td>Security deposit</td>
<td>(12,574)</td>
<td>-</td>
</tr>
<tr>
<td>Increase (decrease) in operating liabilities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable</td>
<td>143,091</td>
<td>28,061</td>
</tr>
<tr>
<td>Due to related party</td>
<td>2,755</td>
<td>(17,565)</td>
</tr>
<tr>
<td>Accrued vacation payable</td>
<td>8,913</td>
<td>2,560</td>
</tr>
<tr>
<td>Deferred rent</td>
<td>66,907</td>
<td>(9,352)</td>
</tr>
<tr>
<td>Net cash provided by (used in) operating activities</td>
<td>941,499</td>
<td>345,409</td>
</tr>
</tbody>
</table>

| **CASH FLOWS FROM INVESTING ACTIVITIES:**                                |          |          |
| Proceeds from sale of investments                                         | 261,619  | 224,964  |
| Purchase of investments and reinvested interest and dividends             | (1,018,026)| (385,467)|
| Purchase of equipment                                                     | (13,525) | (18,437) |
| Net cash used for investing activities                                    | (769,932)| (178,940)|
| Net increase (decrease) in cash and cash equivalents                      | 171,567  | 166,469  |
| Cash and cash equivalents, beginning of year                              | 1,039,519| 873,050  |
| Cash and cash equivalents, end of year                                    | $1,211,086| $1,039,519|

The accompanying notes should be read with these financial statements.
NOTE 1 - NATURE OF THE ORGANIZATION

Washington Environmental Council (the Organization) is a nonprofit corporation founded in January 1968 to increase public understanding and awareness of the impact of modern society on the environment; encourage the protection and restoration of our natural and historical heritage; to encourage comprehensive land use planning; protect the public interest in public lands and resources including air, land and water.

Washington Environmental Council uses policy analysis, public education and outreach, legal action and legislative advocacy to advance environmental protection in Washington State. In 2018 the Organization focused on the following efforts:

Climate and Clean Energy
The Climate and Clean Energy program works to advance state policy to reduce greenhouse gas emissions by setting scientifically based, effective, and equitable limits, pricing climate pollution and implementing other carbon reducing policies.

Fossil Fuel
The goal of the Fossil Fuel program is to stop new fossil fuel infrastructure from being built, strengthen oil spill prevention and protections and over time to transition away from fossil fuels.

Civic Engagement and Government Affairs
The goal of the Civic Engagement & Government Affairs program seeks to increase civic participation through grassroots organizing, increased voting access, and engagement with state and local decision-makers. We invest in research and experimentation to learn how to engage more people in the voting process and our work more broadly. We also engage directly with elected officials, providing resources and guidance for both newly elected and seasoned lawmakers to be more effective environmental champions.

Evergreen Forests
The Evergreen Forests program works to ensure Washington has a strong regulatory and policy framework that guides the responsible management of state and private forests. Through the Growing Our Future campaign, the Organization is working to improve the management of Washington's private forests by providing landowners with financial incentives for approaches that better protect clean water, habitat, and mitigate climate pollution. This program is an exciting intersection of the Organization's climate campaign, clean water work, and longtime commitment to forest protection.
NOTE 1 - NATURE OF THE ORGANIZATION, CONTINUED

People for Puget Sound
The Puget Sound program protects and restores clean water and healthy habitat for people and wildlife throughout the region. We push for stronger protections at all levels of government using a variety of tools, from regulatory to incentives.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial statement presentation
The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions.

Fair value and fair value measurements
The Organization measures its investments and board-designated endowment funds at fair value on a recurring basis. A fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels that are ranked to indicate the quality and reliability of the resulting fair value measure: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority. Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs are unobservable inputs for the asset and include situations where there is little, if any, market activity for the investment. The Organization uses appropriate valuation techniques, based on the available inputs to measure the fair value of its investments. When available, the Organization measures fair value using Level 1 inputs, because they generally provide the most reliable evidence of fair value. Level 3 inputs are only used when Level 1 or Level 2 inputs are not available. During the year ended December 31, 2018, the investments and board-designated endowment funds have been stated using Level 1 inputs.

Grants and contributions receivable
Grants and contributions receivable consist of unconditional promises to give. Conditional grants and contributions are recognized only when the conditions on which they depend are substantially met and the pledge becomes unconditional. Management has deemed all grants and contributions to be collectible. Grants and contributions receivable at December 31, 2018, are expected to be realized within one year.

Fixed assets and depreciation
Furniture and equipment are recorded at cost. Acquisitions of property and equipment in excess of $1,000 are capitalized. Depreciation is calculated using the straight-line method over the estimated useful lives of three to five years.
NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Cost allocation and functional expense
Certain categories of expenses are attributable to more than one program or supporting function and are allocated based on a formula that is consistently applied throughout the year. The expenses that are allocated thus are compensation and benefits, which are allocated on the staff estimates of time and effort; rent, supplies, phone costs, all of which are allocated based on percentages of usage based on the aforementioned staff estimates of time and effort.

Donor restricted and unrestricted revenue and support
Contributions that are restricted by the donor are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Federal income tax
The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(vi) and has been classified as an organization that is not a private foundation under Section 509(a)(1). The Organization’s income tax filings are subject to examination by various taxing authorities.

Use of estimates
The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

New Accounting Pronouncements – ASU 2016-14
During the year ended December 31, 2018, the Organization adopted a provision of Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, Presentation of the Financial Statements for Not-For-Profit Entities. This new accounting standard results in a reduction of three classes of net assets (unrestricted, temporarily restricted, and permanently restricted) to two (net assets with donor restrictions and net assets without donor restrictions), expands reporting of expenses by nature and function, and requires qualitative and quantitative disclosures about the Organization’s liquidity and availability. The adoption of this accounting standard did not have an impact on the Organization’s financial position or changes in its net assets.
NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Comparative financial information
The 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 accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization’s financial statements for the year ended December 31, 2017, from which the summarized information was derived.

Reclassifications
Certain reclassifications were made to the prior year financial statements to conform to the current year presentation.

NOTE 3 - CASH AND CASH EQUIVALENTS

For the purpose of the statement of cash flows, the Organization considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

At times, cash deposits, including amounts held in reserves, exceed the federally insured limits of the financial institution and expose the Organization to credit risk. At December 31, 2018, the Organization’s deposits were $1,615,187 over the federally-insured limits. The Organization has not experienced any losses in such accounts. The Organization believes it is not exposed to any significant credit risk on cash and cash equivalents.

NOTE 4 - INVESTMENTS AND BOARD DESIGNATED ENDOWMENT FUNDS

At December 31, 2018, investments and board designated endowment funds consisted of the following:

<table>
<thead>
<tr>
<th>Investments</th>
<th>Board Designated Endowments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash $37,449</td>
<td>$847,804</td>
</tr>
<tr>
<td>Mutual funds 534,150</td>
<td>927,689</td>
</tr>
<tr>
<td>Bonds and fixed income funds</td>
<td>1,090,478</td>
</tr>
<tr>
<td>Stocks</td>
<td>1,082,915</td>
</tr>
<tr>
<td><strong>Total</strong> $571,599</td>
<td><strong>Total</strong> $3,948,886</td>
</tr>
</tbody>
</table>
NOTE 4 - INVESTMENTS AND BOARD DESIGNATED ENDOWMENT FUNDS, CONTINUED

Investment income (loss) consisted of the following during the year ended December 31, 2018:

<table>
<thead>
<tr>
<th>Dividends and interest</th>
<th>Board Designated Investments</th>
<th>Endowments</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$ 15,717</td>
<td>$ 94,510</td>
<td>$ 110,227</td>
</tr>
<tr>
<td>Realized and unrealized gains (losses)</td>
<td>(13,328)</td>
<td>(201,251)</td>
<td>(214,579)</td>
</tr>
<tr>
<td></td>
<td>$ 2,389</td>
<td>(106,741)</td>
<td>(104,352)</td>
</tr>
</tbody>
</table>

NOTE 5 - NET ASSETS WITH DONOR RESTRICTIONS

At December 31, 2018, net assets with donor restrictions consisted of the following:

Net assets restricted only for use in future periods: $ 17,500

Net assets restricted for use in future periods for specific programs:
- Puget Sound: 15,540
- Voter education: 40,250
- Coal and oil programs: 17,500

Total: $ 90,790

NOTE 6 - LINE OF CREDIT

During 2018, the Organization had an unused $200,000 line of credit with a bank. Borrowings on the line of credit bear variable interest at the U.S. prime rate plus 0.75%. The line of credit expired July 15, 2018 and was not renewed.

NOTE 7 - BOARD DESIGNATED ENDOWMENT FUNDS

The Organization’s Board of Directors maintains a policy to designate amounts of net assets for without donor restrictions for specified purposes.
NOTE 7 - BOARD DESIGNATED ENDOWMENT FUNDS, CONTINUED

The Vim Wright Fund (VWF) is intended to protect and nurture Washington’s environmental health through communication among stakeholders, research, internships, and recognition of outstanding environmental accomplishment with the “VIM Award.” The governing document states that the balance shall be at least $35,000 at all times, that no more than 10% of the fund’s total balance may be appropriated in a given year, and that VIM Awards are to be made by the board of the Organization based on the recommendations of the VIM Advisory Committee. The assets are invested with the goal of preserving the fund’s minimum funding requirements.

The Board Restricted Fund (BRF) is a general endowment established to provide funding to further the Organization’s objectives. The governing document establishes an Investment Committee to monitor the fund’s investment activity. The investment policy is focused on preservation of capital and risk aversion. The Investment Committee has set an annual spending limit of 5% of the fund’s portfolio value.

Activity in the board designated endowment funds during 2018 was as follows:

<table>
<thead>
<tr>
<th></th>
<th>VWF</th>
<th>BRF</th>
<th>Board-Designated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance, December 31, 2017</td>
<td>$52,067</td>
<td>$3,340,485</td>
<td>$3,392,552</td>
</tr>
<tr>
<td>Additions</td>
<td>809,034</td>
<td>809,034</td>
<td></td>
</tr>
<tr>
<td>Appropriated and expended</td>
<td>(100,000)</td>
<td>(100,000)</td>
<td></td>
</tr>
<tr>
<td>Fees</td>
<td>(45,959)</td>
<td>(45,959)</td>
<td></td>
</tr>
<tr>
<td>Dividends and interest</td>
<td>1,776</td>
<td>92,734</td>
<td>94,510</td>
</tr>
<tr>
<td>Realized and unrealized gains (losses)</td>
<td>(5,404)</td>
<td>(195,847)</td>
<td>(201,251)</td>
</tr>
<tr>
<td>Balance, December 31, 2018</td>
<td>$48,439</td>
<td>$3,900,447</td>
<td>$3,948,886</td>
</tr>
</tbody>
</table>

NOTE 8 - IN-KIND CONTRIBUTIONS

Contributed services are recognized at fair value if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair value when received. In-kind contributions for legal services of $69,367 were recognized in 2018.
NOTE 9 - RELATED PARTY TRANSACTIONS

The Organization has entered into an agreement with Washington Conservation Voters (WCV) to share management, personnel, office space, supplies, utilities and other resources. Under the terms of the agreement, both agencies charge each other for costs incurred under the agreement. During the year ended December 31, 2018, the Organization received reimbursement of approximately $278,000 for costs incurred on behalf of WCV. In addition, the Organization paid approximately $272,000 to WCV for costs incurred on behalf of the Organization. At December 31, 2018, the Organization had a net payable to WCV of $2,755.

NOTE 10 - OPERATING LEASE

The Organization leases office space under a non-cancellable operating lease expiring in August 2026. Rent expense under this lease was $168,448 in 2018. The Organization has recorded a deferred rent liability to reflect the difference between scheduled rent payments and straight-line rent expense. Future minimum payments under this lease are as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Rent Liability</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>$ 184,946</td>
</tr>
<tr>
<td>2020</td>
<td>227,260</td>
</tr>
<tr>
<td>2021</td>
<td>232,966</td>
</tr>
<tr>
<td>2022</td>
<td>238,671</td>
</tr>
<tr>
<td>2023</td>
<td>244,376</td>
</tr>
<tr>
<td>Thereafter</td>
<td>678,928</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$ 1,807,147</strong></td>
</tr>
</tbody>
</table>

NOTE 11 - LIQUIDITY AND AVAILABILITY

The following table reflects the Organization’s financial assets as of December 31, 2018, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of contractual restrictions or internal board designations. Amounts not available include the VWF and BRF board-designated endowment funds more fully described in Note 7. All of the investments are highly liquid and can be readily converted to cash if needed. In the event the need arises to utilize the board-designated funds for liquidity purposes, the VWF and BRF funds could be drawn upon through board resolution.
NOTE 11 - LIQUIDITY AND AVAILABILITY, CONTINUED

Amounts not available to meet general expenditures within one year also may include net assets with donor restrictions.

<table>
<thead>
<tr>
<th></th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$ 1,211,086</td>
</tr>
<tr>
<td>Investments</td>
<td>571,599</td>
</tr>
<tr>
<td>Grants and contributions receivable</td>
<td>145,904</td>
</tr>
<tr>
<td>Total financial assets</td>
<td>$ 1,928,589</td>
</tr>
</tbody>
</table>

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing activities of education, outreach, advocacy, and legal action as well as the conduct of services undertaken to support those activities to be general expenditures.

In addition to financial assets available to meet general expenditures over the next 12 months, the Organization operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources. Refer to the statement of cash flows which identifies the sources and uses of the Organization’s cash and shows positive cash generated by operations for 2018.

NOTE 12 - RETIREMENT PLAN

The Organization has established a qualified defined-contribution 401K plan and trust covering all eligible employees. The Organization matches employees’ voluntary contributions up to 3% of gross salary. The Organization may also make additional contributions at its discretion.

Employer discretionary and matching contributions are immediately vested. The Organization’s contribution to the plan totaled $37,766 in 2018.

NOTE 13 - SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through August 13, 2019, which is the date the financial statements were available to be issued, and has determined that there are no material subsequent events that require recognition or additional disclosure.