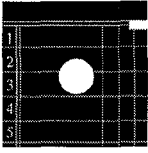


SPARK NORTHWEST
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

SPARK NORTHWEST
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

TABLE OF CONTENTS

Independent Auditor's Report	.....	1-2
Statement of Financial Position	.....	3
Statement of Activities	.....	4
Statement of Cash Flows	.....	5
Statement of Functional Expenses	.....	6
Notes to the Financial Statements	.....	7-12



Dave Bembridge, CPA PS

Certified Public Accountants

340 15th Ave. East, Ste 303
Seattle, WA 98112
(206) 323-7103 FAX (206) 325-8939
email: dave@davecpa.com

Independent Auditor's Report

Board of Directors
SPARK NORTHWEST
Seattle, Washington

Opinion

We have audited the accompanying statements of financial position of Spark Northwest (a not-for-profit organization) as of December 31, 2020, and the related statements of activities, cash flows, and functional expenses 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 Spark Northwest as of December 31, 2020, and the results of their operations and 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 (GAAS). 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 Spark Northwest 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; 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.

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 Spark Northwest's ability to continue as a going concern for the twelve month period following the financial statement date.

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 GAAS 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 are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

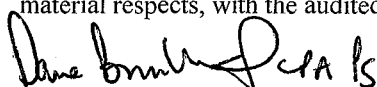
In performing an audit in accordance with GAAS, we:

- 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 Spark Northwest'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 Spark Northwest'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.

Report on Summarized Comparative Information

We have previously audited the Spark Northwest's 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 29, 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.



Dave Bembridge CPA PS
Certified Public Accountants
Seattle, Washington
June 15, 2021

SPARK NORTHWEST
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2020

ASSETS

	<u>Total</u>	<u>Total</u>
	<u>2020</u>	<u>2019</u>
<u>Current Assets</u>		
Cash and Cash Equivalents	\$563,718	\$396,974
Accounts Receivable	128,166	125,265
Prepaid Expenses and Deposit	<u>12,460</u>	<u>12,501</u>
Total Current Assets	704,344	534,740
 <u>Property and Equipment (Note Four)</u>		
Furniture and Equipment (net of accumulated depreciation of \$37,524 (2019 - \$35,814))	<u>653</u>	<u>1,340</u>
TOTAL ASSETS	<u>\$704,997</u>	<u>\$536,080</u>

LIABILITIES AND NET ASSETS

<u>Current Liabilities</u>		
Payroll Liabilities	\$44,671	\$52,540
Vacation Payable	24,135	19,094
Accounts Payable	16,045	44,595
PPP Loan Payable (Note Five)	<u>113,205</u>	-
Total Current Liabilities	<u>198,056</u>	<u>116,229</u>
 <u>Long Term Liability</u>		
Deferred Rent	<u>8,262</u>	<u>8,113</u>
TOTAL LIABILITIES	<u>206,318</u>	<u>124,342</u>
 <u>Net Assets</u>		
Net Assets without Donor Restrictions (Note Six)	352,691	304,161
Net Assets with Donor Restrictions (Note Seven)	<u>145,988</u>	<u>107,577</u>
TOTAL NET ASSETS	<u>498,679</u>	<u>411,738</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$704,997</u>	<u>\$536,080</u>

The accompanying notes are an integral part
of these financial statements.

SPARK NORTHWEST
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED
DECEMBER 31, 2020

	Net Assets Without Donor <u>Restrictions</u>	Net Assets With Donor <u>Restrictions</u>	Total <u>2020</u>	Total <u>2019</u>
<u>Operating Support and Revenue</u>				
Contributions	\$96,304	-	\$96,304	\$124,411
Grants	173,000	292,000	465,000	443,000
Program Service Revenue	297,008	-	297,008	366,625
In-Kind Contributions (Note Nine)	14,225	-	14,225	21,147
Other Revenue	500	-	500	-
Interest Income	<u>259</u>	<u>-</u>	<u>259</u>	<u>211</u>
 Total Support and Revenue	 581,296	 292,000	 873,296	 955,394
 Net Assets Released from Restrictions	 <u>253,589</u>	 <u>(253,589)</u>	 <u>-</u>	 <u>-</u>
	834,885	38,411	873,296	955,394
 <u>Operating Expenses</u>				
Program Services	519,867	-	519,867	669,171
 Supporting Services				
Administration	176,224	-	176,224	188,564
Fundraising	<u>90,264</u>	<u>-</u>	<u>90,264</u>	<u>103,816</u>
Total Supporting Services	<u>266,488</u>	<u>-</u>	<u>266,488</u>	<u>292,380</u>
 Total Program and Supporting Services	 <u>786,355</u>	 <u>-</u>	 <u>786,355</u>	 <u>961,551</u>
 CHANGE IN NET ASSETS	 48,530	 38,411	 86,941	 (6,157)
 NET ASSETS, Beginning of Year	 <u>304,161</u>	 <u>107,577</u>	 <u>411,738</u>	 <u>417,895</u>
 NET ASSETS, End of Year	 <u>\$352,691</u>	 <u>\$145,988</u>	 <u>\$498,679</u>	 <u>\$411,738</u>

The accompanying notes are an integral part
of these financial statements.

SPARK NORTHWEST
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED
DECEMBER 31, 2020

	Total <u>2020</u>	Total <u>2019</u>
<u>Cash Flows from Operating Activities</u>		
Receipts from Contributions and Grants	\$561,274	\$567,411
Receipts from Program Service Revenue	294,107	329,847
Other Revenue	500	-
Interest Received	259	211
Payments to Employees and Suppliers	(802,601)	(909,195)
Net Cash Flows from Operating Activities	53,539	(11,726)
<u>Cash Flows from Financing Activities</u>		
PPP Loan	\$113,205	\$ -
Total Cash Flows from Financing Activities	113,205	-
CHANGE IN CASH AND CASH EQUIVALENTS	166,744	(11,726)
BEGINNING CASH AND CASH EQUIVALENTS	<u>396,974</u>	<u>408,700</u>
ENDING CASH AND CASH EQUIVALENTS	<u>\$563,718</u>	<u>\$396,974</u>
Reconciliation of Change in Net Assets to Net Cash Flows from Operating Activities		
Change in Net Assets	\$86,941	\$(6,157)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	687	2,157
Changes in:		
Accounts Receivable	(2,901)	(36,778)
Prepaid Expenses and Deposit	41	(1,139)
Accrued Payroll	(7,869)	3,235
Vacation Payable	5,041	(3,146)
Accounts Payable	(28,550)	28,828
Deferred Rent	<u>149</u>	<u>1,274</u>
Total Adjustments	<u>(33,402)</u>	<u>(5,569)</u>
Net Cash Flows from Operating Activities	<u>\$53,539</u>	<u>\$(11,726)</u>

The accompanying notes are an integral part
of these financial statements.

SPARK NORTHWEST
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020

	Program		Fundraising	2020	2019
	Administration			Totals	Totals
<u>PERSONNEL EXPENSES</u>					
Salaries	\$264,322	\$131,883	\$61,071	\$457,276	\$489,723
Payroll Taxes	19,063	8,212	3,499	30,774	40,685
Employee Benefits	41,470	16,063	8,117	65,650	61,379
Total Personnel Expenses	324,855	156,158	72,687	553,700	591,787
<u>OTHER EXPENSES</u>					
Professional Services	147,878	4,292	8,058	160,228	268,429
Occupancy	25,166	10,035	4,306	39,507	34,851
Licenses and Fees	3,649	1,522	1,875	7,046	11,578
Communications	4,224	1,282	828	6,334	6,825
Insurance	4,261	794	341	5,396	4,962
Travel and Expenses	3,069	269	139	3,477	22,586
Computers & Software	1,589	634	272	2,495	1,516
Equipment Rental	1,582	630	271	2,483	3,806
Supplies	828	330	187	1,345	1,858
Memberships & Subscriptions	862	93	74	1,029	959
Media & Advertising	500		254	754	44
Depreciation	438	174	75	687	2,157
Conferences and Workshops	570			570	1,369
Event Food Costs			475	475	7,265
Professional Development	310		31	341	244
Postage	49	17	266	332	335
Printing & Publications	37	(6)	125	156	980
Total Other Expenses	195,012	20,066	17,577	232,655	369,764
TOTAL FUNCTIONAL EXPENSES	\$519,867	\$176,224	\$90,264	\$786,355	\$961,551

The accompanying notes are an integral part
of these financial statements

SPARK NORTHWEST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE ONE - ORGANIZATION

Founded in 2001, Spark Northwest accelerates the just transition to clean energy in the Pacific Northwest. Spark Northwest uses two primary strategies: (1) on-the-ground project consulting, focusing on communities with limited financial resources and (2) systemic advocacy to create opportunities and overcome obstacles to equitable deployment of clean energy.

Project Design and Management: Spark Northwest lends technical expertise to people and groups to pursue renewable energy and energy efficiency options to power their homes, workplaces, and neighborhoods. This technical support includes education, outreach, planning, project design, resource evaluation, economic modeling, permitting assistance and contractor selection. Projects are designed to prioritize community involvement and accountability.

Systemic Advocacy: Spark Northwest advocates for strong policies to reduce the barriers to clean energy implementation and encourage development at the local level. Spark Northwest supports practical solutions to grow community solar, promote local energy generation and include vulnerable populations' perspectives in energy regulatory processes.

NOTE TWO - SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

These financial statements are prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

Generally accepted accounting principles require 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.

Generally accepted accounting principles require that net assets and revenues, expenses, and gains and losses are classified based on the existence or absence of donor imposed restrictions. Accordingly, the net assets of Spark Northwest and the changes therein are classified and reported as follows:

Net Assets with Donor Restrictions

Net Assets with Donor Restrictions are funds subject to donor imposed stipulations that will be met by actions of Spark Northwest and/or the passage of time. Net Assets with Donor Restrictions are released when the funds are spent for the donor stipulated purpose. Note Six discloses the Donor Restrictions.

SPARK NORTHWEST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020
(continued)

NOTE TWO - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (continued)

Net Assets without Donor Restrictions

Net Assets without Donor Restrictions are funds not subject to donor imposed stipulations. Expirations of donor restrictions on net assets, that is, the donor imposed stipulated purpose has been accomplished, are reported as reclassifications between the applicable classes of net assets.

Property & Equipment

Equipment and furniture are recorded at cost or fair value at the date of donation and depreciated over their estimated useful lives using the straight-line method of depreciation. Items costing less than \$2,500 are not capitalized. Office equipment is depreciated over 5 years; laptop computers and the website over 3 years (Note Four).

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the organization considers all highly liquid assets with an initial maturity of three months or less to be cash equivalents.

In-Kind Contributions

Donated goods and space are valued at their fair market value. Donated services are recognized in the financial statements at their fair value if the following criteria are met:

- The services require specialized skills, and the services are performed by individuals possessing those skills.
- The services would typically need to be purchased if not donated.

The fair value of non-specialized volunteer services is not recognized in the accompanying financial statements since they do not meet the criteria for recognition under generally accepted accounting principles.

Publicly traded securities are received on occasion for gift and pledge payments. These securities are not held for investment and are sold as soon as possible after receipt. Spark Northwest records these receipts as cash contributions or cash payments against pledges.

Expense Allocation

The organization allocates expenses on a functional basis among its various programs and support services. Expenses that can be identified with a specific program or support service are allocated directly according to their proper expenditure classification. Other expenses, which are common to several functions, are allocated based on time records and the judgment of management.

SPARK NORTHWEST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020
(continued)

NOTE TWO - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Federal Tax Status

The organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. Management does not believe that any of their activities result in unrelated business income, and consequently there is no provision for federal taxes in the accompanying financial statements.

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).

Management has considered the tax positions taken in its tax returns and believes that all of the positions taken by Spark Northwest in its federal and state tax returns are more likely than not to be sustained upon examination. Spark Northwest's federal tax returns could be subject to examination for three years after they are filed.

Prior Year Comparative Information

The financial statements include certain prior-year summarized comparative information in total but not in detail. Such information does not include sufficient detail to conform with generally accepted accounting principles. Accordingly, such information should be read in conjunction with Spark Northwest's financial statements for the year ended December 31, 2019, from which the summarized information was derived.

NOTE THREE – LIQUIDITY AND AVAILABILITY

Financial Assets available for general expenditures within one year of December 31, 2020, are determined as follows:

	<u>2020</u>	<u>2019</u>
Cash and Cash Equivalents	\$563,718	\$396,974
Accounts Receivable	<u>128,166</u>	<u>125,265</u>
Total Financial Assets	691,884	522,239
Net Assets with Donor Restrictions	(145,988)	(107,577)
Board Designated Operating Reserve	<u>(167,023)</u>	<u>(166,892)</u>
Financial Assets Available for General Expenditures within one year	<u>\$378,873</u>	<u>\$247,770</u>

SPARK NORTHWEST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

(continued)

NOTE FOUR - PROPERTY AND EQUIPMENT

At December 31, 2020 property and equipment were comprised of the following:

	Original Cost	Accumulated Depreciation	<u>2020</u> Net Book Value	<u>2019</u> Net Book Value
Office Equipment	15,323	14,670	653	1,340
Website	<u>25,698</u>	<u>25,698</u>	-	-
Total	<u>\$41,021</u>	<u>\$40,368</u>	<u>\$653</u>	<u>\$1,340</u>

Depreciation expense for the year was \$687 (2019 - \$2,157).

NOTE FIVE – PPP LOAN LIABILITY

On May 6, 2020, Spark Northwest received loan proceeds in the amount of \$113,205 under the Paycheck Protection Program (PPP). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act, provides for loans to qualifying businesses for up to 2.5 times the average monthly payroll expenses. The loans are forgivable if the proceeds are used for eligible purposes, including payroll, benefits, rent and utilities. Spark Northwest used the loan proceeds for purposes consistent with the PPP and the full loan amount was forgiven on February 1, 2021.

NOTE SIX – NET ASSETS WITHOUT DONOR RESTRICTIONS

Net Assets without Donor Restrictions are comprised of the following:

	<u>2020</u>	<u>2019</u>
Board Designated Operating Reserve	\$167,023	\$166,892
Undesignated	<u>185,668</u>	<u>137,269</u>
Total Net Assets without Donor Restrictions	<u>\$352,691</u>	<u>\$304,161</u>

The Operating Reserve may only be spent with the approval of the Board of Directors.

NOTE SEVEN – NET ASSETS WITH DONOR RESTRICTIONS

Net Assets with Donor Restrictions consisted of funds designated for the following donor-designated purposes:

	<u>2020</u>	<u>2019</u>
Access Solar	62,474	60,223
Rural Clean Energy	24,270	47,354
Energize South Coast	28,303	-
Solarize Proud Ground	<u>5,941</u>	-
Total Net Assets with Donor Restrictions	<u>\$120,988</u>	<u>\$107,577</u>

SPARK NORTHWEST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

(continued)

NOTE EIGHT - COMMITMENTS

Spark Northwest extended its lease for office premises for 85 months which commenced June 1, 2018. Spark Northwest is obligated to an operating lease for a copier with payments of \$183 per month (\$197 per month through March 31, 2020) for 60 months beginning April 1, 2020. The following minimum commitments are payable in each of the following years:

	<u>Office Premises</u>	<u>Copier</u>	<u>Total</u>
December 31, 2021	35,847	2,196	38,043
December 31, 2022	36,982	183	37,165
December 31, 2023	38,117	-	38,117
December 31, 2024	<u>19,295</u>	<u>-</u>	<u>19,295</u>
Total	<u>\$130,241</u>	<u>\$2,379</u>	<u>\$132,620</u>

NOTE NINE – IN-KIND CONTRIBUTIONS

The following In-Kind contributions are included in the financial statements:

	<u>2020</u>	<u>2019</u>
Donated Services	14,000	21,057
Donated Goods	<u>225</u>	<u>90</u>
	<u>\$14,225</u>	<u>\$21,147</u>

NOTE TEN – RETIREMENT PLAN

In 2011 Spark Northwest began offering a Simple IRA under Section 408(p) of the Internal Revenue Code to all employees who are reasonably expected to receive at least \$5,000 in compensation for the calendar year. Spark Northwest contributes 2% of eligible employees' salaries. For the year ended December 31, 2020 \$7,812 (2019 - \$9,106) was contributed by Spark Northwest.

NOTE ELEVEN - CONTINGENCY

Spark Northwest receives program service revenue from different government organizations. These organizations reserve the right to audit Spark Northwest to ensure compliance with billing procedures. If any government organization were to dispute amounts billed they could demand repayment. No audit has resulted in a dispute and no potential liability has been determined. Accordingly, no provision for any liability that could result has been made in the financial statements.

SPARK NORTHWEST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020
(continued)

NOTE TWELVE – GOING CONCERN DISCLOSURE

The COVID-19 pandemic developed rapidly in 2020 and caused significant uncertainty about expected revenue. However, funding stabilized across categories and by year-end Spark Northwest was in a solid financial position. There are still unknowns, but the pandemic is not expected to have a significant impact on Spark Northwest's future funding.

NOTE THIRTEEN – SUBSEQUENT EVENTS

Management of Spark Northwest has evaluated events and transactions subsequent to December 31, 2020 for potential recognition or disclosure in the financial statements. Subsequent events have been evaluated through the date the financial statements became available to be issued, May 26, 2021.