

**ONE / NORTHWEST**

**FINANCIAL STATEMENTS WITH  
INDEPENDENT AUDITORS' REPORT**

**DECEMBER 31, 2007 AND 2006**



## 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, 2007 and 2006, 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, 2007 and 2006, 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 5, 2008

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**ONE/NORTHWEST**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2007 AND 2006**

	2007	2006
<b>ASSETS</b>		
Cash and cash equivalents	\$ 631,398	\$ 539,707
Accounts receivable	33,707	70,410
Pledges receivable, current portion	178,600	124,000
Prepaid expenses	10,179	15,187
Funds advanced to Canadian affiliate	7,403	5,319
Total current assets	861,287	754,623
Pledges receivable, net	45,757	92,887
Property and equipment, net	18,868	22,630
Prepaid rental deposit	3,872	3,872
	\$ 929,784	\$ 874,012
 <b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable	\$ 3,345	\$ 9,297
Accrued vacation	17,699	19,102
Deferred revenue	1,787	-
Total current liabilities	22,831	28,399
 <b>NET ASSETS</b>		
Unrestricted	525,513	477,792
Temporarily restricted	381,440	367,821
	906,953	845,613
	\$ 929,784	\$ 874,012

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

	Unrestricted	Temporarily Restricted	Total
<b>SUPPORT AND REVENUE</b>			
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>
<b>OPERATING EXPENSES</b>			
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
<b>NET ASSETS</b>			
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  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2006**

	Unrestricted	Temporarily Restricted	Total
<b>SUPPORT AND REVENUE</b>			
Foundation grants	\$ 125,576	\$ 254,473	\$ 380,049
Contributions	304,619	34,689	339,308
Fee for service	433,249	-	433,249
Interest income	8,799	-	8,799
Other income	1,860	-	1,860
	<u>874,103</u>	<u>289,162</u>	<u>1,163,265</u>
Net assets released from restrictions			
Satisfaction of program restriction	282,385	(282,385)	-
	<u>282,385</u>	<u>(282,385)</u>	<u>-</u>
 Total support and revenue	 <u>1,156,488</u>	 <u>6,777</u>	 <u>1,163,265</u>
<b>OPERATING EXPENSES</b>			
Program	854,325	-	854,325
Management and general	141,169	-	141,169
Fund development	123,006	-	123,006
Total operating expenses	<u>1,118,500</u>	<u>-</u>	<u>1,118,500</u>
 CHANGE IN NET ASSETS	 37,988	 6,777	 44,765
<b>NET ASSETS</b>			
Beginning of the year	439,804	361,044	800,848
End of the year	<u>\$ 477,792</u>	<u>\$ 367,821</u>	<u>\$ 845,613</u>

**ONE/NORTHWEST  
STATEMENTS OF FUNCTIONAL EXPENSES  
YEARS ENDED DECEMBER 31, 2007 AND 2006**

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>

Expenses for the year ended December 31, 2006:

	Program Services	Support Services			Total
		Management and General	Fund-raising & Development	Total	
Salaries and benefits	\$ 564,513	\$ 83,282	\$ 100,438	\$ 183,720	\$ 748,233
Employee support	3,298	883	830	1,713	5,011
Professional services	183,976	19,897	7,426	27,323	211,299
Supplies	24,326	9,280	3,283	12,563	36,889
Travel	11,944	635	75	710	12,654
Occupancy	65,902	14,451	10,954	25,405	91,307
Depreciation	-	7,555	-	7,555	7,555
Other Expenses	366	5,186	-	5,186	5,552
	<u>\$ 854,325</u>	<u>\$ 141,169</u>	<u>\$ 123,006</u>	<u>\$ 264,175</u>	<u>\$ 1,118,500</u>

**ONE/NORTHWEST  
STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2007 AND 2006**

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	2007	2006
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from contributions, grants and fees	\$ 1,141,968	\$ 1,007,056
Cash received from interest income and other	26,182	10,659
Cash paid to employees and suppliers	(1,071,630)	(980,190)
	96,520	37,525
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(4,829)	(3,200)
	(4,829)	(3,200)
 NET CHANGE IN CASH AND CASH EQUIVALENTS	91,691	34,325
<b>CASH AND CASH EQUIVALENTS</b>		
Beginning of the year	539,707	505,382
End of the year	\$ 631,398	\$ 539,707
 <b>SUPPLEMENTAL INFORMATION</b>		
Noncash: donated goods, services & facilities	\$ 163,675	\$ 133,576

**ONE/NORTHWEST  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006**

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**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 2007 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, 2007 or 2006.

**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, 2007 AND 2006**

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**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, 2007 and 2006, are \$39,518 and \$1,550, 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, 2007 and 2006, are \$12,638 and \$10,827, 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, 2007 and 2006, are \$111,519 and \$121,199, 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.

**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.

**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).

**ONE/NORTHWEST**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2007 AND 2006**

**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:

	2007	2006
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 61,340	\$ 44,765
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	7,936	7,555
Loss on disposal of property	655	
Change in:		
Accounts receivable	36,703	(41,901)
Pledges receivable	(7,470)	29,927
Prepaid expenses	5,008	(14,973)
Funds advanced to Canadian affiliate	(2,084)	9,561
Prepaid rental deposit	-	4,235
Accounts payable	(5,952)	(3,867)
Accrued vacation	(1,403)	2,223
Deferred revenue	1,787	-
	\$ 96,520	\$ 37,525

**Note 3 – Pledges Receivable**

Pledges receivable are as follows at December 31:

	2007	2006
Receivable in one year or less	\$ 178,600	\$ 124,000
Receivable in one to five years	50,000	100,000
	228,600	224,000
Less discounts to net present value	(4,243)	(7,113)
	\$ 224,357	\$ 216,887

**ONE/NORTHWEST**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2007 AND 2006**

**Note 4 – Property and Equipment**

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

	2007	2006
Furniture	\$ 1,377	\$ 1,377
Office equipment	11,890	12,891
Computers	67,003	65,899
Leasehold improvements	4,855	4,855
	<u>85,125</u>	<u>85,022</u>
Less accumulated depreciation	(66,257)	(62,392)
	<u>\$ 18,868</u>	<u>\$ 22,630</u>

**Note 5 – Temporarily Restricted Net Assets**

Temporarily restricted net assets are available for the following programs:

	2007	2006
Board development	\$ 2,250	\$ -
British Columbia	17,320	12,766
Database consulting	-	27,868
Engagement Consulting	25,000	-
Equipment	4,206	-
OR Outcomes Management	-	25,000
Place-based Environmental Networks	-	5,000
Plone integration	-	1,200
WA Outcomes Manager	-	75,000
Wilderness	99,964	-
Other	4,100	4,100
Time (pledges outstanding)	228,600	216,887
	<u>\$ 381,440</u>	<u>\$ 367,821</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 years ended December 31:

2008	\$ 75,608
2009	51,051
	<u>\$ 126,659</u>

**ONE/NORTHWEST**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2007 AND 2006**

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**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.