

**PUGET SOUNDKEEPER ALLIANCE**

Financial Statements  
December 31, 2023 and 2022

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Puget Soundkeeper Alliance  
Seattle, Washington

### **Opinion**

We have audited the accompanying financial statements of Puget Soundkeeper Alliance (a nonprofit organization), which comprise the statements of financial position as of December 31, 2023 and 2022, 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 financial statements referred to above present fairly, in all material respects, the financial position of Puget Soundkeeper Alliance (a nonprofit organization) as of December 31, 2023 and 2022, 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. 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 Puget Soundkeeper Alliance 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 Puget Soundkeeper Alliance's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **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 generally accepted auditing standards 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.

Amanda O'Rourke, CPA  
Matt Smith, CPA  
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In performing an audit in accordance with generally accepted auditing standards, 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 Puget Soundkeeper Alliance'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 Puget Soundkeeper Alliance'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.

*Greenwood Ohlund*

Seattle, Washington  
August 21, 2024

**PUGET SOUNDKEEPER ALLIANCE**

STATEMENTS OF FINANCIAL POSITION

December 31, 2023 and 2022

ASSETS	2023	2022
Current Assets		
Cash and cash equivalents	\$ 671,637	\$ 963,523
Certificates of deposit	150,212	-
Legal fund receivable	27,585	7,648
Contributions and grants receivable	68,065	63,101
Prepaid expenses and other assets	46,291	51,546
Total current assets	963,790	1,085,818
Right-of-Use Asset – Operating Lease	123,746	216,555
Deposit	8,510	8,510
Total assets	\$ 1,096,046	\$ 1,310,883
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 26,665	\$ 34,073
Legal Fund liability	85,255	84,789
Accrued salaries and related	54,616	46,792
Operating lease liability	95,188	92,416
Total current liabilities	261,724	258,070
Operating Lease Liability, less current portion	32,040	127,228
Total liabilities	293,764	385,298
Net Assets		
Without donor restrictions		
Undesignated	307,920	386,990
Board-designated	462,532	507,170
Total net assets without donor restrictions	770,452	894,160
With donor restrictions	31,830	31,425
Total net assets	802,282	925,585
Total liabilities and net assets	\$ 1,096,046	\$ 1,310,883

*See accompanying notes to financial statements.*

**PUGET SOUNDKEEPER ALLIANCE**

STATEMENTS OF ACTIVITIES  
For the Years Ended December 31, 2023 and 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Support and Revenue</b>						
Contributions and grants	\$ 786,810	\$ 130,800	\$ 917,610	\$ 943,364	\$ 146,925	\$ 1,090,289
In-kind contributions	22,364	-	22,364	11,250	-	11,250
Special event revenue	188,253	-	188,253	165,474	-	165,474
Special event – direct benefit to donor	(61,552)	-	(61,552)	(81,035)	-	(81,035)
Soundkeeper program revenue	33,943	-	33,943	65,505	-	65,505
Interest	5,560	-	5,560	448	-	448
Net assets released from restrictions	130,395	(130,395)	-	254,810	(254,810)	-
<b>Total support and revenue</b>	<b>1,105,773</b>	<b>405</b>	<b>1,106,178</b>	<b>1,359,816</b>	<b>(107,885)</b>	<b>1,251,931</b>
<b>Expenses</b>						
Program services	845,901	-	845,901	994,006	-	994,006
Management and general	139,754	-	139,754	88,270	-	88,270
Fundraising	243,826	-	243,826	252,583	-	252,583
<b>Total expenses</b>	<b>1,229,481</b>	<b>-</b>	<b>1,229,481</b>	<b>1,334,859</b>	<b>-</b>	<b>1,334,859</b>
<b>Change in net assets</b>	<b>(123,708)</b>	<b>405</b>	<b>(123,303)</b>	<b>24,957</b>	<b>(107,885)</b>	<b>(82,928)</b>
Net Assets, beginning of year	894,160	31,425	925,585	869,203	139,310	1,008,513
Net Assets, end of year	\$ 770,452	\$ 31,830	\$ 802,282	\$ 894,160	\$ 31,425	\$ 925,585

*See accompanying notes to financial statements.*

**PUGET SOUNDKEEPER ALLIANCE**

STATEMENT OF FUNCTIONAL EXPENSES  
For the Year Ended December 31, 2023

	Program Services				Management and General	Fundraising	Total
	Soundkeeper	Education and Outreach	Clean Water Program	Total			
Salaries and related	\$ 297,194	\$ 106,175	\$ 170,682	\$ 574,051	\$ 95,462	\$ 154,988	\$ 824,501
Professional fees – other	43,112	23,618	35,329	102,059	22,362	11,084	135,505
Occupancy	37,706	15,681	21,617	75,004	15,187	19,909	110,100
Events	-	-	-	-	-	61,552	61,552
Other	5,592	4,399	7,144	17,135	3,413	13,754	34,302
Dues and conferences	8,046	3,400	3,402	14,848	1,879	7,216	23,943
Printing and publications	227	1,756	226	2,209	141	18,476	20,826
Supplies	2,024	505	10,875	13,404	84	5,104	18,592
Boat	298	193	13,977	14,468	-	1,931	16,399
Communication and marketing	95	1,806	72	1,973	31	7,141	9,145
Professional fees – Legal Fund	8,597	-	-	8,597	-	-	8,597
Travel and meetings	2,074	1,252	4,318	7,644	175	322	8,141
Program support stipends	2,000	-	5,600	7,600	-	-	7,600
Equipment	1,747	598	1,903	4,248	574	931	5,753
Insurance	1,218	417	699	2,334	400	649	3,383
Postage and mailing	218	66	43	327	46	2,321	2,694
<b>Total expenses</b>	<b>410,148</b>	<b>159,866</b>	<b>275,887</b>	<b>845,901</b>	<b>139,754</b>	<b>305,378</b>	<b>1,291,033</b>
Special event – direct benefit to donor	-	-	-	-	-	(61,552)	(61,552)
	<u>\$ 410,148</u>	<u>\$ 159,866</u>	<u>\$ 275,887</u>	<u>\$ 845,901</u>	<u>\$ 139,754</u>	<u>\$ 243,826</u>	<u>\$ 1,229,481</u>

*See accompanying notes to financial statements.*

**PUGET SOUNDKEEPER ALLIANCE**

STATEMENT OF FUNCTIONAL EXPENSES  
For the Year Ended December 31, 2022

	Program Services				Management and General	Fundraising	Total
	Soundkeeper	Education and Outreach	Clean Water Program	Total			
Salaries and related	\$ 408,591	\$ 97,747	\$ 159,673	\$ 666,011	\$ 51,294	\$ 151,871	\$ 869,176
Professional fees – other	96,430	34,527	29,037	159,994	24,248	13,168	197,410
Occupancy	48,567	10,351	18,643	77,561	9,168	18,000	104,729
Events	-	-	-	-	-	81,035	81,035
Printing and publications	2,352	1,400	1,074	4,826	74	25,547	30,447
Other	5,881	2,860	3,321	12,062	1,710	12,597	26,369
Dues and conferences	10,845	2,960	2,896	16,701	1,037	8,120	25,858
Boat	10,210	1,700	12,933	24,843	-	-	24,843
Travel and meetings	4,492	2,352	2,793	9,637	57	3,750	13,444
Supplies	3,070	1,281	2,774	7,125	85	5,457	12,667
Communication and marketing	353	3,248	1,023	4,624	32	5,935	10,591
Postage and mailing	41	7	169	217	23	6,653	6,893
Equipment	2,360	510	926	3,796	342	894	5,032
Insurance	2,460	337	612	3,409	200	591	4,200
Professional fees – Legal Fund	3,200	-	-	3,200	-	-	3,200
<b>Total expenses</b>	<b>598,852</b>	<b>159,280</b>	<b>235,874</b>	<b>994,006</b>	<b>88,270</b>	<b>333,618</b>	<b>1,415,894</b>
Special event – direct benefit to donor	-	-	-	-	-	(81,035)	(81,035)
	<u>\$ 598,852</u>	<u>\$ 159,280</u>	<u>\$ 235,874</u>	<u>\$ 994,006</u>	<u>\$ 88,270</u>	<u>\$ 252,583</u>	<u>\$ 1,334,859</u>

*See accompanying notes to financial statements.*

## PUGET SOUNDKEEPER ALLIANCE

### STATEMENTS OF CASH FLOWS For the Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash Flows from Operating Activities		
Cash received from donors and customers	\$ 964,693	\$ 1,266,171
Cash paid to employees and vendors	(1,262,139)	(1,428,438)
Interest received	5,560	448
	<u>(291,886)</u>	<u>(161,819)</u>
<b>Net cash flows from operating activities</b>	<b>(291,886)</b>	<b>(161,819)</b>
Cash and Cash Equivalents, beginning of the year	<u>963,523</u>	<u>1,125,342</u>
Cash and Cash Equivalents, end of the year	<u><u>\$ 671,637</u></u>	<u><u>\$ 963,523</u></u>

*See accompanying notes to financial statements.*

# PUGET SOUNDKEEPER ALLIANCE

## NOTES TO FINANCIAL STATEMENTS

### **Note 1 – Organization and Summary of Significant Accounting Policies**

#### *Organization and Nature of Activities*

Puget Soundkeeper Alliance (Puget Soundkeeper) was established in 1984 in the State of Washington. Puget Soundkeeper's mission is to protect and enhance the waters of Puget Sound for the communities and ecosystems of the entire watershed dependent on clean water and healthy habitat. Puget Soundkeeper accomplishes its mission, throughout the Puget Sound and the Washington State waters of the Salish Sea, with a mix of clean water advocacy, litigation, community engagement, and public education initiatives. Additionally, Puget Soundkeeper works basin-wide, state-wide, regionally, nationally, and internationally on issues, campaigns, and programs that affect Puget Sound.

Substantively, Puget Soundkeeper's work ranges from climate change, energy resource management, and endangered species protection to stormwater control, elimination of plastic pollution, and environmental enforcement; its three primary programs are:

Law & Policy – As an on-the-water advocacy organization, Puget Soundkeeper works to directly enforce the Clean Water Act through actions ranging from water quality monitoring and legislative and administrative advocacy to taking polluters to court and enforcing the law. To date, over 200 legal actions have been filed through this program and millions of dollars have been spent by polluters to clean up their facilities and restore the communities and ecosystems degraded by their activities. In the past 10 years alone, Puget Soundkeeper has submitted public comments to decision makers advocating for better policies and regulations for our waterways. Puget Soundkeeper is on the Sound and in its watershed on foot, by bike, and on the water working to ensure the law is followed, our legal systems continuously improve, and our watersheds and communities are protected.

Education and Outreach – Puget Soundkeeper works to connect, inform, and activate communities across the Sound in common cause for clean water – online (through social media platforms and its own website), in person (through membership meet-up events and panel discussions, tabling events, presentations, and at community events), and in its work with schools and youth programs. Additionally, Puget Soundkeeper supports the next generation of clean water community advocates through its advocacy trainings and conference presentations.

Clean Water Program – Through its Clean Water Program, Puget Soundkeeper's team works directly with communities, visitors, and industries across the Sound through a host of volunteer events (including cleanups, festivals, and restoration projects), community science initiatives (including microplastic, water quality, and salmon survival projects), and trainings. Each year, Puget Soundkeeper engages with more than 10,000 community members on the water and waterfront, and with dozens of agencies, entities, partner organizations and businesses.

#### *Use of Estimates*

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

# PUGET SOUNDKEEPER ALLIANCE

## NOTES TO FINANCIAL STATEMENTS

### *Financial Statement Presentation*

Puget Soundkeeper reports information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. The Board of Directors has designated net assets without donor restrictions for the following purposes at December 31:

	<u>2023</u>	<u>2022</u>
Operating reserve fund	\$ 309,291	\$ 303,809
Legal fund	<u>153,241</u>	<u>203,361</u>
	<u>\$ 462,532</u>	<u>\$ 507,170</u>

### *Net Assets with Donor Restrictions*

Net assets with donor restrictions consist of unexpended contributions and/or grants 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.

Net assets with donor restrictions consist of the following at December 31:

	<u>2023</u>	<u>2022</u>
Clean Water Program	\$ 21,830	\$ 31,425
Soundkeeper	<u>10,000</u>	<u>-</u>
	<u>\$ 31,830</u>	<u>\$ 31,425</u>

### *Cash and Cash Equivalents*

Puget Soundkeeper considers highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. At times, cash and cash equivalents exceed federally insured limits; however, management does not believe Puget Soundkeeper is exposed to any significant credit risk.

### *Certificates of Deposit*

Certificates of deposit are recorded at cost plus accrued interest.

### *Legal Fund Receivable*

Legal fund receivable consists of legal settlements awarded by the court but not yet collected.

### *Contributions and Grants Receivable*

Contributions and grants receivable are stated at estimated net realizable value. Puget Soundkeeper uses the allowance method for recognizing bad debts. When an account is deemed uncollectible, it is written off against the allowance. No allowance for doubtful accounts was deemed necessary at December 31, 2023, or 2022.

## **PUGET SOUNDKEEPER ALLIANCE**

### **NOTES TO FINANCIAL STATEMENTS**

#### *Leases*

Puget Soundkeeper determines if an arrangement is a lease at inception. Operating leases are included in right of use (ROU) assets and lease liabilities in the statements of financial position.

ROU assets represent Puget Soundkeeper's right to use an underlying asset for the lease term, and lease liabilities represent its obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that Puget Soundkeeper will exercise that option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term.

Puget Soundkeeper has elected to recognize payments for short-term leases with terms of 12 months or less as expense as incurred, and these leases are not included as ROU assets or lease liabilities on the statements of financial position. Management has determined that any discount rate used for computing the present value of lease liabilities would be immaterial, and as such, a discount has not been recognized in these financial statements.

Puget Soundkeeper has elected not to separate non-lease components from lease components and instead accounts for each separate lease component and the non-lease component as a single lease component.

#### *Contribution and Grant Revenue Recognition*

Puget Soundkeeper recognizes contribution and grant revenue (including those received at special events) with or without donor restrictions when the unconditional gift is received or pledged.

Conditional promises to give – that is, those with a measurable performance-related barrier or other measurable barrier and a right of return – are not recognized until the conditions on which they depend have been met. At December 31, 2023, Puget Soundkeeper had approximately \$143,000 in conditional contributions, of which it was notified during the year then ended. The promises were conditional upon Puget Soundkeeper incurring qualified costs related to specific programs run by Puget Soundkeeper.

During the year ended December 31, 2021, Puget Soundkeeper received a Paycheck Protection Program loan from the United States Small Business Administration of \$167,508. The conditions of this loan were met during the year ended December 31, 2022, and therefore, the loan amount was recognized to contribution and grant revenue.

#### *Soundkeeper Program Revenue*

Soundkeeper program revenue consists of legal settlements received under the Soundkeeper program. Program fee revenue is recognized when a settlement is awarded and the amount is determined by the court.

## **PUGET SOUNDKEEPER ALLIANCE**

### **NOTES TO FINANCIAL STATEMENTS**

#### *In-Kind Contributions*

Donations of supplies, use of facilities, and services are recorded as contribution support at the estimated fair value at the date of donation. During the years ended December 31, 2023 and 2022, Puget Soundkeeper received donated goods and services valued at \$22,364 and \$11,250, respectively.

Volunteers have made significant contributions of time to Puget Soundkeeper's program, fundraising, and support functions. The value of this contributed time does not meet the criteria for recognition of contributed services under accounting principles generally accepted in the United States of America, and, accordingly, is not reflected in the accompanying financial statements.

#### *Allocation of Functional Expenses*

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Certain expenses are attributed to more than one program or supporting function. Accordingly, certain costs have been allocated among the programs and supporting services benefitted. Salaries and related, professional fees, occupancy, and other are allocated based on estimates of time and effort.

#### *Federal Income Tax*

Puget Soundkeeper is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

#### *Reclassifications*

Certain prior year balances have been reclassified in order to conform to the current year presentation.

#### *Subsequent Events*

Management of Puget Soundkeeper has evaluated subsequent events through the date these financial statements were available to be issued, which was August 21, 2024.

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## PUGET SOUNDKEEPER ALLIANCE

### NOTES TO FINANCIAL STATEMENTS

#### Note 2 – Liquidity and Availability of Resources

Puget Soundkeeper strives to maintain liquid financial assets sufficient to cover three to six months of general expenditures. Financial assets in excess of daily cash requirements are held in cash and cash equivalents. Management closely monitors revenues, and Puget Soundkeeper's activities, expenditures, and Board-designated amounts can be modified based on the level of support received each year.

The following table reflects Puget Soundkeeper's financial assets as of December 31, 2023 and 2022, reduced by amounts that are not available for general expenditure within one year of the statement of financial position date because of Board designations for specific purposes or donor restrictions. Board-designated net assets for operating reserves are considered to be available for current operations should the needs arise.

	2023	2022
Financial assets:		
Cash and cash equivalents	\$ 671,637	\$ 963,523
Certificates of deposit	150,212	-
Legal fund receivable	27,585	7,648
Contributions and grants receivable	68,065	70,749
	<u>917,499</u>	<u>1,041,920</u>
Amounts not available to be used within one year:		
Net assets with Board designations – legal fund	(153,241)	(203,361)
Net assets with donor restrictions	(31,830)	(31,425)
	<u>\$ 732,428</u>	<u>\$ 807,134</u>

#### Note 3 – Operating Lease

Puget Soundkeeper has a noncancelable operating lease for office space in Seattle, Washington, with a term through April 30, 2025. The lease provides for annual rent increases and requires Puget Soundkeeper to pay a proportionate share of the property's operating costs. The lease includes one option to renew for an additional five-year term; however, as management is not reasonably certain this option will be exercised, it has not been included in the calculation of the ROU asset and lease liability on the statements of financial position.

Operating lease costs under this lease totaled \$92,809 for each of the years ended December 31, 2023 and 2022, and are included within occupancy in the statements of functional expenses. Net operating cash flows for this lease totaled \$92,416 and \$89,720 during the years ended December 31, 2023 and 2022, respectively.

## PUGET SOUNDKEEPER ALLIANCE

### NOTES TO FINANCIAL STATEMENTS

A maturity analysis of annual cash flows for lease liabilities as of December 31, 2023, is as follows for the years ending December 31:

2024	\$	95,188
2025		<u>32,040</u>
	\$	<u><u>127,228</u></u>

The operating lease liability is presented in the statements of financial position as follows at December 31:

	<u>2023</u>	<u>2022</u>
Operating lease liability (a current liability)	\$ 95,188	\$ 92,416
Operating lease liability, less current portion	<u>32,040</u>	<u>127,228</u>
	<u><u>\$ 127,228</u></u>	<u><u>\$ 219,644</u></u>