



Sightline Institute

Financial Statements
Years Ended December 31, 2020 and 2019

Sightline Institute

Financial Statements
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Sightline Institute

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Independent Auditor's Report

To the Board of Directors
Sightline Institute
Seattle, Washington

Opinion

We have audited the financial statements of Sightline Institute which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Sightline Institute as of December 31, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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 Sightline Institute and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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 Sightline Institute's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.



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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 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.

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 Sightline Institute'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 Sightline Institute'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.

BDO USA, LLP

October 18, 2021

Financial Statements

Sightline Institute
Statements of Financial Position

<i>December 31,</i>	2020	2019
Assets		
Current Assets		
Cash and cash equivalents	\$ 1,494,291	\$ 1,573,841
Investments	3,471,534	2,495,236
Receivables		
Contributions receivable, net, current portion	51,517	40,324
Grants receivable	-	300,000
Prepaid expenses and other assets	37,394	20,029
Total Current Assets	5,054,736	4,429,430
Long-term portion of contributions receivable, net	87,476	113,715
Property and equipment, net	8,759	14,913
Total Assets	\$ 5,150,971	\$ 4,558,058
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 52,711	\$ 25,105
Accrued vacation and payroll	236,113	200,764
Deferred revenue	11,500	-
Total Current Liabilities	300,324	225,869
Net Assets		
Without donor restrictions	3,848,788	2,931,713
With donor restrictions	1,001,859	1,400,476
Total Net Assets	4,850,647	4,332,189
Total Liabilities and Net Assets	\$ 5,150,971	\$ 4,558,058

See accompanying notes to financial statements.

Sightline Institute
Statements of Activities

<i>Year Ended December 31,</i>	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue						
Public support						
Grants	\$ 893,715	\$ 571,500	\$ 1,465,215	\$ 566,698	\$ 1,671,500	\$ 2,238,198
Contributions	554,258	98,500	652,758	558,537	92,640	651,177
In-kind contributions	886	-	886	625	-	625
Fees for service	500	-	500	2,189	-	2,189
Sales of publications	431	-	431	243	-	243
Other income	855	-	855	1,229	-	1,229
Investment income	462,098	-	462,098	365,510	-	365,510
Total Revenue	1,912,743	670,000	2,582,743	1,495,031	1,764,140	3,259,171
Net Assets Released from Restrictions	1,068,617	(1,068,617)	-	1,198,558	(1,198,558)	-
	2,981,360	(398,617)	2,582,743	2,693,589	565,582	3,259,171
Functional Expenses						
Program services	1,577,850	-	1,577,850	1,666,062	-	1,666,062
Fundraising	307,383	-	307,383	284,665	-	284,665
Management and general	179,052	-	179,052	52,506	-	52,506
Total Functional Expenses	2,064,285	-	2,064,285	2,003,233	-	2,003,233
Change in Net Assets	917,075	(398,617)	518,458	690,356	565,582	1,255,938
Net Assets, beginning of year	2,931,713	1,400,476	4,332,189	2,241,357	834,894	3,076,251
Net Assets, end of year	\$ 3,848,788	\$ 1,001,859	\$ 4,850,647	\$ 2,931,713	\$ 1,400,476	\$ 4,332,189

See accompanying notes to financial statements.

Sightline Institute
Statement of Functional Expenses

<i>Year Ended December 31, 2020</i>	Program Services	Fundraising	Management and General	Total
Personnel-related expenses	\$ 1,020,186	\$ 239,943	\$ 103,476	\$ 1,363,605
Consultants	438,927	15,026	29,357	483,310
Rent and maintenance	60,453	17,235	2,762	80,451
Accounting and legal fees	-	-	28,861	28,861
Supplies and software	11,390	5,843	237	17,469
Printing and postage	9,904	6,779	298	16,981
Dues and fees	4,686	5,198	2,398	12,282
Miscellaneous expense	1,679	3,309	6,200	11,188
Telecommunications	9,723	1,257	173	11,153
Depreciation expense	6,062	1,820	286	8,168
Travel and meals	2,652	4,140	1,105	7,897
Publications and subscriptions	4,632	2,994	-	7,626
Conferences and continuing education	4,033	1,735	74	5,842
Recruiting expense	1,975	2,066	63	4,104
Liability insurance	-	-	3,762	3,762
Advertising	1,547	39	-	1,586
Total Expenses	\$ 1,577,850	\$ 307,383	\$ 179,052	\$ 2,064,285

See accompanying notes to financial statements.

Sightline Institute
Statement of Functional Expenses

<i>Year Ended December 31, 2019</i>	Program Services	Fundraising	Management and General	Total
Personnel-related expenses	\$ 1,342,844	\$ 231,311	\$ 24,711	\$ 1,598,866
Consultants	199,592	5,285	172	205,049
Rent and maintenance	69,094	13,050	2,091	84,235
Accounting and legal fees	-	-	13,900	13,900
Supplies and software	5,778	5,515	143	11,436
Printing and postage	2,071	8,280	35	10,386
Dues and fees	1,267	4,319	2,664	8,250
Miscellaneous expense	101	1,874	118	2,093
Telecommunications	7,389	869	78	8,336
Depreciation expense	5,856	1,134	102	7,092
Travel and meals	19,796	8,709	3,954	32,459
Publications and subscriptions	3,555	3,044	4	6,603
Conferences and continuing education	5,134	1,120	36	6,290
Recruiting expense	258	50	4	312
Liability insurance	-	-	4,489	4,489
Advertising	2,127	105	5	2,237
Contribution expense	1,200	-	-	1,200
Total Expenses	\$ 1,666,062	\$ 284,665	\$ 52,506	\$ 2,003,233

See accompanying notes to financial statements.

Sightline Institute
Statements of Cash Flows

<i>Year Ended December 31,</i>	2020	2019
Cash Flows from Operating Activities		
Change in net assets	\$ 518,458	\$ 1,255,938
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	8,168	7,092
Realized and unrealized (gain) loss on investments	(394,436)	(299,757)
Changes in operating assets and liabilities		
Receivables	315,046	129,604
Prepaid expenses and other assets	(17,365)	(5,944)
Accounts payable	27,606	(10,193)
Accrued vacation and payroll	35,349	20,027
Deferred Revenue	11,500	-
Net Cash Flows from Operating Activities	504,326	1,096,767
Cash Flows for Investing Activities		
Net purchases related to investments	(581,862)	(156,231)
Purchase of equipment	(2,014)	(9,214)
Net Cash Flows for Investing Activities	(583,876)	(165,445)
Net Change in Cash and Cash Equivalents	(79,550)	931,322
Cash and Cash Equivalents, beginning of year	1,573,841	642,519
Cash and Cash Equivalents, end of year	\$ 1,494,291	\$ 1,573,841

See accompanying notes to financial statements.

Sightline Institute

Notes to Financial Statements

1. Summary of Significant Accounting Policies

Organization

Sightline Institute (Sightline) is an independent, nonprofit research and communications center working to make Cascadia a global model of sustainability - strong communities, a green economy, and a healthy environment. Sightline equips the Northwest's citizens and decision makers with the policy research and practical tools they need to advance long-term solutions to the region's most significant challenges. Sightline's work includes in depth research, commentary, and analysis delivered online, by email, and in person to Northwest policy champions, emerging leaders, and a range of community partners.

Financial Statement Presentation

Sightline reports information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. Contributions that are received are recorded depending on the existence and/or nature of any donor restrictions.

Revenue Recognition

Grants and contributions consist of unrestricted and restricted grants and contributions, and unconditional promises to give. Unconditional grants and contributions are recognized when awarded; unconditional promises to give are recognized when pledged. Grants, contributions, or pledges that include donor-imposed conditions are not recognized until the conditions have been substantially met. There were no conditional grants or contributions outstanding at December 31, 2020.

Net Assets with Donor Restrictions

Net assets with donor restrictions consist of unexpended contributions restricted for particular purposes or time periods. Net assets with donor restrictions are transferred to net assets without donor restrictions as expenditures are incurred for the restricted purpose or as time restrictions are met.

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Sightline Institute
Notes to Financial Statements

Net assets with donor restrictions consist of the following:

<i>December 31,</i>	2020	2019
Purpose-Restricted Grants and Contributions		
Housing and urbanism	\$ 786,077	\$ 1,098,117
Alaska	28,869	-
Thin Green Line	45,455	127,374
Diversity, Equity, and Inclusion	-	11,484
YIMBYtown	5,000	7,082
Total Purpose-Restricted Grants and Contributions	865,401	1,244,057
Time-Restricted Grants and Contributions	136,458	156,419
Total Net Assets with Donor Restrictions	\$ 1,001,859	\$ 1,400,476

Cash and Cash Equivalents

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

Investments

Investments consist of common stocks, corporate bonds, certificates of deposit, and treasury notes and other governmental securities. Certificates of deposit are stated at cost plus accrued interest. Other investments are measured at fair value and the change in value is included in the change in net assets. Fair values were determined using Level 1 observable market inputs within the accounting fair value hierarchy, consisting of quoted prices in active markets (such as national exchanges) for identical assets.

Investments consist of the following:

<i>December 31,</i>	2020	2019
Common stock	\$ 2,345,096	\$ 1,429,963
Corporate bonds	605,709	496,227
Certificates of deposit	404,022	452,386
Treasury notes and other governmental securities	116,707	116,660
Total Investments	\$ 3,471,534	\$ 2,495,236

Sightline Institute
Notes to Financial Statements

Investment income consists of the following:

<i>Year Ended December 31,</i>	2020	2019
Interest and dividends	\$ 67,662	\$ 65,753
Realized gain	118,086	240,003
Unrealized gain	276,350	59,754
Total	\$ 462,098	\$ 365,510

Receivables

Management reviews the collectability of receivables on a periodic basis and writes off receivables deemed uncollectible. Contributions receivable are presented net of an allowance for uncollectible amounts of \$5,652 and \$2,381 at December 31, 2020 and 2019, respectively.

Property and Equipment

Property and equipment are recorded at cost, if purchased, or at fair value at the date of receipt, if donated. Items with a cost in excess of \$1,000 and a useful life of at least one year are capitalized. Maintenance and repairs are charged to expense as incurred. Depreciation and amortization are provided on the straight-line method over the estimated useful lives of the assets. The cost, estimated useful lives, and accumulated depreciation and amortization of property and equipment are as follows:

	Estimated Useful Lives	2020	2019
Office equipment	3 years	\$ 63,916	\$ 61,902
Furniture	5 years	5,883	5,883
Leasehold improvements	5 years	9,066	9,066
		78,865	76,851
Less: Accumulated depreciation and amortization		(70,106)	(61,938)
Total		\$ 8,759	\$ 14,913

Sabbatical Leave

Sightline has a sabbatical leave program that requires all regular employees to take a sabbatical of three full, contiguous months for every seven years of service. Compensated time under this program is accrued over the requisite service period. At December 31, 2020 and 2019, Sightline had accrued \$149,987 and \$132,563, respectively, which is included with accrued vacation and payroll on the statements of financial position.

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Notes to Financial Statements

In-Kind Contributions

During 2020 and 2019, Sightline received the benefit of donated advertising services, consulting, and graphic design services. All advertising is recognized as income and expense when utilized. All services, along with donated supplies, are recorded at their estimated fair value and totaled \$886 and \$625 in 2020 and 2019, respectively.

Advertising

As noted above, advertising is primarily received in-kind and is expensed as incurred. Advertising expense amounted to \$1,586 and \$2,237 in 2020 and 2019, respectively.

Income Taxes

Sightline is a nonprofit organization that is exempt from income taxes under Internal Revenue Code Section 501(c)(3).

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.

Functional Allocation of Expenses

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

Functional expenses include all direct expenditures of each program or supporting service and certain categories of expenses that are attributed to more than one program or supporting function. Costs that are readily traceable to an identified cost objective, including personnel related expenses, are directly allocated. All other expenses, including some personnel related expenses, that are not directly assigned are allocated based on the ratio of time and effort for each program and supporting function to the time and effort spent by the entire organization.

Recent Accounting Pronouncements

During the year ended December 31, 2020, Sightline adopted the provisions of the Accounting Standards Update (ASU) No. 2014-09 (ASU 2014-09), *Revenue from Contracts with Customers* (commonly referred to as Accounting Standards Codification Topic 606 (ASC 606)), issued by the Financial Accounting Standards Board (FASB). The pronouncement was issued to clarify the principles for recognizing revenue, and the core principles of the guidance is that an entity shall recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflected the consideration to which the entity expects to be entitled in exchange for those goods or services. The following five steps are applied to achieve that core principle:

- Step 1: Identify the contract with customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price

Sightline Institute

Notes to Financial Statements

Step 4: Allocate the transaction price to the performance obligations in the contract
Step 5: Recognize revenue when the organization satisfies a performance obligation

Sightline has implemented ASC 606 on the modified retrospective basis. There was no significant impact on Sightline's financial statements as significant revenue streams do not fall under the provisions of ASC 606. As such, no adjustments to net assets or timing and method of revenue recognition were necessary.

Reclassifications

Certain amounts in the prior-year financial statements have been reclassified to conform to the current-year presentation.

Subsequent Events

Sightline has evaluated subsequent events through the date these financial statements were available to be issued, which was October 18, 2021.

2. Liquidity and Availability of Resources

Sightline seeks to fund its operations largely from current year revenue. To ensure access to cash for the payment of monthly expenditures regardless of cash receipts, it is Sightline's policy to keep a minimum of the equivalent of 1.5 months of budgeted cash expenditures, averaged over the current calendar year, in FDIC insured or U.S. government guaranteed, immediately liquid accounts (e.g., checking, savings, or U.S. government money market).

It is Sightline's policy to keep an additional 40% of the organization's current calendar year's budgeted cash expenditures in cash, laddered certificates of deposit, and commercial debt securities, all of which can be converted to cash immediately.

Remaining financial assets are invested in a blend of cash, fixed income assets, and marketable equity investments, all of which can also be converted to cash immediately. It is Sightline's policy that these assets be invested with an average weighting of 30% in fixed income positions and 70% in equity positions, with a maximum departure of 10% above or below those averages at the investment advisor's discretion. A departure greater than 10% from these targets requires the notification of and approval by the board or its designee.

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Sightline Institute

Notes to Financial Statements

The following table reflects Sightline's financial assets as of December 31, 2020 and 2019, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of donor restrictions:

<i>December 31,</i>	2020	2019
Cash and cash equivalents	\$ 1,494,291	\$ 1,573,841
Investments	3,471,534	2,495,236
Grants and contributions receivable, net	138,993	454,039
Total Financial Assets	5,104,818	4,523,116
Grants and contributions receivable, long-term portion	(87,476)	(113,715)
Board designated net assets	(857,641)	(901,592)
Total Financial Assets Available to Meet Cash Needs for General Expenditures within One Year	\$ 4,159,701	\$ 3,507,809

3. Contributions and Contributions Receivable

Contributions receivable consist of unconditional promises to give cash. Short-term contributions are recognized at net realizable value (face value less an allowance for doubtful accounts). Long-term contributions are recognized at fair value (at the time of the donation) and, in arriving at fair value, management has discounted these contributions using an estimated risk-adjusted present value discount rate and an allowance for doubtful accounts. Amortization of the discount is included in contribution revenue. Contributions are summarized as follows:

<i>December 31,</i>	2020	2019
Amounts Receivable in		
Less than one year	\$ 7,500	\$ 41,460
One to five years	154,400	99,900
Greater than five years	-	37,500
	161,900	178,860
Less: Allowance for doubtful accounts	(5,652)	(2,381)
Less: Discount on long-term pledges (6%)	(17,255)	(22,440)
Net Contributions Receivable	\$ 138,993	\$ 154,039

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Notes to Financial Statements

These amounts are included in the statements of financial position as follows:

<i>December 31,</i>	2020	2019
Contributions receivable, net, current portion	\$ 51,517	\$ 40,324
Long-term portion of contributions receivable, net	87,476	113,715
Total	\$ 138,993	\$ 154,039

At December 31, 2020 and 2019, 69% and 73%, respectively, of net contributions receivable were due from one donor.

There were no significant contribution revenue concentrations for the years ended December 31, 2020 or 2019.

4. Grants and Grants Receivable

Grants receivable consists of grants awarded but not yet received. Short-term grants are recognized at net realizable value (face value). Long-term grants receivable are recognized at fair value (at the grant date) and, in arriving at fair value, management has discounted long-term grants receivable using an estimated, risk-adjusted present value discount rate. There are no grants receivable as of December 31, 2020. Grants receivable are due within one year at December 31, 2019.

At December 31, 2019, all grants receivables were due from two foundations.

For the year ended December 31, 2020, 77% of grant revenue was from four foundations. For the year ended December 31, 2019, 68% of grant revenue was from four foundations.

Note 5. Related-Party Transactions

Sightline's Board of Directors includes individuals who also serve on the Board of Directors of some of Sightline's regular grantors. Sightline received two separate grants from organizations with common board members for the year ended December 31, 2019. These grants totaled \$95,000 in 2019, and are included within grants on the statements of activities. There were no such related party transactions during the year ended December 31, 2020.

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Notes to Financial Statements

Note 6. Operating Lease

Sightline leases its facilities under an operating lease expiring in July 2023. Total rent expense amounted to \$79,314 and \$83,594 for 2020 and 2019, respectively. Future minimum rental payments for this noncancelable operating lease are as follows for the years ending December 31:

2021	\$	80,648
2022		82,980
2023		48,972
<hr/>		
Total	\$	212,600

Note 7. Retirement Plan

Sightline has a defined contribution employee pension plan. All employees are eligible to participate after three months of service, as defined. For the years ended December 31, 2020 and 2019, Sightline contributed 10% of employees' salaries to the plan. Contributions to the plan by Sightline were \$102,254 and \$118,761 for 2020 and 2019, respectively.

Note 8. Board Designations

The Board of Directors has designated a reserve of net assets without donor restrictions to cover potential operating shortfalls in future years. These reserve designations are as follows:

<i>December 31,</i>	2020		2019
Operating reserves	\$	857,641	\$ 901,592
Non-designated funds		2,991,147	2,030,121
<hr/>			
Total Net Assets Without Donor Restrictions	\$	3,848,788	\$ 2,931,713

Note 9. COVID-19

On January 30, 2020, the World Health Organization (WHO) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the COVID-19 outbreak) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. While many businesses and nonprofits have been shut down, Sightline continues to operate during the COVID-19 outbreak and, as of this report date, has not experienced significant impacts to its financial condition or liquidity. However, given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, Sightline is not able to estimate the effects of the pandemic on its future operations, financial condition or liquidity for fiscal year 2021. Management is actively

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monitoring the impact of the global situation on its financial condition, liquidity, operations, supplies, industry, and workforce.

On March 27, 2020, President Trump signed into law the “CARES Act.” The CARES Act, among other things, includes provisions relating to refundable payroll tax credits, deferment of employer side social security payments, net operating loss carryback periods, alternative minimum tax credit refunds, modifications to the net interest deduction limitations, increased limitations on qualified charitable contributions, and technical corrections to tax depreciation methods for qualified improvement property.

The CARES Act also appropriated funds for the Small Business Administration (SBA) Paycheck Protection Program (PPP) loans that are forgivable in certain situations to promote continued employment, as well as Economic Injury Disaster Loans to provide liquidity to small businesses harmed by the COVID-19 outbreak. Sightline has not applied for nor received any PPP loan or other CARES Act funding.

On December 27, 2020, President Trump signed into law the Consolidated Appropriations Act, 2021 bill which included additional economic stimulus and COVID-19 related relief including additional PPP funds and expansion of the Employee Retention Credit.

On March 11, 2021, President Biden signed into law the “American Rescue Plan Act of 2021” (the American Rescue Plan), which included additional economic stimulus and tax credits, including the expansion of the Employee Retention Credit.

Management continues to examine the impact that the CARES Act, the Consolidated Appropriations Act, and the American Rescue Plan Act of 2021 may have on Sightline. Currently, management is unable to determine the full impact this legislation will have on Sightline’s financial condition, results from operations, or liquidity.