

PACIFIC NORTHWEST POLLUTION PREVENTION RESOURCE CENTER

Financial Statements

December 31, 2021

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Amanda O'Rourke, CPA
Matt Smith, CPA
Claire Chow, CPA
Jason Mallon, CPA



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Pacific Northwest Pollution Prevention
Resource Center
Seattle, Washington

Opinion

We have audited the accompanying financial statements of Pacific Northwest Pollution Prevention Resource Center (PPRC, a nonprofit organization), which comprise the statement of financial position as of December 31, 2021 and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of PPRC as of December 31, 2021 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of PPRC and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about PPRC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

Amanda O'Rourke, CPA
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In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 PPRC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about PPRC's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Greenwood Ohlund

Seattle, Washington
April 14, 2022

PACIFIC NORTHWEST POLLUTION PREVENTION RESOURCE CENTER

STATEMENT OF FINANCIAL POSITION

December 31, 2021

ASSETS

Current Assets

Cash and cash equivalents	\$	226,960
Government grants receivable		69,144
Prepaid expenses and other assets		9,443

Total assets \$ 305,547

LIABILITIES AND NET ASSETS

Current Liabilities

Accounts payable	\$	4,638
Accrued payroll liabilities		21,111
Deferred revenue		18,006

Total liabilities 43,755

Net Assets without Donor Restrictions 261,792

Total liabilities and net assets \$ 305,547

See accompanying notes to financial statements.

PACIFIC NORTHWEST POLLUTION PREVENTION RESOURCE CENTER

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2021

Support and Revenue	
Government grants	\$ 807,580
Program services	50,463
Interest income	137
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Total support and revenue	858,180
Expenses	
Program services	511,775
Management and general	123,317
Fundraising	16,605
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Total expenses	651,697
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Change in net assets	206,483
Net Assets without Donor Restrictions, beginning of year	55,309
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Net Assets without Donor Restrictions, end of year	<u>\$ 261,792</u>

See accompanying notes to financial statements.

PACIFIC NORTHWEST POLLUTION PREVENTION RESOURCE CENTER

STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2021

	Program Services	Management and General	Fundraising	Total
Salaries, payroll taxes, and benefits	\$ 395,490	\$ 92,805	\$ 16,605	\$ 504,900
Professional Fees	46,477	-	-	46,477
Training and travel	30,551	-	-	30,551
Occupancy	17,363	3,721	-	21,084
Information technology	6,464	10,406	-	16,870
Supplies	10,891	-	-	10,891
Insurance	-	5,896	-	5,896
Conference and outreach	4,539	-	-	4,539
Data processing	-	4,253	-	4,253
Office expenses	-	4,151	-	4,151
Miscellaneous	-	2,085	-	2,085
	<u>\$ 511,775</u>	<u>\$ 123,317</u>	<u>\$ 16,605</u>	<u>\$ 651,697</u>

See accompanying notes to financial statements.

PACIFIC NORTHWEST POLLUTION PREVENTION RESOURCE CENTER

STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2021

Cash Flows from Operating Activities	
Change in net assets	\$ 206,483
Adjustments to reconcile change in net assets to net cash flows for operating activities:	
Forgiveness of Paycheck Protection Program loan	(72,049)
Changes in operating assets and liabilities:	
Government grants receivable	(7,087)
Prepaid expenses and other assets	564
Accounts payable	(8,209)
Accrued payroll liabilities	736
Deferred revenue	<u>(12,240)</u>
Net cash flows from operating activities and change in cash and cash equivalents	108,198
Cash and Cash Equivalents, beginning of the year	<u>118,762</u>
Cash and Cash Equivalents, end of the year	<u>\$ 226,960</u>

See accompanying notes to financial statements.

PACIFIC NORTHWEST POLLUTION PREVENTION RESOURCE CENTER

NOTES TO FINANCIAL STATEMENTS

Note 1 – Organization and Summary of Significant Accounting Policies

Pacific Northwest Pollution Prevention Resource Center (PPRC) is a Washington nonprofit corporation that provides the northwest's decision makers in business and other sectors with high quality, unbiased pollution prevention information to help them integrate pollution prevention into their operations.

Financial Statement Presentation

The financial statements have been prepared on the accrual basis of accounting and have been prepared to present balances and transactions according to the existence or absence of donor-imposed restrictions. Accordingly, the net assets of PPRC are reported in each of the following two classes: without donor restrictions and with donor restrictions. Net assets without donor restrictions are not subject to donor-imposed stipulations. PPRC does not have net assets with donor restrictions and therefore this classification of net assets is not presented.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from the estimated amounts.

Cash and Cash Equivalents

Cash and cash equivalents are defined as any short term, highly liquid instruments with original maturities of three months or less. At times, PPRC maintains amounts in banks in excess of the federally insured limits.

Government Grants Receivable

Government grants receivable are expected to be collected in one year and are recorded at net realizable value. Receivables are shown net of any allowance for uncollectible accounts. An allowance for uncollectible accounts is estimated based on management's periodic evaluation of PPRC's past loss experience, and management's analysis of specific amounts due. Management determined that no allowance against government grants receivable was necessary at December 31, 2021. At December 31, 2021, 34% of outstanding government grants receivable are due from one government agency.

Revenue Recognition

Revenue from government grants is recorded when conditions are met. Government grants received in advance of the conditions met are deferred (a liability) until the conditions are met. Revenue from government agencies is subject to audit, which could result in adjustments to revenue. The adjustments are recorded at the time that such amounts can be first reasonably determined, normally upon notification by the government agency. During the year ended December 31, 2021, no such adjustments were made.

PACIFIC NORTHWEST POLLUTION PREVENTION RESOURCE CENTER

NOTES TO FINANCIAL STATEMENTS

Conditional promises to give – that is, those with a measurable performance or barrier and a right of return – are not recognized until the conditions on which they depend have been met. PPRC had approximately \$430,000 in conditional government grants, of which it was notified during the year ended December 31, 2021. The promises were conditional upon PPRC achieving certain goals related to specific programs run by PPRC. Due to the uncertainty regarding meeting the conditions, revenue was not recognized for these government grants as of December 31, 2021.

During the year ended December 31, 2020, PPRC received a Paycheck Protection Program loan from the Small Business Administration (SBA) of \$72,049. This loan included forgivable conditions which were met during the year ended December 31, 2021 and, therefore, the loan was recognized to government grant revenue.

Other than those from the SBA above, government grants from two agencies represented 60% of total support and revenue during the year ended December 31, 2021.

PPRC recognizes program service fees based on agreed-upon fixed rates as the customer is simultaneously receiving and consuming the benefits which PPRC performs. Customers are generally billed after services are performed, and payment terms are 30 days from the date the services are invoiced. Payments received in advance of the performance obligations met are recognized as deferred revenue. PPRC had deferred revenue of \$30,246 at December 31, 2020, of which, \$12,240 was recognized to revenue during the year ended December 31, 2021. There are no significant judgments affecting the determination of amount and timing of program service fees.

Income Taxes

PPRC is exempt from income taxes under Internal Revenue Code Section 501(c)(3).

Functional Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Certain expenses are attributed to more than one program or supporting function. Accordingly, certain costs have been allocated among the programs and supporting services benefitted. The expenses that are allocated include occupancy, which is allocated based on estimated use of space, and salaries, payroll taxes, and benefits, which are allocated on the basis of estimates of time and effort.

Subsequent Events

PPRC has evaluated subsequent events through the date these financial statements were available to be issued, which was April 14, 2022.

PACIFIC NORTHWEST POLLUTION PREVENTION RESOURCE CENTER

NOTES TO FINANCIAL STATEMENTS

Note 2 – Liquidity and Availability of Resources

PPRC strives to maintain liquid financial assets sufficient to cover 90 days of general expenditures. Financial assets in excess of daily cash requirements are held in cash and cash equivalents. Financial assets available for general expenditures within one year totaled \$296,104 at December 31, 2021, consisting of cash and cash equivalents of \$226,960 and government grants receivable of \$69,144.

Note 3 – Lease Commitment

PPRC leases its office space under an operating lease agreement through December 31, 2022. Rent expense under this lease was \$21,084 for the year ended December 31, 2021. Future minimum payments required under this lease are \$20,928 for the year ending December 31, 2022.