



**Low Impact Hydropower Institute
Financial Statement
For the Year Ended
December 31, 2020**

Low Impact Hydropower Institute

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Independent Auditor's Report

To the Board of Directors
Low Impact Hydropower Institute
Lexington, MA

I have audited the accompanying financial statements of Low Impact Hydropower Institute (a nonprofit organization), which comprise the statement of financial position as of December 31, 2020, and the related statement of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Low Impact Hydropower Institute as of December 31, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink that reads 'Melissa Gilroy'.

Melissa Gilroy, Certified Public Accountant
Westwood, Massachusetts
March 25, 2021

**Low Impact Hydropower Institute
Statement of Financial Position**

As of December 31,

2020

Assets

Current Assets

Cash and cash equivalents	\$	371,850
Accounts receivable		39,893
Other current assets		2,479
Total current assets		<u>414,222</u>

Non-Current Assets

Website		10,057
Less accumulated amortization		<u>(10,057)</u>
Total non-current assets		-

Total Assets \$ 414,222

Liabilities and Net Assets

Current Liabilities

Accounts payable	\$	2,714
Accrued expenses		13,567
Deferred revenue		38,614
Total current liabilities		<u>54,895</u>

Total liabilities 54,895

Net Assets

Without donor restrictions		359,327
With donor restrictions		-
Total net assets		<u>359,327</u>

Total Liabilities and Net Assets \$ 414,222

**Low Impact Hydropower Institute
Statement of Activities**

For the year ended December 31,	2020
Revenue and Support	
Annual fee income	\$ 502,341
Application fee income	158,620
Donation income	7,949
Other income	552
Interest income	1,171
Total revenue and support	<u>670,633</u>
Expenses	
Program services	437,579
General and administrative	<u>90,774</u>
Total expenses	<u>528,353</u>
Change in Net Assets from operations	142,280
Net Assets at Beginning of Year	<u>217,047</u>
Net Assets at End of Year	\$ <u>359,327</u>

Low Impact Hydropower Institute
Statement of Functional Expenses
For the year ended December 31, 2020

		General &	2020
	Program	Administrative	Total
Salaries	\$ 265,727	38,494	304,221
Payroll taxes	20,866	3,682	24,548
Benefits	7,749	1,367	9,116
	<u>294,342</u>	<u>43,543</u>	<u>337,885</u>
Reviewer fees	77,795	-	77,795
Professional fees	19,750	37,896	57,646
Rent	14,730	2,605	17,335
Utilities	10,860	1,196	12,056
Dues and fees	5,299	1,821	7,120
Meeting and travel	6,047	1,006	7,053
Insurance	3,414	603	4,017
Office expenses	3,188	690	3,878
Advertising and marketing	864	1,414	2,278
Amortization	1,290	-	1,290
	<u>437,579</u>	<u>90,774</u>	<u>528,353</u>
Total Functional Expenses	\$ 437,579	90,774	528,353

Low Impact Hydropower Institute
Statement of Cash Flows

For the year ended December 31,

2020

Cash Flows from Operating Activities

Change in Net Assets from operations	\$ 142,280
Adjustments to reconcile change in net assets to cash provided by operations	
Amortization	1,290
Change in operating assets and liabilities	
Accounts receivables	13,328
Prepaid expenses	195
Accounts payable	(5,649)
Accrued expenses	(996)
Deferred revenue	11,830
Net Cash Provided by Operating Activities	<u>162,278</u>
Net Increase in Cash and Cash Equivalents	162,278
Cash and Cash Equivalents - Beginning	<u>209,572</u>
Cash and Cash Equivalents - Ending	<u><u>\$ 371,850</u></u>

Low Impact Hydropower Institute

Notes to Financial Statements

1. Nature of the Business

Low Impact Hydropower Institute (the “Organization” or “LIHI”) is a nonprofit corporation founded in 1999. The Organization is a 501(c)(3) non-profit organization whose primary purpose is to: 1) set criteria for characterizing hydropower facilities that are low impact; 2) conduct a program to certify that hydropower facilities meet these criteria; and 3) make information about the impacts of hydropower available to the public. LIHI’s Certification Program encourages a range of benefits associated with healthy rivers and enables low impact projects to access renewable energy markets.

The Organization is exempt from Federal income taxes as an organization (not a private foundation) formed for charitable purposes under Section 501(c)(3) of the Internal Revenue Code (IRC). LIHI is also exempt from state income taxes.

2. Summary of Significant Accounting Policies

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis with net assets, revenues, expenses, gains, and losses classified in two categories based on the existence or absence of externally imposed restrictions. Operating revenues consist of those monies received and contributions attributable to the Organization’s ongoing efforts. The net assets of the Organization are classified and defined as follows:

Net Assets Without Donor Restrictions

Net assets that are not subject to donor-imposed stipulations are considered unrestricted.

Net Assets With Donor Restrictions

Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America (“GAAP”) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the 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.

Low Impact Hydropower Institute

Notes to the Financial Statements

2. Summary of Significant Accounting Policies (continued)

Cash and Cash Equivalents

The Organization considers all highly liquid investments with a maturity of three months or less, when acquired, to be cash equivalents.

Accounts Receivable

The Organization carries its accounts receivable at an amount equal to uncollected but earned revenue less an allowance for doubtful accounts. On a periodic basis, the Organization evaluates its accounts receivable and establishes an allowance for doubtful accounts, based on a history of past write-offs, an assessment of economic conditions and a review of subsequent collections. Accounts receivables are written off when deemed uncollectible. As of year-end, management has determined that no allowance was required. Accounts receivables due from two customers represented 74% of the outstanding balance as of December 31, 2020.

Revenue recognition and deferred revenue

The Organization receives revenue primarily in the form of annual fees and application fees. Annual fees are recognized ratably during the year in which the related services are provided to customers. The performance obligation of delivering the services is simultaneously received and consumed by the customers; therefore, the revenue is recognized ratably over the course of the year. Annual fee income from one customer amounted to 25% of total annual fee income for the year ended December 31, 2020. Application fees are recognized over the application review period as the Organization satisfies the performance obligation. When payments are received for the applications in advance, the Organization records deferred revenue until the review period is complete.

The Organization recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Donated Goods and Services

Donated goods and services are recorded at the estimated fair value provided to the Organization. Contributed services are recognized for services that require specialized skills and are provided by persons possessing those skills in the period in which they are received in accordance with GAAP. During the year ended December 31, 2020, the Organization did not receive any donated goods or services.

Income Taxes

The Organization is a tax-exempt entity under Code Section 501(c)(3) of the Internal Revenue Code (the "Code"), and are exempt from federal income taxes on related income pursuant to Section 501(a) of the Code and is not considered to be a private foundation. In addition, the Organization is subject to income tax on net income that is derived from business activities that are unrelated to their exempt purposes. Management has determined that the entity is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS. Accordingly, no provision for income taxes is included in the financial statements. The Organization has filed all of its known and required tax returns in a timely manner, including as permitted, allowed extensions.

Low Impact Hydropower Institute

Notes to the Financial Statements

2. Summary of Significant Accounting Policies (continued)

Recent Pronouncements

In 2019, the Organization adopted the Financial Accounting Standards Board Accounting Standards Update (ASU) No. 2014-09, "Revenue from Contracts with Customers" (Topic 606). This guidance amends revenue recognition to replace numerous, industry-specific requirements and converges areas under this topic with those of the International Financial Reporting Standards. Analysis of various provisions of this standard resulted in no significant changes in the way the Organization recognizes revenue, and therefore no changes to the previously issued audited financial statements were required on a retrospective basis. The presentation and disclosures of revenue have been enhanced in accordance with the standard.

The Organization has adopted Accounting Standards Update (ASU) No. 2018-08 Not-for-Profit Entities: "Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made" (Topic 605) as management believes the standard improves the usefulness and understandability of the Organization's financial reporting.

3. Lease Commitments

The Organization was a party to a lease for office space that required monthly payments of \$1,450 and expired in February 2020 after which LIHI became a tenant at will. Rent expense for the year ended December 31, 2020 amounted to \$17,329.

4. Cash Concentrations

The Organization maintains its cash deposits at a local financial institution insured by the Federal Deposit Insurance Corporation ("FDIC"). Deposits at FDIC insured institutions are insured up to \$250,000 per depositor. During 2020, the Organization had approximately \$121,000 of deposits in excess of the FDIC insurance limit.

5. Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date are comprised of:

Cash and cash equivalents	\$ 371,850
Accounts receivable	39,893
	<u>\$ 411,743</u>

The Organization has a goal to maintain at least six months of cash on hand to meet expenditures as of its year-end which it has attained as of December 31, 2020.

6. Retirement Plan

The Organization sponsors a SIMPLE/IRA retirement plan for the benefit of eligible employees who met certain requirements. Under the plan provisions, contributions are elective by employees. The Organization's plan contains a discretionary matching provision of up to 3%. During the year ended December 31, 2020, the employer matching contributions amounted to \$9,116.

Low Impact Hydropower Institute Notes to the Financial Statements

7. Risks and Uncertainties

In March 2020, a national emergency was declared in the United States as a result of the coronavirus epidemic. This public health crisis has had a significant and wide-ranging effect on the United States economy, global markets, supply chains, businesses and communities. Specific to the Organization, COVID-19 may impact operations and financial results, including but not limited to, additional costs for emergency preparedness, potential shortages of personnel, or loss of revenue. Management believes it is taking appropriate actions to mitigate any negative impact COVID-19 may have on its operations.

8. Subsequent Events

Management has evaluated subsequent events through March 25, 2021 which is the date financial statements were available to be issued.