

ONE / NORTHWEST

**FINANCIAL STATEMENTS WITH
INDEPENDENT AUDITORS' REPORT**

DECEMBER 31, 2008 AND 2007



INDEPENDENT AUDITORS' REPORT

To the Board of Directors
ONE/Northwest
Seattle, Washington

We have audited the accompanying statements of financial position of ONE/Northwest (the Organization) as of December 31, 2008 and 2007, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 audits provide 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 ONE/Northwest as of December 31, 2008 and 2007, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

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April 3, 2009

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ONE/NORTHWEST
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2008 AND 2007

	2008	2007
ASSETS		
Cash and cash equivalents	\$ 721,610	\$ 631,398
Accounts receivable	78,616	33,707
Pledges receivable, current portion	65,568	178,600
Prepaid expenses	20,691	10,179
Funds advanced to Canadian affiliate	-	7,403
Total current assets	886,485	861,287
Pledges receivable, net	-	45,757
Property and equipment, net	10,465	18,868
Prepaid rental deposit	3,872	3,872
	\$ 900,822	\$ 929,784
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 11,795	\$ 3,345
Accrued vacation	23,723	17,699
Deferred revenue	1,787	1,787
Total current liabilities	37,305	22,831
NET ASSETS		
Unrestricted	603,977	525,513
Temporarily restricted	259,540	381,440
	863,517	906,953
	\$ 900,822	\$ 929,784

**ONE/NORTHWEST
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2008**

	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE			
Foundation grants	\$ 182,243	\$ 209,000	\$ 391,243
Contributions	375,447	15,568	391,015
Fee for service	772,414	-	772,414
Interest income	11,014	-	11,014
Other income	25,121	-	25,121
	<u>1,366,239</u>	<u>224,568</u>	<u>1,590,807</u>
Net assets released from restrictions			
Satisfaction of program restriction	346,468	(346,468)	-
	<u>346,468</u>	<u>(346,468)</u>	<u>-</u>
Total support and revenue	<u>1,712,707</u>	<u>(121,900)</u>	<u>1,590,807</u>
OPERATING EXPENSES			
Program	1,364,264	-	1,364,264
Management and general	133,503	-	133,503
Fund development	136,476	-	136,476
Total operating expenses	<u>1,634,243</u>	<u>-</u>	<u>1,634,243</u>
CHANGE IN NET ASSETS	78,464	(121,900)	(43,436)
NET ASSETS			
Beginning of the year	525,513	381,440	906,953
Reclassification of restricted pledge	100,000	(100,000)	-
End of the year	<u>\$ 703,977</u>	<u>\$ 159,540</u>	<u>\$ 863,517</u>

**ONE/NORTHWEST
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2007**

	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE			
Foundation grants	\$ 138,209	\$ 282,500	\$ 420,709
Contributions	371,200	11,713	382,913
Fee for service	471,001	-	471,001
Interest income	11,748	-	11,748
Other income	14,434	-	14,434
	<u>1,006,592</u>	<u>294,213</u>	<u>1,300,805</u>
Net assets released from restrictions			
Satisfaction of program restriction	280,594	(280,594)	-
	<u>280,594</u>	<u>(280,594)</u>	<u>-</u>
Total support and revenue	<u>1,287,186</u>	<u>13,619</u>	<u>1,300,805</u>
OPERATING EXPENSES			
Program	982,142	-	982,142
Management and general	114,201	-	114,201
Fund development	143,122	-	143,122
Total operating expenses	<u>1,239,465</u>	<u>-</u>	<u>1,239,465</u>
CHANGE IN NET ASSETS	47,721	13,619	61,340
NET ASSETS			
Beginning of the year	477,792	367,821	845,613
End of the year	<u>\$ 525,513</u>	<u>\$ 381,440</u>	<u>\$ 906,953</u>

**ONE/NORTHWEST
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED DECEMBER 31, 2008 AND 2007**

Expenses for the year ended December 31, 2008:

	Program Services	Support Services			Total
		Management and General	Fund-raising & Development	Total	
Salaries and benefits	\$ 1,036,062	72,823.95	\$ 114,859	\$ 187,683	\$ 1,223,745
Employee support	5,697	-	175	175	5,872
Professional services	182,898	29,601	4,489	34,090	216,988
Supplies	19,689	12,114	6,805	18,919	38,608
Travel	11,694	714	-	714	12,408
Occupancy	91,933	12,719	8,968	21,687	113,620
Depreciation	8,455	825	1,170	1,995	10,450
Other Expenses	7,836	4,706	10	4,716	12,552
	<u>\$ 1,364,264</u>	<u>\$ 133,503</u>	<u>\$ 136,476</u>	<u>\$ 269,979</u>	<u>\$ 1,634,243</u>

Expenses for the year ended December 31, 2007:

	Program Services	Support Services			Total
		Management and General	Fund-raising & Development	Total	
Salaries and benefits	\$ 714,938	65,147	\$ 122,782	\$ 187,929	\$ 902,867
Employee support	7,762	740	110	850	8,612
Professional services	147,603	22,564	4,079	26,643	174,246
Supplies	5,889	6,710	4,648	11,358	17,247
Travel	10,028	298	-	298	10,326
Occupancy	86,549	10,551	11,483	22,034	108,583
Depreciation	851	7,085	-	7,085	7,936
Other Expenses	8,522	1,106	20	1,126	9,648
	<u>\$ 982,142</u>	<u>\$ 114,201</u>	<u>\$ 143,122</u>	<u>\$ 257,323</u>	<u>\$ 1,239,465</u>

**ONE/NORTHWEST
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2008 AND 2007**

	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from contributions, grants and fees	\$ 1,475,294	\$ 1,141,968
Cash received from interest income and other	36,135	26,182
Cash paid to employees and suppliers	(1,419,170)	(1,071,630)
	92,259	96,520
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(2,047)	(4,829)
	(2,047)	(4,829)
 NET CHANGE IN CASH AND CASH EQUIVALENTS	 90,212	 91,691
CASH AND CASH EQUIVALENTS		
Beginning of the year	631,398	539,707
End of the year	\$ 721,610	\$ 631,398

ONE/NORTHWEST
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007

Note 1 –Nature of Activities and Summary of Significant Accounting Policies

Nature of Activities – ONE/Northwest (the Organization) is a not-for-profit resource organization established in 1995 in Seattle, Washington. The Organization works to innovate and develop new strategies and solutions which effectively use technology as a catalyst to strengthen and unify the conservation community.

The Organization’s primary efforts for 2008 were focused on the following programs:

- **Online Communications:** ONE/Northwest uses Plone, an open-source content management system, to deliver professionally designed, easy-to-use websites that allow organizations to effectively communicate their messages and engage the public.
- **Email Newsletters:** ONE/Northwest provides design, implementation and training for environmental organization on how to get the most out of email action alerts and newsletters.
- **Database Implementation:** ONE/Northwest builds highly customized databases that help groups manage their most important relationships: with donors, with constituents and with decision-makers.
- **Email list hosting:** ONE/Northwest hosts nearly 1,250 lists serving approximately 195,000 unique subscribers. These lists are hosted in Sympa, an open-source email list management software, and are available free of cost to community activists and organizations throughout our service region.

Basis of Accounting and Presentation – The financial statements of the Organization have been prepared on the accrual basis of accounting and reports information regarding its financial position and activities according to three classes of net assets, depending on the existence and nature of donor restrictions: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. The Organization had no permanently restricted net assets at December 31, 2008 or 2007.

Cash and Cash Equivalents – For purposes of the statements of cash flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents. At times, cash and cash equivalents may exceed federally insured limits.

Pledges Receivable – Pledges receivable are unconditional promises to give that are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of benefits received. Pledges due in future years are discounted at 3%.

Property and Equipment – Property and equipment is carried at cost. Depreciation is computed using the straight-line method over a period of 3 to 5 years. The Organization follows a policy whereby they capitalize purchases of property and equipment over a specified threshold and provide future benefits over a period longer than one year.

ONE/NORTHWEST
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007

Note 1 –Nature of Activities and Summary of Significant Accounting Policies (continued)

Revenue Recognition – Contributions and grants are recorded as increases in unrestricted or temporarily restricted net assets, depending on the existence and/or nature of donor or grantor restrictions. When a restriction expires, that is when a purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Accounting principles allow the Organization to treat as unrestricted any restricted revenue where the restrictions are met in the same year. The Organization has elected to follow that reporting method. As a result, all activities in which the restrictions have been fully met in the same year as the contribution are recorded in the unrestricted net asset class. Activities in which all restrictions have not been met by the end of the year are included in the temporarily restricted net asset class.

Donated Goods – Donations of goods include materials, equipment, and software and are recorded as revenue at the estimated fair value at the date of donation. Donated goods received during the years ended December 31, 2008 and 2007, are \$910 and \$39,518, respectively.

Donated Facilities – Donated facilities includes office space in Oregon and is recorded as revenue at the estimated fair value at the date of donation. Donated facilities received during the years ended December 31, 2008 and 2007, are \$13,560 and \$12,638, respectively.

Donated Services – Donated services are recognized as revenue and corresponding expense when (a) the services received create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Donated services received during the years ended December 31, 2008 and 2007, are \$178,788 and \$111,519, respectively.

Volunteers also provide valuable services throughout the years that are not recognized as contributions in the financial statements since the recognition criteria were not met.

Expense Allocation – The costs of providing various programs and other activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Reclassification - During the current year management determined that a classification error was made for the previous year ended December 31, 2007. Management discovered that temporarily restricted net assets were overstated by \$100,000 also resulting in a corresponding understatement of unrestricted net assets. Accordingly, temporarily restricted and unrestricted net assets were reclassified to reflect the correct balances as of December 31, 2007.

Estimates – Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

ONE/NORTHWEST
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007

Note 1 –Nature of Activities and Summary of Significant Accounting Policies (continued)

Income Tax Status – The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(vi) and has been classified as an organization other than a private foundation under Section 509(a)(1).

Note 2 – Cash Flow Information

The following reconciles the change in net assets to net cash provided by operating activities for the years ended December 31:

	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (43,436)	\$ 61,340
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	10,450	7,936
Loss on disposal of property	-	655
Change in:		
Accounts receivable	(44,909)	36,703
Pledges receivable	158,789	(7,470)
Prepaid expenses	(10,512)	5,008
Funds advanced to Canadian affiliate	7,403	(2,084)
Prepaid rental deposit	-	-
Accounts payable	8,450	(5,952)
Accrued vacation	6,024	(1,403)
Deferred revenue	-	1,787
	\$ 92,259	\$ 96,520

Note 3 –Pledges Receivable

Pledges receivable are as follows at December 31:

	2008	2007
Receivable in one year or less	\$ 65,568	\$ 178,600
Receivable in one to five years	-	50,000
	65,568	228,600
Less discounts to net present value	-	(4,243)
	\$ 65,568	\$ 224,357

ONE/NORTHWEST
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007

Note 4 – Property and Equipment

Property and equipment consists of the following for the years ended December 31:

	2008	2007
Furniture	\$ -	\$ 1,377
Office equipment	8,557	11,890
Computers	25,903	67,003
Leasehold improvements	4,855	4,855
	<u>39,315</u>	<u>85,125</u>
Less accumulated depreciation	(28,850)	(66,257)
	<u>\$ 10,465</u>	<u>\$ 18,868</u>

Note 5 – Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following programs:

	2008	2007
Board development	\$ -	\$ 2,250
British Columbia	-	17,320
Database consulting	2,435	-
Engagement Consulting	77,044	25,000
Equipment	5,000	4,206
Other	-	4,100
Wilderness	9,493	99,964
Time (pledges outstanding)	65,568	228,600
	<u>\$ 159,540</u>	<u>\$ 381,440</u>

Note 6 – Lease Obligation

The Organization has a noncancelable operating lease for the rental of its Seattle office space. The following is a schedule by years of future minimum rentals under this lease for the year ended December 31:

2009	<u>\$ 51,051</u>
	<u>\$ 51,051</u>

Note 7 – Employee Benefit Plan

The Organization has a 403(b) employee benefit plan whereby all employees may contribute a percentage of their salary to the Plan. ONE/Northwest does not match employee contributions to this plan.