



# Sightline Institute

Financial Statements  
Years Ended December 31, 2021 and 2020

# **Sightline Institute**

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Financial Statements  
Years Ended December 31, 2021 and 2020

# 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, 2021 and 2020, 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, 2021 and 2020, 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*

July 22, 2022

## Financial Statements

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**Sightline Institute**  
**Statements of Financial Position**

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<i>December 31,</i>	<b>2021</b>	<b>2020</b>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 2,197,899	\$ 1,494,291
Investments	3,512,296	3,471,534
Receivables		
Contributions receivable, net, current portion	78,295	51,517
Grants receivable	350,000	-
Prepaid expenses and other assets	82,689	37,394
<b>Total Current Assets</b>	<b>6,221,179</b>	<b>5,054,736</b>
Long-term portion of contributions receivable, net	70,660	87,476
Property and equipment, net	20,616	8,759
<b>Total Assets</b>	<b>\$ 6,312,455</b>	<b>\$ 5,150,971</b>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 33,641	\$ 52,711
Accrued vacation and payroll	232,838	236,113
Deferred revenue	11,500	11,500
<b>Total Current Liabilities</b>	<b>277,979</b>	<b>300,324</b>
<b>Net Assets</b>		
Without donor restrictions	4,772,231	3,848,788
With donor restrictions	1,262,245	1,001,859
<b>Total Net Assets</b>	<b>6,034,476</b>	<b>4,850,647</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 6,312,455</b>	<b>\$ 5,150,971</b>

*See accompanying notes to financial statements.*

**Sightline Institute**  
**Statements of Activities**

<i>Year Ended December 31,</i>	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue</b>						
Public support						
Grants	\$ 908,864	\$ 1,410,000	\$ 2,318,864	\$ 893,715	\$ 571,500	\$ 1,465,215
Contributions	692,788	55,185	747,973	554,258	98,500	652,758
In-kind contributions	95,536	-	95,536	886	-	886
Other income	15,478	-	15,478	1,786	-	1,786
Investment income	508,982	-	508,982	462,098	-	462,098
<b>Total Revenue</b>	<b>2,221,648</b>	<b>1,465,185</b>	<b>3,686,833</b>	<b>1,912,743</b>	<b>670,000</b>	<b>2,582,743</b>
<b>Net Assets Released from Restrictions</b>	<b>1,204,799</b>	<b>(1,204,799)</b>	<b>-</b>	<b>1,068,617</b>	<b>(1,068,617)</b>	<b>-</b>
	<b>3,426,447</b>	<b>260,386</b>	<b>3,686,833</b>	<b>2,981,360</b>	<b>(398,617)</b>	<b>2,582,743</b>
<b>Functional Expenses</b>						
Program services	2,058,147	-	2,058,147	1,577,850	-	1,577,850
Fundraising	336,537	-	336,537	307,383	-	307,383
Management and general	108,320	-	108,320	179,052	-	179,052
<b>Total Functional Expenses</b>	<b>2,503,004</b>	<b>-</b>	<b>2,503,004</b>	<b>2,064,285</b>	<b>-</b>	<b>2,064,285</b>
<b>Change in Net Assets</b>	<b>923,443</b>	<b>260,386</b>	<b>1,183,829</b>	<b>917,075</b>	<b>(398,617)</b>	<b>518,458</b>
<b>Net Assets, beginning of year</b>	<b>3,848,788</b>	<b>1,001,859</b>	<b>4,850,647</b>	<b>2,931,713</b>	<b>1,400,476</b>	<b>4,332,189</b>
<b>Net Assets, end of year</b>	<b>\$ 4,772,231</b>	<b>\$ 1,262,245</b>	<b>\$ 6,034,476</b>	<b>\$ 3,848,788</b>	<b>\$ 1,001,859</b>	<b>\$ 4,850,647</b>

*See accompanying notes to financial statements.*



**Sightline Institute**  
**Statement of Functional Expenses**

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<i>Year Ended December 31, 2021</i>	Program Services	Fundraising	Management and General	Total
Personnel-related expenses	\$ 1,436,894	\$ 267,815	\$ 3,556	\$ 1,708,265
Consultants	399,500	23,646	40,993	464,139
Recruiting expense	80,333	1,031	10,071	91,435
Rent and maintenance	68,125	13,388	916	82,429
Accounting and legal fees	-	-	37,120	37,120
Supplies and software	19,094	10,792	811	30,697
Dues and fees	9,569	4,405	10,495	24,469
Telecommunications	18,018	1,633	112	19,763
Depreciation expense	7,743	1,522	104	9,369
Printing and postage	2,795	6,478	31	9,304
Publications and subscriptions	6,084	413	1	6,498
Miscellaneous expense	1,372	3,637	863	5,872
Travel and meals	4,773	883	203	5,859
Liability insurance	724	142	3,040	3,906
Advertising	2,754	114	-	2,868
Conferences and continuing education	369	638	4	1,011
<b>Total Expenses</b>	<b>\$ 2,058,147</b>	<b>\$ 336,537</b>	<b>\$ 108,320</b>	<b>\$ 2,503,004</b>

*See accompanying notes to financial statements.*

**Sightline Institute**  
**Statement of Functional Expenses**

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<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
Recruiting expense	1,975	2,066	63	4,104
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
Dues and fees	4,686	5,198	2,398	12,282
Telecommunications	9,723	1,257	173	11,153
Depreciation expense	6,062	1,820	286	8,168
Printing and postage	9,904	6,779	298	16,981
Publications and subscriptions	4,632	2,994	-	7,626
Miscellaneous expense	1,679	3,309	6,200	11,188
Travel and meals	2,652	4,140	1,105	7,897
Liability insurance	-	-	3,762	3,762
Advertising	1,547	39	-	1,586
Conferences and continuing education	4,033	1,735	74	5,842
<b>Total Expenses</b>	<b>\$ 1,577,850</b>	<b>\$ 307,383</b>	<b>\$ 179,052</b>	<b>\$ 2,064,285</b>

*See accompanying notes to financial statements.*

**Sightline Institute**  
**Statements of Cash Flows**

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<i>Year Ended December 31,</i>	<b>2021</b>	<b>2020</b>
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ 1,183,829	\$ 518,458
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	9,369	8,168
Realized and unrealized gain on investments	(433,542)	(394,436)
Changes in operating assets and liabilities		
Receivables	(359,962)	315,046
Prepaid expenses and other assets	(45,295)	(17,365)
Accounts payable	(19,070)	27,606
Accrued vacation and payroll	(3,275)	35,349
Deferred Revenue	-	11,500
<b>Net Cash Flows from Operating Activities</b>	<b>332,054</b>	<b>504,326</b>
<b>Cash Flows from (for) Investing Activities</b>		
Net Sales (purchases) related to investments	392,780	(581,862)
Purchase of property and equipment	(21,226)	(2,014)
<b>Net Cash Flows from (for) Investing Activities</b>	<b>371,554</b>	<b>(583,876)</b>
<b>Net Change in Cash and Cash Equivalents</b>	<b>703,608</b>	<b>(79,550)</b>
Cash and Cash Equivalents, beginning of year	1,494,291	1,573,841
<b>Cash and Cash Equivalents, end of year</b>	<b>\$ 2,197,899</b>	<b>\$ 1,494,291</b>

*See accompanying notes to financial statements.*

# Sightline Institute

## Notes to Financial Statements

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### 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, 2021.

#### *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**

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Net assets with donor restrictions consist of the following:

<i>December 31,</i>	<b>2021</b>	<b>2020</b>
<b>Purpose-Restricted Grants and Contributions</b>		
Housing and urbanism	\$ 1,035,422	\$ 786,077
Alaska	40,334	28,869
Thin Green Line	25,000	45,455
Diversity, Equity, and Inclusion	67,036	-
YIMBYtown	5,000	5,000
<b>Total Purpose-Restricted Grants and Contributions</b>	<b>1,172,792</b>	<b>865,401</b>
<b>Time-Restricted Grants and Contributions</b>	<b>89,453</b>	<b>136,458</b>
<b>Total Net Assets with Donor Restrictions</b>	<b>\$ 1,262,245</b>	<b>\$ 1,001,859</b>

***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>	<b>2021</b>	<b>2020</b>
Common stocks	\$ 2,692,541	\$ 2,345,096
Corporate bonds	679,014	605,709
Certificates of deposit	-	404,022
Treasury notes and other governmental securities	140,741	116,707
<b>Total Investments</b>	<b>\$ 3,512,296</b>	<b>\$ 3,471,534</b>

**Sightline Institute**  
**Notes to Financial Statements**

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Investment income consists of the following:

<i>Year Ended December 31,</i>	<b>2021</b>	<b>2020</b>
Interest and dividends	\$ 75,440	\$ 67,662
Realized gain	222,590	118,086
Unrealized gain	210,952	276,350
<b>Total</b>	<b>\$ 508,982</b>	<b>\$ 462,098</b>

***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 \$1,211 and \$5,652 at December 31, 2021 and 2020, 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	<b>2021</b>	<b>2020</b>
Office equipment	3 years	\$ 85,141	\$ 63,916
Furniture	5 years	5,883	5,883
Leasehold improvements	5 years	9,066	9,066
		<b>100,090</b>	<b>78,865</b>
Less: Accumulated depreciation and amortization		<b>(79,474)</b>	<b>(70,106)</b>
<b>Total</b>		<b>\$ 20,616</b>	<b>\$ 8,759</b>

***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, 2021 and 2020, Sightline had accrued \$96,555 and \$149,987, respectively, which is included with accrued vacation and payroll on the statements of financial position.

# Sightline Institute

## Notes to Financial Statements

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### *In-Kind Contributions*

During 2021 and 2020, 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 \$95,536 and \$886 in 2021 and 2020, respectively.

### *Advertising*

As noted above, advertising is primarily received in-kind and is expensed as incurred. Advertising expense amounted to \$2,863 and \$1,586 in 2021 and 2020, 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.

### *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 July 22, 2022.

## **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

# Sightline Institute

## Notes to Financial Statements

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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.

The following table reflects Sightline's financial assets as of December 31, 2021 and 2020, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of board-designated net assets:

<i>December 31,</i>	<b>2021</b>	<b>2020</b>
Cash and cash equivalents	\$ 2,197,899	\$ 1,494,291
Investments	3,512,296	3,471,534
Grants and contributions receivable, net	498,955	138,993
<b>Total Financial Assets</b>	<b>6,209,150</b>	<b>5,104,818</b>
Grants and contributions receivable, long-term portion	(70,660)	(87,476)
Board-designated net assets	(1,057,624)	(857,641)
<b>Total Financial Assets Available to Meet Cash Needs for General Expenditures within One Year</b>	<b>\$ 5,080,866</b>	<b>\$ 4,159,701</b>



**Sightline Institute**  
**Notes to Financial Statements**

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**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>	<b>2021</b>	<b>2020</b>
<b>Amounts Receivable in</b>		
Less than one year	\$ 79,221	\$ 7,500
One to five years	88,200	154,400
	<b>167,421</b>	<b>161,900</b>
Less: Allowance for doubtful accounts	(1,211)	(5,652)
Less: Discount on long-term pledges (6%)	(17,255)	(17,255)
<b>Net Contributions Receivable</b>	<b>\$ 148,955</b>	<b>\$ 138,993</b>

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

<i>December 31,</i>	<b>2021</b>	<b>2020</b>
Contributions receivable, net, current portion	\$ 78,295	\$ 51,517
Long-term portion of contributions receivable, net	70,660	87,476
<b>Total</b>	<b>\$ 148,955</b>	<b>\$ 138,993</b>

At December 31, 2021 86% of net contributions receivable were due from four donors. At December 31, 2020, 69% of net contributions receivable were due from one donor.

There were no significant contribution revenue concentrations for the years ended December 31, 2021 or 2020.

**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. Grant Receivables as of December 31, 2021 are due within one year. There are no grants receivable due at December 31, 2020.

**Sightline Institute**  
**Notes to Financial Statements**

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For the year ended December 31, 2021, 71% of grant revenue was from four foundations. For the year ended December 31, 2020, 77% of grant revenue was from four foundations.

**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. There were no related-party transactions during the years ended December 31, 2021 and 2020.

**6. Operating Lease**

Sightline leases its facilities under an operating lease expiring in July 2023. Total rent expense amounted to \$81,953 and \$79,314 for 2021 and 2020, respectively. Future minimum rental payments for this noncancelable operating lease are as follows for the years ending December 31:

2022	\$	82,980
2023		48,972
<b>Total</b>	<b>\$</b>	<b>131,952</b>

**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, 2021 and 2020, Sightline contributed 10% of employees’ salaries to the plan. Contributions to the plan by Sightline were \$136,927 and \$102,254 for 2021 and 2020, respectively.

**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>	<b>2021</b>	<b>2020</b>
Operating reserves	\$ 1,057,624	\$ 857,641
Non-designated funds	3,714,607	2,991,147
<b>Total Net Assets Without Donor Restrictions</b>	<b>\$ 4,772,231</b>	<b>\$ 3,848,788</b>