

**990**  
Form  
Department of the Treasury  
Internal Revenue Service

# Return of Organization Exempt From Income Tax

**Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except private foundations)** Do not enter social security numbers on this form as it may be made public.  
 ▶ Go to [www.irs.gov/Form990](http://www.irs.gov/Form990) for instructions and the latest information.

OMB No. 1545-0047  
2020  
**Open to Public Inspection**

**A For the 2020 calendar year, or tax year beginning 01-01-2020, and ending 12-31-2020**

- B** Check if applicable:  
 Address change  
 Name change  
 Initial return  
 Final return/terminated  
 Amended return  
 Application pending

**C** Name of organization  
Headwaters Economics Inc

Doing business as

Number and street (or P.O. box if mail is not delivered to street address) Room/suite  
PO Box 7059

City or town, state or province, country, and ZIP or foreign postal code  
Bozeman, MT 59771

**D** Employer identification number  
74-3171967

**E** Telephone number  
(406) 599-7423

**G** Gross receipts \$ 2,461,809

**F** Name and address of principal officer:  
Patty Hernandez  
PO Box 7059  
Bozeman, MT 59771

**H(a)** Is this a group return for subordinates?  Yes  No  
**H(b)** Are all subordinates included?  Yes  No  
 If "No," attach a list. (see instructions)  
**H(c)** Group exemption number ▶

**I** Tax-exempt status:  501(c)(3)  501(c) ( ) ◀ (insert no.)  4947(a)(1) or  527

**J** Website: ▶ headwaterseconomics.org

**K** Form of organization:  Corporation  Trust  Association  Other ▶

**L** Year of formation: 2006

**M** State of legal domicile: MT

**Part I Summary**

**1** Briefly describe the organization's mission or most significant activities:  
Headwaters Economics, Inc. is an independent, nonprofit research group. Our mission is to improve community development and land management decisions.

**2** Check this box  if the organization discontinued its operations or disposed of more than 25% of its net assets.

|  |           |    |
|--|-----------|----|
| <b>3</b> Number of voting members of the governing body (Part VI, line 1a)             | <b>3</b>  | 7  |
| <b>4</b> Number of independent voting members of the governing body (Part VI, line 1b) | <b>4</b>  | 5  |
| <b>5</b> Total number of individuals employed in calendar year 2020 (Part V, line 2a)  | <b>5</b>  | 11 |
| <b>6</b> Total number of volunteers (estimate if necessary)                            | <b>6</b>  |    |
| <b>7a</b> Total unrelated business revenue from Part VIII, column (C), line 12         | <b>7a</b> | 0  |
| <b>7b</b> Net unrelated business taxable income from Form 990-T, line 39               | <b>7b</b> |    |

|   |   | Prior Year                | Current Year |
|---|---|---------------------------|--------------|
| <b>Revenue</b>  | <b>8</b> Contributions and grants (Part VIII, line 1h)                                      | 2,561,968                 | 2,358,554    |
|   | <b>9</b> Program service revenue (Part VIII, line 2g)                                       | 70,226                    | 94,894       |
|   | <b>10</b> Investment income (Part VIII, column (A), lines 3, 4, and 7d)                     | 5,952                     | 1,966        |
|   | <b>11</b> Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)          | 23,517                    | 6,395        |
|   | <b>12</b> Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)  | 2,661,663                 | 2,461,809    |
| <b>Expenses</b>   | <b>13</b> Grants and similar amounts paid (Part IX, column (A), lines 1-3)                  |                           | 0            |
|   | <b>14</b> Benefits paid to or for members (Part IX, column (A), line 4)                     |                           | 0            |
|   | <b>15</b> Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10) | 1,125,468                 | 1,252,140    |
|   | <b>16a</b> Professional fundraising fees (Part IX, column (A), line 11e)                    |                           | 0            |
|   | <b>b</b> Total fundraising expenses (Part IX, column (D), line 25) ▶ 25,299                 |                           |              |
|   | <b>17</b> Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e)                      | 1,256,385                 | 1,187,671    |
| <b>18</b> Total expenses. Add lines 13-17 (must equal Part IX, column (A), line 25) | 2,381,853   | 2,439,811                 |              |
| <b>19</b> Revenue less expenses. Subtract line 18 from line 12                      | 279,810   | 21,998                    |              |
| <b>Net Assets or Fund Balances</b>  |   | Beginning of Current Year | End of Year  |
|   | <b>20</b> Total assets (Part X, line 16)  | 1,793,967                 | 1,848,397    |
|   | <b>21</b> Total liabilities (Part X, line 26)   | 107,062                   | 139,494      |
| <b>22</b> Net assets or fund balances. Subtract line 21 from line 20                | 1,686,905   | 1,708,903                 |              |

**Part II Signature Block**

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

|                                |            |
|--------------------------------|------------|
| <b>Sign Here</b>               | 2021-04-20 |
| Signature of officer           | Date       |
| Patty Hernandez Treasurer/Sec. |            |
| Type or print name and title   |            |

|                               |  |                      |      |  |                |
|-------------------------------|--|----------------------|------|--|----------------|
| <b>Paid Preparer Use Only</b> | Print/Type preparer's name                               | Preparer's signature | Date | Check <input checked="" type="checkbox"/> if self-employed | PTIN P01366717 |
|                               | Firm's name ▶ ROSIE BARNDT CPA PC                        |                      |      | Firm's EIN ▶ 82-1279005                                    |                |
|                               | Firm's address ▶ 3382 MONIDA STREET<br>BOZEMAN, MT 59718 |                      |      | Phone no. (406) 209-0411                                   |                |

May the IRS discuss this return with the preparer shown above? (see instructions)  Yes  No

**Part III Statement of Program Service Accomplishments**

Check if Schedule O contains a response or note to any line in this Part III

**1** Briefly describe the organization's mission:

Headwaters Economics, Inc. is an independent, nonprofit research group. Our mission is to improve community development and land management decisions.

**2** Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ?  Yes  No

If "Yes," describe these new services on Schedule O.

**3** Did the organization cease conducting, or make significant changes in how it conducts, any program services?  Yes  No

If "Yes," describe these changes on Schedule O.

**4** Describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses. Section 501(c)(3) and 501(c)(4) organizations are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported.

**4a** (Code: ) (Expenses \$ 2,350,163 including grants of \$ ) (Revenue \$ )  
See supplemental information.

**4b** (Code: ) (Expenses \$ including grants of \$ ) (Revenue \$ )

**4c** (Code: ) (Expenses \$ including grants of \$ ) (Revenue \$ )

**4d** Other program services (Describe in Schedule O.)  
(Expenses \$ including grants of \$ ) (Revenue \$ )

**4e** Total program service expenses **2,350,163**

Part IV Checklist of Required Schedules

Table with 3 columns: Question ID, Question Text, Yes, No. Rows include questions 1 through 21 regarding organizational requirements and reporting.

**Part IV Checklist of Required Schedules (continued)**

|            |  | Yes | No |
|------------|--|-----|----|
| <b>22</b>  | Did the organization report more than \$5,000 of grants or other assistance to or for domestic individuals on Part IX, column (A), line 2? <i>If "Yes," complete Schedule I, Parts I and III . . . . .</i>   |     | No |
| <b>23</b>  | Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? <i>If "Yes," complete Schedule J . . . . .</i>  | Yes |    |
| <b>24a</b> | Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? <i>If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25a . . . . .</i>  |     | No |
| <b>24b</b> | Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception? . . . . .  |     |    |
| <b>24c</b> | Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds? . . . . .   |     |    |
| <b>24d</b> | Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?  |     |    |
| <b>25a</b> | <b>Section 501(c)(3), 501(c)(4), and 501(c)(29) organizations.</b> Did the organization engage in an excess benefit transaction with a disqualified person during the year? <i>If "Yes," complete Schedule L, Part I . . . . .</i>   |     | No |
| <b>25b</b> | Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? <i>If "Yes," complete Schedule L, Part I . . . . .</i>   |     | No |
| <b>26</b>  | Did the organization report any amount on Part X, line 5 or 22 for receivables from or payables to any current or former officer, director, trustee, key employee, creator or founder, substantial contributor, or 35% controlled entity or family member of any of these persons?   |     | No |
| <b>27</b>  | Did the organization provide a grant or other assistance to any current or former officer, director, trustee, key employee, creator or founder, substantial contributor, or employee thereof, a grant selection committee member, or to a 35% controlled entity (including an employee thereof) or family member of any of these persons? <i>If "Yes," complete Schedule L, Part III . . . . .</i> |     | No |
| <b>28</b>  | Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions):  |     |    |
| <b>28a</b> | A current or former officer, director, trustee, key employee, creator or founder, or substantial contributor? <i>If "Yes," complete Schedule L, Part IV . . . . .</i>  |     | No |
| <b>28b</b> | A family member of any individual described in line 28a? <i>If "Yes," complete Schedule L, Part IV . . . . .</i>   |     | No |
| <b>28c</b> | A 35% controlled entity of one or more individuals and/or organizations described in lines 28a or 28b? <i>If "Yes," complete Schedule L, Part IV . . . . .</i>   |     | No |
| <b>29</b>  | Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M . . . . .</i>  | Yes |    |
| <b>30</b>  | Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions?   |     | No |
| <b>31</b>  | Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I . . . . .</i>  |     | No |
| <b>32</b>  | Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II . . . . .</i>  |     | No |
| <b>33</b>  | Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3?   |     | No |
| <b>34</b>  | Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1 . . . . .</i>  |     | No |
| <b>35a</b> | Did the organization have a controlled entity within the meaning of section 512(b)(13)?  |     | No |
| <b>35b</b> | If "Yes" to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? <i>If "Yes," complete Schedule R, Part V, line 2 . . . . .</i>   |     |    |
| <b>36</b>  | <b>Section 501(c)(3) organizations.</b> Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2 . . . . .</i>   |     | No |
| <b>37</b>  | Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? <i>If "Yes," complete Schedule R, Part VI . . . . .</i>   |     | No |
| <b>38</b>  | Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19? <b>Note.</b> All Form 990 filers are required to complete Schedule O. . . . .   | Yes |    |

**Part V Statements Regarding Other IRS Filings and Tax Compliance**

Check if Schedule O contains a response or note to any line in this Part V

|           |  | Yes | No |
|-----------|--|-----|----|
| <b>1a</b> | Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable   |     |    |
| <b>1b</b> | Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable  |     |    |
| <b>1c</b> | Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners? . . . . . | Yes |    |

Part V Statements Regarding Other IRS Filings and Tax Compliance (continued)

Main form body containing questions 2a through 16, with sub-questions and corresponding answer boxes (e.g., 2a, 2b, 3a, 3b, etc.).

Part VI Governance, Management, and Disclosure For each "Yes" response to lines 2 through 7b below, and for a "No" response to lines 8a, 8b, or 10b below, describe the circumstances, processes, or changes in Schedule O. See instructions. Check if Schedule O contains a response or note to any line in this Part VI

Section A. Governing Body and Management

Table with 3 columns: Question, Yes, No. Rows include: 1a Enter the number of voting members of the governing body at the end of the tax year... 1b Enter the number of voting members included in line 1a, above, who are independent... 2 Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?...

Section B. Policies (This Section B requests information about policies not required by the Internal Revenue Code.)

Table with 3 columns: Question, Yes, No. Rows include: 10a Did the organization have local chapters, branches, or affiliates? 10b If "Yes," did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes?...

Section C. Disclosure

Table with 2 columns: Question, Answer. Rows include: 17 List the states with which a copy of this Form 990 is required to be filed. 18 Section 6104 requires an organization to make its Form 1023 (or 1024-A if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply. 19 Describe in Schedule O whether (and if so, how) the organization made its governing documents, conflict of interest policy, and financial statements available to the public during the tax year. 20 State the name, address, and telephone number of the person who possesses the organization's books and records: Janet Clark PO Box 7059 Bozeman, MT 59771 (406) 599-1386





**Part VIII Statement of Revenue**

Check if Schedule O contains a response or note to any line in this Part VIII

|  |  | (A)<br>Total revenue | (B)<br>Related or<br>exempt<br>function<br>revenue | (C)<br>Unrelated<br>business<br>revenue | (D)<br>Revenue<br>excluded from<br>tax under sections<br>512 - 514 |
|--|--|----------------------|--|---|--|
|--|--|----------------------|--|---|--|

|   |   |           |           |  |  |
|---|---|-----------|-----------|--|--|
| <b>Contributions, Gifts, Grants and Other Similar Amounts</b> | <b>1a</b> Federated campaigns . . .   | <b>1a</b> |           |  |  |
|   | <b>b</b> Membership dues . . .  | <b>1b</b> |           |  |  |
|   | <b>c</b> Fundraising events . . .   | <b>1c</b> |           |  |  |
|   | <b>d</b> Related organizations  | <b>1d</b> |           |  |  |
|   | <b>e</b> Government grants (contributions)  | <b>1e</b> | 1,173,837 |  |  |
|   | <b>f</b> All other contributions, gifts, grants, and similar amounts not included above | <b>1f</b> | 1,184,717 |  |  |
|   | <b>g</b> Noncash contributions included in lines 1a - 1f:\$                             | <b>1g</b> | 121,050   |  |  |
| <b>h Total.</b> Add lines 1a-1f . . . . .                     |   |           | 2,358,554 |  |  |

| <b>Program Service Revenue</b>              |  | Business Code       |        |        |        |
|---|--|---------------------|--------|--------|--------|
|   |  | <b>2a</b> Contracts | 900099 | 94,894 | 94,894 |
| <b>b</b>                                    |  |                     |        |        |        |
| <b>c</b>                                    |  |                     |        |        |        |
| <b>d</b>                                    |  |                     |        |        |        |
| <b>e</b>                                    |  |                     |        |        |        |
| <b>f</b> All other program service revenue. |  |                     |        |        |        |
| <b>g Total.</b> Add lines 2a-2f. . . . .    |  |                     | 94,894 |        |        |

|   |   |                |       |   |       |  |
|---|---|----------------|-------|---|-------|--|
| <b>Other Revenue</b>                                  | <b>3</b> Investment income (including dividends, interest, and other similar amounts) |                | 1,966 |   | 1,966 |  |
|   | <b>4</b> Income from investment of tax-exempt bond proceeds                           |                | 0     |   |       |  |
|   | <b>5</b> Royalties . . . . .  |                | 0     |   |       |  |
|   | <b>6a</b> Gross rents   | (i) Real       |       |   |       |  |
|   |   | (ii) Personal  |       |   |       |  |
|   | <b>b</b> Less: rental expenses  | <b>6b</b>      |       |   |       |  |
|   | <b>c</b> Rental income or (loss)  | <b>6c</b>      |       |   |       |  |
|   | <b>d</b> Net rental income or (loss) . . . . .  |                |       | 0 |       |  |
|   | <b>7a</b> Gross amount from sales of assets other than inventory                      | (i) Securities |       |   |       |  |
|   |   | (ii) Other     |       |   |       |  |
| <b>b</b> Less: cost or other basis and sales expenses |   | <b>7b</b>      |       |   |       |  |
| <b>c</b> Gain or (loss)                               | <b>7c</b>   |                |       |   |       |  |
| <b>d</b> Net gain or (loss) . . . . .                 |   |                | 0     |   |       |  |

|                      |  |           |  |   |  |
|----------------------|--|-----------|--|---|--|
| <b>Other Revenue</b> | <b>8a</b> Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c). See Part IV, line 18 . . . . . | <b>8a</b> |  |   |  |
|                      | <b>b</b> Less: direct expenses   | <b>8b</b> |  |   |  |
|                      | <b>c</b> Net income or (loss) from fundraising events . . . . .  |           |  | 0 |  |

|                      |   |           |  |   |  |
|----------------------|---|-----------|--|---|--|
| <b>Other Revenue</b> | <b>9a</b> Gross income from gaming activities. See Part IV, line 19 . . . . . | <b>9a</b> |  |   |  |
|                      | <b>b</b> Less: direct expenses  | <b>9b</b> |  |   |  |
|                      | <b>c</b> Net income or (loss) from gaming activities . . . . .                |           |  | 0 |  |

|   |  |  |  |  |  |
|---|--|--|--|--|--|
| <b>10a</b> Gross sales of inventory, less |  |  |  |  |  |
|---|--|--|--|--|--|

|   |               |           |         |  |       |
|---|---------------|-----------|---------|--|-------|
| returns and allowances . . .                                | <b>10a</b>    |           |         |  |       |
| <b>b</b> Less: cost of goods sold                           | <b>10b</b>    |           |         |  |       |
| <b>c</b> Net income or (loss) from sales of inventory . . . |               |           | 0       |  |       |
| Miscellaneous Revenue                                       | Business Code |           |         |  |       |
| <b>11a</b> Miscellaneous                                    | 900099        | 1,000     | 1,000   |  |       |
| <b>b</b> Reimbursements                                     | 900099        | 5,395     | 5,395   |  |       |
| <b>c</b>  |               |           |         |  |       |
| <b>d</b> All other revenue . . . . .                        |               |           |         |  |       |
| <b>e Total.</b> Add lines 11a-11d . . . . . ▶               |               | 6,395     |         |  |       |
| <b>12 Total revenue.</b> See instructions . . . . . ▶       |               | 2,461,809 | 101,289 |  | 1,966 |

**Part IX Statement of Functional Expenses**

Section 501(c)(3) and 501(c)(4) organizations must complete all columns. All other organizations must complete column (A).  
 Check if Schedule O contains a response or note to any line in this Part IX

| <b>Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.</b>  | <b>(A)</b><br>Total expenses | <b>(B)</b><br>Program service expenses | <b>(C)</b><br>Management and general expenses | <b>(D)</b><br>Fundraising expenses |
|--|------------------------------|--|---|------------------------------------|
| <b>1</b> Grants and other assistance to domestic organizations and domestic governments. See Part IV, line 21  | 0                            |  |   |                                    |
| <b>2</b> Grants and other assistance to domestic individuals. See Part IV, line 22   | 0                            |  |   |                                    |
| <b>3</b> Grants and other assistance to foreign organizations, foreign governments, and foreign individuals. See Part IV, lines 15 and 16.   | 0                            |  |   |                                    |
| <b>4</b> Benefits paid to or for members   | 0                            |  |   |                                    |
| <b>5</b> Compensation of current officers, directors, trustees, and key employees  | 300,793                      | 255,687                                | 23,635  | 21,471                             |
| <b>6</b> Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)   | 0                            |  |   |                                    |
| <b>7</b> Other salaries and wages  | 779,919                      | 767,060                                | 12,859  |                                    |
| <b>8</b> Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)  | 19,327                       | 18,965                                 | 362   |                                    |
| <b>9</b> Other employee benefits   | 76,389                       | 75,429                                 | 960   |                                    |
| <b>10</b> Payroll taxes  | 75,712                       | 71,762                                 | 2,525   | 1,425                              |
| <b>11</b> Fees for services (non-employees):   |                              |  |   |                                    |
| <b>a</b> Management  | 0                            |  |   |                                    |
| <b>b</b> Legal   | 1,620                        |  | 1,620   |                                    |
| <b>c</b> Accounting  | 18,671                       |  | 18,671  |                                    |
| <b>d</b> Lobbying  | 0                            |  |   |                                    |
| <b>e</b> Professional fundraising services. See Part IV, line 17   | 0                            |  |   |                                    |
| <b>f</b> Investment management fees  | 0                            |  |   |                                    |
| <b>g</b> Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O)  | 815,386                      | 815,386                                |   |                                    |
| <b>12</b> Advertising and promotion  | 0                            |  |   |                                    |
| <b>13</b> Office expenses  | 8,726                        | 8,114                                  | 386   | 226                                |
| <b>14</b> Information technology   | 87,330                       | 87,330                                 |   |                                    |
| <b>15</b> Royalties  | 0                            |  |   |                                    |
| <b>16</b> Occupancy  | 44,705                       | 41,571                                 | 1,976   | 1,158                              |
| <b>17</b> Travel   | 11,963                       | 11,439                                 | 131   | 393                                |
| <b>18</b> Payments of travel or entertainment expenses for any federal, state, or local public officials   | 0                            |  |   |                                    |
| <b>19</b> Conferences, conventions, and meetings   | 0                            |  |   |                                    |
| <b>20</b> Interest   | 0                            |  |   |                                    |
| <b>21</b> Payments to affiliates   | 0                            |  |   |                                    |
| <b>22</b> Depreciation, depletion, and amortization  | 12,457                       | 11,583                                 | 551   | 323                                |
| <b>23</b> Insurance  | 3,559                        | 3,402                                  | 157   |                                    |
| <b>24</b> Other expenses. Itemize expenses not covered above (List miscellaneous expenses in line 24e. If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O.)  |                              |  |   |                                    |
| <b>a</b> Equipment and software  | 158,819                      | 158,819                                |   |                                    |
| <b>b</b> Communications  | 6,977                        | 6,488                                  | 308   | 181                                |
| <b>c</b> Books, subscriptions, ref.  | 5,858                        | 5,858                                  |   |                                    |
| <b>d</b> Workers' compensation   | 4,703                        | 4,373                                  | 208   | 122                                |
| <b>e</b> All other expenses  | 6,897                        | 6,897                                  |   |                                    |
| <b>25</b> <b>Total functional expenses.</b> Add lines 1 through 24e  | 2,439,811                    | 2,350,163                              | 64,349  | 25,299                             |
| <b>26</b> <b>Joint costs.</b> Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation. Check here <input type="checkbox"/> if following SOP 98-2 (ASC 958-720). |                              |  |   |                                    |

**Part X Balance Sheet**

Check if Schedule O contains a response or note to any line in this Part IX

|   |  | (A)<br>Beginning of year |           | (B)<br>End of year |
|---|--|--------------------------|-----------|--------------------|
| <b>Assets</b>   | <b>1</b> Cash-non-interest-bearing . . . . .   | 1,218,490                | <b>1</b>  | 1,211,805          |
|   | <b>2</b> Savings and temporary cash investments  |                          | <b>2</b>  | 0                  |
|   | <b>3</b> Pledges and grants receivable, net . . . . .  | 127,335                  | <b>3</b>  | 204,617            |
|   | <b>4</b> Accounts receivable, net . . . . .  | 5,710                    | <b>4</b>  | 2,000              |
|   | <b>5</b> Loans and other payables to any current or former officer, director, trustee, key employee, creator or founder, substantial contributor, or 35% controlled entity or family member of any of these persons  |                          | <b>5</b>  | 0                  |
|   | <b>6</b> Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), and persons described in section 4958(c)(3)(B)   |                          | <b>6</b>  | 0                  |
|   | <b>7</b> Notes and loans receivable, net . . . . .   |                          | <b>7</b>  | 0                  |
|   | <b>8</b> Inventories for sale or use . . . . .   |                          | <b>8</b>  | 0                  |
|   | <b>9</b> Prepaid expenses and deferred charges . . . . .   |                          | <b>9</b>  | 0                  |
|   | <b>10a</b> Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D   | <b>10a</b> 498,289       |           |                    |
|   | <b>b</b> Less: accumulated depreciation  | <b>10b</b> 68,514        | 442,232   | <b>10c</b> 429,775 |
|   | <b>11</b> Investments—publicly traded securities . . . . .   |                          | <b>11</b> | 0                  |
|   | <b>12</b> Investments—other securities. See Part IV, line 11 . . . . .   |                          | <b>12</b> | 0                  |
|   | <b>13</b> Investments—program-related. See Part IV, line 11 . . . . .  |                          | <b>13</b> | 0                  |
|   | <b>14</b> Intangible assets . . . . .  |                          | <b>14</b> | 0                  |
|   | <b>15</b> Other assets. See Part IV, line 11   | 200                      | <b>15</b> | 200                |
| <b>16 Total assets:</b> Add lines 1 through 15 (must equal line 33) . . . . . | 1,793,967  | <b>16</b>                | 1,848,397 |                    |
| <b>Liabilities</b>  | <b>17</b> Accounts payable and accrued expenses . . . . .  | 76,195                   | <b>17</b> | 78,068             |
|   | <b>18</b> Grants payable . . . . .   |                          | <b>18</b> |                    |
|   | <b>19</b> Deferred revenue . . . . .   |                          | <b>19</b> | 9,273              |
|   | <b>20</b> Tax-exempt bond liabilities . . . . .  |                          | <b>20</b> |                    |
|   | <b>21</b> Escrow or custodial account liability. Complete Part IV of Schedule D  |                          | <b>21</b> |                    |
|   | <b>22</b> Loans and other payables to any current or former officer, director, trustee, key employee, creator or founder, substantial contributor, or 35% controlled entity or family member of any of these persons |                          | <b>22</b> |                    |
|   | <b>23</b> Secured mortgages and notes payable to unrelated third parties . . . . .   |                          | <b>23</b> |                    |
|   | <b>24</b> Unsecured notes and loans payable to unrelated third parties . . . . .   |                          | <b>24</b> |                    |
|   | <b>25</b> Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17 - 24). Complete Part X of Schedule D                                    | 30,867                   | <b>25</b> | 52,153             |
|   | <b>26 Total liabilities.</b> Add lines 17 through 25 . . . . .   | 107,062                  | <b>26</b> | 139,494            |
| <b>Net Assets or Fund Balances</b>  | <b>Organizations that follow FASB ASC 958, check here <input checked="" type="checkbox"/> and complete lines 27, 28, 32, and 33.</b>   |                          |           |                    |
|   | <b>27</b> Net assets without donor restrictions . . . . .  | 1,246,988                | <b>27</b> | 1,326,350          |
|   | <b>28</b> Net assets with donor restrictions   | 439,917                  | <b>28</b> | 382,553            |
|   | <b>Organizations that do not follow FASB ASC 958, check here <input type="checkbox"/> and complete lines 29 through 33.</b>  |                          |           |                    |
|   | <b>29</b> Capital stock or trust principal, or current funds . . . . .   |                          | <b>29</b> |                    |
|   | <b>30</b> Paid-in or capital surplus, or land, building or equipment fund . . . . .  |                          | <b>30</b> |                    |
|   | <b>31</b> Retained earnings, endowment, accumulated income, or other funds   |                          | <b>31</b> |                    |
|   | <b>32</b> Total net assets or fund balances  | 1,686,905                | <b>32</b> | 1,708,903          |
| <b>33</b> Total liabilities and net assets/fund balances                      | 1,793,967  | <b>33</b>                | 1,848,397 |                    |

**Part XI Reconciliation of Net Assets**

Check if Schedule O contains a response or note to any line in this Part XI

|           |  |           |           |
|-----------|--|-----------|-----------|
| <b>1</b>  | Total revenue (must equal Part VIII, column (A), line 12)  | <b>1</b>  | 2,461,809 |
| <b>2</b>  | Total expenses (must equal Part IX, column (A), line 25)   | <b>2</b>  | 2,439,811 |
| <b>3</b>  | Revenue less expenses. Subtract line 2 from line 1   | <b>3</b>  | 21,998    |
| <b>4</b>  | Net assets or fund balances at beginning of year (must equal Part X, line 32, column (A))                      | <b>4</b>  | 1,686,905 |
| <b>5</b>  | Net unrealized gains (losses) on investments   | <b>5</b>  |           |
| <b>6</b>  | Donated services and use of facilities   | <b>6</b>  |           |
| <b>7</b>  | Investment expenses  | <b>7</b>  |           |
| <b>8</b>  | Prior period adjustments   | <b>8</b>  |           |
| <b>9</b>  | Other changes in net assets or fund balances (explain in Schedule O)   | <b>9</b>  |           |
| <b>10</b> | Net assets or fund balances at end of year. Combine lines 3 through 9 (must equal Part X, line 32, column (A)) | <b>10</b> | 1,708,903 |

**Part XII Financial Statements and Reporting**

Check if Schedule O contains a response or note to any line in this Part XII

|           |   | Yes | No |
|-----------|---|-----|----|
| <b>1</b>  | Accounting method used to prepare the Form 990: <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> Other _____<br>If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O.   |     |    |
| <b>2a</b> | Were the organization's financial statements compiled or reviewed by an independent accountant?<br>If 'Yes,' check a box below to indicate whether the financial statements for the year were compiled or reviewed on a separate basis, consolidated basis, or both:<br><input type="checkbox"/> Separate basis <input type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis |     | No |
| <b>2b</b> | Were the organization's financial statements audited by an independent accountant?<br>If 'Yes,' check a box below to indicate whether the financial statements for the year were audited on a separate basis, consolidated basis, or both:<br><input checked="" type="checkbox"/> Separate basis <input type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis                | Yes |    |
| <b>2c</b> | If "Yes," to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant?<br>If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O.  |     | No |
| <b>3a</b> | As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133?  | Yes |    |
| <b>3b</b> | If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits.   | Yes |    |

**Additional Data**

**Return to Form**

**Software ID:** 20011551

**Software Version:** 2020v4.0

**Form 990, Special Condition Description:**

**Special Condition Description**

**SCHEDULE A**  
(Form 990 or 990EZ)

Department of the Treasury  
Internal Revenue Service

**Public Charity Status and Public Support**

Complete if the organization is a section 501(c)(3) organization or a section 4947(a)(1) nonexempt charitable trust.  
 Attach to Form 990 or Form 990-EZ.  
 Go to [www.irs.gov/Form990](http://www.irs.gov/Form990) for instructions and the latest information.

OMB No. 1545-0047

**2020**

**Open to Public Inspection**

Name of the organization  
Headwaters Economics Inc

Employer identification number  
74-3171967

**Part I Reason for Public Charity Status** (All organizations must complete this part.) See instructions.

The organization is not a private foundation because it is: (For lines 1 through 12, check only one box.)

- 1  A church, convention of churches, or association of churches described in **section 170(b)(1)(A)(i)**.
- 2  A school described in **section 170(b)(1)(A)(ii)**. (Attach Schedule E (Form 990 or 990-EZ).)
- 3  A hospital or a cooperative hospital service organization described in **section 170(b)(1)(A)(iii)**.
- 4  A medical research organization operated in conjunction with a hospital described in **section 170(b)(1)(A)(iii)**. Enter the hospital's name, city, and state:
- 5  An organization operated for the benefit of a college or university owned or operated by a governmental unit described in **section 170(b)(1)(A)(iv)**. (Complete Part II.)
- 6  A federal, state, or local government or governmental unit described in **section 170(b)(1)(A)(v)**.
- 7  An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in **section 170(b)(1)(A)(vi)**. (Complete Part II.)
- 8  A community trust described in **section 170(b)(1)(A)(vi)**. (Complete Part II.)
- 9  An agricultural research organization described in **170(b)(1)(A)(ix)** operated in conjunction with a land-grant college or university or a non-land grant college of agriculture. See instructions. Enter the name, city, and state of the college or university:
- 10  An organization that normally receives: (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions—subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975. See **section 509(a)(2)**. (Complete Part III.)
- 11  An organization organized and operated exclusively to test for public safety. See **section 509(a)(4)**.
- 12  An organization organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more publicly supported organizations described in **section 509(a)(1)** or **section 509(a)(2)**. See **section 509(a)(3)**. Check the box in lines 12a through 12d that describes the type of supporting organization and complete lines 12e, 12f, and 12g.
  - a  **Type I.** A supporting organization operated, supervised, or controlled by its supported organization(s), typically by giving the supported organization(s) the power to regularly appoint or elect a majority of the directors or trustees of the supporting organization. **You must complete Part IV, Sections A and B.**
  - b  **Type II.** A supporting organization supervised or controlled in connection with its supported organization(s), by having control or management of the supporting organization vested in the same persons that control or manage the supported organization(s). **You must complete Part IV, Sections A and C.**
  - c  **Type III functionally integrated.** A supporting organization operated in connection with, and functionally integrated with, its supported organization(s) (see instructions). **You must complete Part IV, Sections A, D, and E.**
  - d  **Type III non-functionally integrated.** A supporting organization operated in connection with its supported organization(s) that is not functionally integrated. The organization generally must satisfy a distribution requirement and an attentiveness requirement (see instructions). **You must complete Part IV, Sections A and D, and Part V.**
  - e  Check this box if the organization received a written determination from the IRS that it is a Type I, Type II, Type III functionally integrated, or Type III non-functionally integrated supporting organization.
  - f Enter the number of supported organizations . . . . . \_\_\_\_\_
  - g Provide the following information about the supported organization(s).

| (i) Name of supported organization | (ii) EIN | (iii) Type of organization (described on lines 1- 10 above (see instructions)) | (iv) Is the organization listed in your governing document? |    | (v) Amount of monetary support (see instructions) | (vi) Amount of other support (see instructions) |
|------------------------------------|----------|--|---|----|---|---|
|                                    |          |  | Yes   | No |   |   |
|                                    |          |  |   |    |   |   |
|                                    |          |  |   |    |   |   |
| <b>Total</b>                       |          |  |   |    |   |   |

**Part II Support Schedule for Organizations Described in Sections 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)**  
 (Complete only if you checked the box on line 5, 7, or 8 of Part I or if the organization failed to qualify under Part III. If the organization failed to qualify under the tests listed below, please complete Part III.)

**Section A. Public Support**

| Calendar year (or fiscal year beginning in) ▶   | (a) 2016  | (b) 2017  | (c) 2018  | (d) 2019  | (e) 2020  | (f) Total  |
|---|-----------|-----------|-----------|-----------|-----------|------------|
| <b>1</b> Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grant.") . . .  | 1,923,285 | 2,175,824 | 2,219,746 | 2,561,968 | 2,358,554 | 11,239,377 |
| <b>2</b> Tax revenues levied for the organization's benefit and either paid to or expended on its behalf . . . . .  |           |           |           |           |           | 0          |
| <b>3</b> The value of services or facilities furnished by a governmental unit to the organization without charge..  |           |           |           |           |           | 0          |
| <b>4 Total.</b> Add lines 1 through 3   | 1,923,285 | 2,175,824 | 2,219,746 | 2,561,968 | 2,358,554 | 11,239,377 |
| <b>5</b> The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f). . . |           |           |           |           |           | 2,603,588  |
| <b>6 Public support.</b> Subtract line 5 from line 4.   |           |           |           |           |           | 8,635,789  |

**Section B. Total Support**

| Calendar year (or fiscal year beginning in) ▶  | (a) 2016  | (b) 2017  | (c) 2018  | (d) 2019  | (e) 2020  | (f) Total  |
|--|-----------|-----------|-----------|-----------|-----------|------------|
| <b>7</b> Amounts from line 4. . . . .  | 1,923,285 | 2,175,824 | 2,219,746 | 2,561,968 | 2,358,554 | 11,239,377 |
| <b>8</b> Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources . . . . .  | 2,490     | 1,354     | 3,999     | 5,952     | 1,966     | 15,761     |
| <b>9</b> Net income from unrelated business activities, whether or not the business is regularly carried on. . . . .   |           |           |           |           |           | 0          |
| <b>10</b> Other income. Do not include gain or loss from the sale of capital assets (Explain in Part VI.). . . . .   |           |           |           |           |           | 0          |
| <b>11 Total support.</b> Add lines 7 through 10  |           |           |           |           |           | 11,255,138 |
| <b>12</b> Gross receipts from related activities, etc. (see instructions) . . . . .  |           |           |           |           | <b>12</b> | 522,505    |
| <b>13 First 5 years.</b> If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and <b>stop here</b> . . . . . <input type="checkbox"/> |           |           |           |           |           |            |

**Section C. Computation of Public Support Percentage**

|   |           |          |
|---|-----------|----------|
| <b>14</b> Public support percentage for 2020 (line 6, column (f) divided by line 11, column (f)) . . . . .  | <b>14</b> | 76.730 % |
| <b>15</b> Public support percentage for 2019 Schedule A, Part II, line 14 . . . . .   | <b>15</b> | 66.120 % |
| <b>16a 33 1/3% support test—2020.</b> If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and <b>stop here.</b> The organization qualifies as a publicly supported organization . . . . . <input checked="" type="checkbox"/>  |           |          |
| <b>b 33 1/3% support test—2019.</b> If the organization did not check a box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and <b>stop here.</b> The organization qualifies as a publicly supported organization . . . . . <input type="checkbox"/>  |           |          |
| <b>17a 10%-facts-and-circumstances test—2020.</b> If the organization did not check a box on line 13, 16a, or 16b, and line 14 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and <b>stop here.</b> Explain in Part VI how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization . . . . . <input type="checkbox"/>    |           |          |
| <b>b 10%-facts-and-circumstances test—2019.</b> If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and <b>stop here.</b> Explain in Part VI how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization . . . . . <input type="checkbox"/> |           |          |
| <b>18 Private foundation.</b> If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions . . . . . <input type="checkbox"/>   |           |          |

**Part III Support Schedule for Organizations Described in Section 509(a)(2)**

(Complete only if you checked the box on line 10 of Part I or if the organization failed to qualify under Part II. If the organization fails to qualify under the tests listed below, please complete Part II.)

**Section A. Public Support**

| Calendar year<br>(or fiscal year beginning in) ▶  | (a) 2016 | (b) 2017 | (c) 2018 | (d) 2019 | (e) 2020 | (f) Total |
|---|----------|----------|----------|----------|----------|-----------|
| <b>1</b> Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.") .   |          |          |          |          |          |           |
| <b>2</b> Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose |          |          |          |          |          |           |
| <b>3</b> Gross receipts from activities that are not an unrelated trade or business under section 513 . . . . .   |          |          |          |          |          |           |
| <b>4</b> Tax revenues levied for the organization's benefit and either paid to or expended on its behalf . . . .  |          |          |          |          |          |           |
| <b>5</b> The value of services or facilities furnished by a governmental unit to the organization without charge  |          |          |          |          |          |           |
| <b>6 Total.</b> Add lines 1 through 5   |          |          |          |          |          |           |
| <b>7a</b> Amounts included on lines 1, 2, and 3 received from disqualified persons  |          |          |          |          |          |           |
| <b>b</b> Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of \$5,000 or 1% of the amount on line 13 for the year.          |          |          |          |          |          |           |
| <b>c</b> Add lines 7a and 7b. .   |          |          |          |          |          |           |
| <b>8 Public support.</b> (Subtract line 7c from line 6.)  |          |          |          |          |          |           |

**Section B. Total Support**

| Calendar year<br>(or fiscal year beginning in) ▶  | (a) 2016 | (b) 2017 | (c) 2018 | (d) 2019 | (e) 2020 | (f) Total |
|---|----------|----------|----------|----------|----------|-----------|
| <b>9</b> Amounts from line 6. . .   |          |          |          |          |          |           |
| <b>10a</b> Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources . .   |          |          |          |          |          |           |
| <b>b</b> Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975.   |          |          |          |          |          |           |
| <b>c</b> Add lines 10a and 10b.   |          |          |          |          |          |           |
| <b>11</b> Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on.  |          |          |          |          |          |           |
| <b>12</b> Other income. Do not include gain or loss from the sale of capital assets (Explain in Part VI.) . .   |          |          |          |          |          |           |
| <b>13 Total support.</b> (Add lines 9, 10c, 11, and 12.) . .  |          |          |          |          |          |           |
| <b>14 First 5 years.</b> If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and <b>stop here.</b> . . . . . <input type="checkbox"/> |          |          |          |          |          |           |

**Section C. Computation of Public Support Percentage**

|  |           |  |
|--|-----------|--|
| <b>15</b> Public support percentage for 2020 (line 8, column (f) divided by line 13, column (f)) . . . . . | <b>15</b> |  |
| <b>16</b> Public support percentage from 2019 Schedule A, Part III, line 15 . . . . .                      | <b>16</b> |  |

**Section D. Computation of Investment Income Percentage**

|   |           |  |
|---|-----------|--|
| <b>17</b> Investment income percentage for <b>2020</b> (line 10c, column (f) divided by line 13, column (f)) . . . . .  | <b>17</b> |  |
| <b>18</b> Investment income percentage from <b>2019</b> Schedule A, Part III, line 17 . . . . .   | <b>18</b> |  |
| <b>19a 33 1/3% support tests—2020.</b> If the organization did not check the box on line 14, and line 15 is more than 33 1/3%, and line 17 is not more than 33 1/3%, check this box and <b>stop here.</b> The organization qualifies as a publicly supported organization . . . . . <input type="checkbox"/>        |           |  |
| <b>b 33 1/3% support tests—2019.</b> If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3% and line 18 is not more than 33 1/3%, check this box and <b>stop here.</b> The organization qualifies as a publicly supported organization . . . . . <input type="checkbox"/> |           |  |
| <b>20 Private foundation.</b> If the organization did not check a box on line 14, 19a, or 19b, check this box and see instructions . . . . . <input type="checkbox"/>   |           |  |

**Part IV Supporting Organizations**

(Complete only if you checked a box on line 12 of Part I. If you checked box 12a, of Part I, complete Sections A and B. If you checked box 12b, of Part I, complete Sections A and C. If you checked box 12c, of Part I, complete Sections A, D, and E. If you checked box 12d, of Part I, complete Sections A and D, and complete Part V.)

**Section A. All Supporting Organizations**

|            |  | Yes | No |
|------------|--|-----|----|
| <b>1</b>   | Are all of the organization's supported organizations listed by name in the organization's governing documents? <i>If "No," describe in Part VI how the supported organizations are designated. If designated by class or purpose, describe the designation. If historic and continuing relationship, explain.</i>   |     |    |
| <b>2</b>   | Did the organization have any supported organization that does not have an IRS determination of status under section 509(a)(1) or (2)? <i>If "Yes," explain in Part VI how the organization determined that the supported organization was described in section 509(a)(1) or (2).</i>  |     |    |
| <b>3a</b>  | Did the organization have a supported organization described in section 501(c)(4), (5), or (6)? <i>If "Yes," answer lines 3b and 3c below.</i>   |     |    |
| <b>b</b>   | Did the organization confirm that each supported organization qualified under section 501(c)(4), (5), or (6) and satisfied the public support tests under section 509(a)(2)? <i>If "Yes," describe in Part VI when and how the organization made the determination.</i>  |     |    |
| <b>c</b>   | Did the organization ensure that all support to such organizations was used exclusively for section 170(c)(2)(B) purposes? <i>If "Yes," explain in Part VI what controls the organization put in place to ensure such use.</i>   |     |    |
| <b>4a</b>  | Was any supported organization not organized in the United States ("foreign supported organization")? <i>If "Yes" and if you checked box 12a or 12b in Part I, answer lines 4b and 4c below.</i>   |     |    |
| <b>b</b>   | Did the organization have ultimate control and discretion in deciding whether to make grants to the foreign supported organization? <i>If "Yes," describe in Part VI how the organization had such control and discretion despite being controlled or supervised by or in connection with its supported organizations.</i>   |     |    |
| <b>c</b>   | Did the organization support any foreign supported organization that does not have an IRS determination under sections 501(c)(3) and 509(a)(1) or (2)? <i>If "Yes," explain in Part VI what controls the organization used to ensure that all support to the foreign supported organization was used exclusively for section 170(c)(2)(B) purposes.</i>  |     |    |
| <b>5a</b>  | Did the organization add, substitute, or remove any supported organizations during the tax year? <i>If "Yes," answer lines 5b and 5c below (if applicable). Also, provide detail in Part VI, including (i) the names and EIN numbers of the supported organizations added, substituted, or removed; (ii) the reasons for each such action; (iii) the authority under the organization's organizing document authorizing such action; and (iv) how the action was accomplished (such as by amendment to the organizing document).</i> |     |    |
| <b>b</b>   | <b>Type I or Type II only.</b> Was any added or substituted supported organization part of a class already designated in the organization's organizing document?   |     |    |
| <b>c</b>   | <b>Substitutions only.</b> Was the substitution the result of an event beyond the organization's control?  |     |    |
| <b>6</b>   | Did the organization provide support (whether in the form of grants or the provision of services or facilities) to anyone other than (i) its supported organizations, (ii) individuals that are part of the charitable class benefited by one or more of its supported organizations, or (iii) other supporting organizations that also support or benefit one or more of the filing organization's supported organizations? <i>If "Yes," provide detail in Part VI.</i>   |     |    |
| <b>7</b>   | Did the organization provide a grant, loan, compensation, or other similar payment to a substantial contributor (defined in section 4958(c)(3)(C)), a family member of a substantial contributor, or a 35% controlled entity with regard to a substantial contributor? <i>If "Yes," complete Part I of Schedule L (Form 990 or 990-EZ) .</i>   |     |    |
| <b>8</b>   | Did the organization make a loan to a disqualified person (as defined in section 4958) not described in line 7? <i>If "Yes," complete Part I of Schedule L (Form 990 or 990-EZ).</i>   |     |    |
| <b>9a</b>  | Was the organization controlled directly or indirectly at any time during the tax year by one or more disqualified persons, as defined in section 4946 (other than foundation managers and organizations described in section 509(a)(1) or (2))? <i>If "Yes," provide detail in Part VI.</i>   |     |    |
| <b>b</b>   | Did one or more disqualified persons (as defined in line 9a) hold a controlling interest in any entity in which the supporting organization had an interest? <i>If "Yes," provide detail in Part VI.</i>   |     |    |
| <b>c</b>   | Did a disqualified person (as defined in line 9a) have an ownership interest in, or derive any personal benefit from, assets in which the supporting organization also had an interest? <i>If "Yes," provide detail in Part VI.</i>  |     |    |
| <b>10a</b> | Was the organization subject to the excess business holdings rules of section 4943 because of section 4943(f) (regarding certain Type II supporting organizations, and all Type III non-functionally integrated supporting organizations)? <i>If "Yes," answer line 10b below.</i>   |     |    |
| <b>b</b>   | Did the organization have any excess business holdings in the tax year? <i>(Use Schedule C, Form 4720, to determine whether the organization had excess business holdings).</i>  |     |    |

**Part IV Supporting Organizations** (continued)

|  | Yes | No |
|--|-----|----|
| <b>11</b> Has the organization accepted a gift or contribution from any of the following persons?  |     |    |
| <b>a</b> A person who directly or indirectly controls, either alone or together with persons described in lines 11b and 11c below, the governing body of a supported organization? |     |    |
| <b>11a</b>   |     |    |
| <b>b</b> A family member of a person described in 11a above?   |     |    |
| <b>11b</b>   |     |    |
| <b>c</b> A 35% controlled entity of a person described in line 11a or 11b above? <i>If "Yes" to 11a, 11b, or 11c, provide detail in Part VI.</i>                                   |     |    |
| <b>11c</b>   |     |    |

**Section B. Type I Supporting Organizations**

|   | Yes | No |
|---|-----|----|
| <b>1</b> Did the officers, directors, trustees, or membership of one or more supported organizations have the power to regularly appoint or elect at least a majority of the organization's directors or trustees at all times during the tax year? <i>If "No," describe in Part VI how the supported organization(s) effectively operated, supervised, or controlled the organization's activities. If the organization had more than one supported organization, describe how the powers to appoint and/or remove directors or trustees were allocated among the supported organizations and what conditions or restrictions, if any, applied to such powers during the tax year.</i> |     |    |
| <b>1</b>  |     |    |
| <b>2</b> Did the organization operate for the benefit of any supported organization other than the supported organization(s) that operated, supervised, or controlled the supporting organization? <i>If "Yes," explain in Part VI how providing such benefit carried out the purposes of the supported organization(s) that operated, supervised or controlled the supporting organization.</i>  |     |    |
| <b>2</b>  |     |    |

**Section C. Type II Supporting Organizations**

|  | Yes | No |
|--|-----|----|
| <b>1</b> Were a majority of the organization's directors or trustees during the tax year also a majority of the directors or trustees of each of the organization's supported organization(s)? <i>If "No," describe in Part VI how control or management of the supporting organization was vested in the same persons that controlled or managed the supported organization(s).</i> |     |    |
| <b>1</b>   |     |    |

**Section D. All Type III Supporting Organizations**

|   | Yes | No |
|---|-----|----|
| <b>1</b> Did the organization provide to each of its supported organizations, by the last day of the fifth month of the organization's tax year, (i) a written notice describing the type and amount of support provided during the prior tax year, (ii) a copy of the Form 990 that was most recently filed as of the date of notification, and (iii) copies of the organization's governing documents in effect on the date of notification, to the extent not previously provided? |     |    |
| <b>1</b>  |     |    |
| <b>2</b> Were any of the organization's officers, directors, or trustees either (i) appointed or elected by the supported organization(s) or (ii) serving on the governing body of a supported organization? <i>If "No," explain in Part VI how the organization maintained a close and continuous working relationship with the supported organization(s).</i>   |     |    |
| <b>2</b>  |     |    |
| <b>3</b> By reason of the relationship described in line 2 above, did the organization's supported organizations have a significant voice in the organization's investment policies and in directing the use of the organization's income or assets at all times during the tax year? <i>If "Yes," describe in Part VI the role the organization's supported organizations played in this regard.</i>   |     |    |
| <b>3</b>  |     |    |

**Section E. Type III Functionally-Integrated Supporting Organizations**

**1** Check the box next to the method that the organization used to satisfy the Integral Part Test during the year (**see instructions**):

- a**  The organization satisfied the Activities Test. Complete **line 2** below.
- b**  The organization is the parent of each of its supported organizations. Complete **line 3** below.
- c**  The organization supported a governmental entity. Describe in **Part VI** how you supported a government entity (see instructions)

**2** Activities Test. **Answer lines 2a and 2b below.**

|   | Yes | No |
|---|-----|----|
| <b>a</b> Did substantially all of the organization's activities during the tax year directly further the exempt purposes of the supported organization(s) to which the organization was responsive? <i>If "Yes," then in Part VI identify those supported organizations and explain how these activities directly furthered their exempt purposes, how the organization was responsive to those supported organizations, and how the organization determined that these activities constituted substantially all of its activities.</i> |     |    |
| <b>2a</b>   |     |    |
| <b>b</b> Did the activities described in line 2a constitute activities that, but for the organization's involvement, one or more of the organization's supported organization(s) would have been engaged in? <i>If "Yes," explain in Part VI the reasons for the organization's position that its supported organization(s) would have engaged in these activities but for the organization's involvement.</i>  |     |    |
| <b>2b</b>   |     |    |

**3** Parent of Supported Organizations. **Answer lines 3a and 3b below.**

|   |  |  |
|---|--|--|
| <b>a</b> Did the organization have the power to regularly appoint or elect a majority of the officers, directors, or trustees of each of the supported organizations? <i>If "Yes" or "No" provide details in Part VI.</i>                             |  |  |
| <b>3a</b>   |  |  |
| <b>b</b> Did the organization exercise a substantial degree of direction over the policies, programs and activities of each of its supported organizations? <i>If "Yes," describe in Part VI. the role played by the organization in this regard.</i> |  |  |
| <b>3b</b>   |  |  |

**Part V Type III Non-Functionally Integrated 509(a)(3) Supporting Organizations**

- 1**  Check here if the organization satisfied the Integral Part Test as a qualifying trust on Nov. 20, 1970 (explain in **Part VI**). See instructions. All other Type III non-functionally integrated supporting organizations must complete Sections A through E.

**Section A - Adjusted Net Income**

(A) Prior Year

(B) Current Year  
(optional)

- |   |          |  |  |
|---|----------|--|--|
| <b>1</b> Net short-term capital gain  | <b>1</b> |  |  |
| <b>2</b> Recoveries of prior-year distributions   | <b>2</b> |  |  |
| <b>3</b> Other gross income (see instructions)  | <b>3</b> |  |  |
| <b>4</b> Add lines 1 through 3  | <b>4</b> |  |  |
| <b>5</b> Depreciation and depletion   | <b>5</b> |  |  |
| <b>6</b> Portion of operating expenses paid or incurred for production or collection of gross income or for management, conservation, or maintenance of property held for production of income (see instructions) | <b>6</b> |  |  |
| <b>7</b> Other expenses (see instructions)  | <b>7</b> |  |  |
| <b>8 Adjusted Net Income</b> (subtract lines 5, 6 and 7 from line 4)  | <b>8</b> |  |  |

**Section B - Minimum Asset Amount**

(A) Prior Year

(B) Current Year  
(optional)

- |  |           |  |  |
|--|-----------|--|--|
| <b>1</b> Aggregate fair market value of all non-exempt-use assets (see instructions for short tax year or assets held for part of year): | <b>1</b>  |  |  |
| <b>a</b> Average monthly value of securities   | <b>1a</b> |  |  |
| <b>b</b> Average monthly cash balances   | <b>1b</b> |  |  |
| <b>c</b> Fair market value of other non-exempt-use assets  | <b>1c</b> |  |  |
| <b>d Total</b> (add lines 1a, 1b, and 1c)  | <b>1d</b> |  |  |
| <b>e Discount</b> claimed for blockage or other factors (explain in detail in <b>Part VI</b> ):  |           |  |  |
| <b>2</b> Acquisition indebtedness applicable to non-exempt use assets  | <b>2</b>  |  |  |
| <b>3</b> Subtract line 2 from line 1d  | <b>3</b>  |  |  |
| <b>4</b> Cash deemed held for exempt use. Enter 0.015 of line 3 (for greater amount, see instructions).                                  | <b>4</b>  |  |  |
| <b>5</b> Net value of non-exempt-use assets (subtract line 4 from line 3)  | <b>5</b>  |  |  |
| <b>6</b> Multiply line 5 by 0.035  | <b>6</b>  |  |  |
| <b>7</b> Recoveries of prior-year distributions  | <b>7</b>  |  |  |
| <b>8 Minimum Asset Amount</b> (add line 7 to line 6)   | <b>8</b>  |  |  |

**Section C - Distributable Amount**

Current Year

- |  |          |  |
|--|----------|--|
| <b>1</b> Adjusted net income for prior year (from Section A, line 8, Column A)   | <b>1</b> |  |
| <b>2</b> Enter 85% of line 1   | <b>2</b> |  |
| <b>3</b> Minimum asset amount for prior year (from Section B, line 8, Column A)  | <b>3</b> |  |
| <b>4</b> Enter greater of line 2 or line 3   | <b>4</b> |  |
| <b>5</b> Income tax imposed in prior year  | <b>5</b> |  |
| <b>6 Distributable Amount.</b> Subtract line 5 from line 4, unless subject to emergency temporary reduction (see instructions) | <b>6</b> |  |

- 7**  Check here if the current year is the organization's first as a non-functionally-integrated Type III supporting organization (see instructions)

**Part V Type III Non-Functionally Integrated 509(a)(3) Supporting Organizations**

(continued)

| Section D - Distributions  |           | Current Year |
|--|-----------|--------------|
| <b>1</b> Amounts paid to supported organizations to accomplish exempt purposes   | <b>1</b>  |              |
| <b>2</b> Amounts paid to perform activity that directly furthers exempt purposes of supported organizations, in excess of income from activity             | <b>2</b>  |              |
| <b>3</b> Administrative expenses paid to accomplish exempt purposes of supported organizations   | <b>3</b>  |              |
| <b>4</b> Amounts paid to acquire exempt-use assets   | <b>4</b>  |              |
| <b>5</b> Qualified set-aside amounts (prior IRS approval required - provide details in <b>Part VI</b> )  | <b>5</b>  |              |
| <b>6</b> Other distributions (describe in <b>Part VI</b> ). See instructions   | <b>6</b>  |              |
| <b>7 Total annual distributions.</b> Add lines 1 through 6.  | <b>7</b>  |              |
| <b>8</b> Distributions to attentive supported organizations to which the organization is responsive (provide details in <b>Part VI</b> ). See instructions | <b>8</b>  |              |
| <b>9</b> Distributable amount for 2020 from Section C, line 6  | <b>9</b>  |              |
| <b>10</b> Line 8 amount divided by Line 9 amount   | <b>10</b> |              |

| Section E - Distribution Allocations<br>(see instructions)   | (i)<br>Excess Distributions | (ii)<br>Underdistributions<br>Pre-2020 | (iii)<br>Distributable<br>Amount for 2020 |
|--|-----------------------------|--|---|
| <b>1</b> Distributable amount for 2020 from Section C, line 6  |                             |  |   |
| <b>2</b> Underdistributions, if any, for years prior to 2020 (reasonable cause required-- explain in <b>Part VI</b> ). See instructions.   |                             |  |   |
| <b>3</b> Excess distributions carryover, if any, to 2020:  |                             |  |   |
| <b>a</b> From 2015. . . . .  |                             |  |   |
| <b>b</b> From 2016. . . . .  |                             |  |   |
| <b>c</b> From 2017. . . . .  |                             |  |   |
| <b>d</b> From 2018. . . . .  |                             |  |   |
| <b>e</b> From 2019. . . . .  |                             |  |   |
| <b>f Total</b> of lines 3a through e   |                             |  |   |
| <b>g</b> Applied to underdistributions of prior years  |                             |  |   |
| <b>h</b> Applied to 2020 distributable amount  |                             |  |   |
| <b>i</b> Carryover from 2015 not applied (see instructions)  |                             |  |   |
| <b>j</b> Remainder. Subtract lines 3g, 3h, and 3i from line 3f.  |                             |  |   |
| <b>4</b> Distributions for 2020 from Section D, line 7:<br>\$  |                             |  |   |
| <b>a</b> Applied to underdistributions of prior years  |                             |  |   |
| <b>b</b> Applied to 2020 distributable amount  |                             |  |   |
| <b>c</b> Remainder. Subtract lines 4a and 4b from line 4.  |                             |  |   |
| <b>5</b> Remaining underdistributions for years prior to 2020, if any. Subtract lines 3g and 4a from line 2. If the amount is greater than zero, explain in <b>Part VI</b> . See instructions. |                             |  |   |
| <b>6</b> Remaining underdistributions for 2020. Subtract lines 3h and 4b from line 1. If the amount is greater than zero, explain in <b>Part VI</b> . See instructions.                        |                             |  |   |
| <b>7 Excess distributions carryover to 2021.</b> Add lines 3j and 4c.  |                             |  |   |
| <b>8</b> Breakdown of line 7:  |                             |  |   |
| <b>a</b> Excess from 2016. . . . .   |                             |  |   |
| <b>b</b> Excess from 2017. . . . .   |                             |  |   |
| <b>c</b> Excess from 2018. . . . .   |                             |  |   |
| <b>d</b> Excess from 2019. . . . .   |                             |  |   |
| <b>e</b> Excess from 2020. . . . .   |                             |  |   |

**Part VI Supplemental Information.** Provide the explanations required by Part II, line 10; Part II, line 17a or 17b; Part III, line 12; Part IV, Section A, lines 1, 2, 3b, 3c, 4b, 4c, 5a, 6, 9a, 9b, 9c, 11a, 11b, and 11c; Part IV, Section B, lines 1 and 2; Part IV, Section C, line 1; Part IV, Section D, lines 2 and 3; Part IV, Section E, lines 1c, 2a, 2b, 3a and 3b; Part V, line 1; Part V, Section B, line 1e; Part V Section D, lines 5, 6, and 8; and Part V, Section E, lines 2, 5, and 6. Also complete this part for any additional information. (See instructions).

### Facts And Circumstances Test

| Return Reference | Explanation |
|------------------|-------------|
|                  |             |

## **Additional Data**

**Return to Form**

**Software ID:** 20011551

**Software Version:** 2020v4.0

Schedule B

(Form 990, 990-EZ, or 990-PF)

Department of the Treasury Internal Revenue Service

Schedule of Contributors

▶ Attach to Form 990, 990-EZ, or 990-PF. ▶ Go to www.irs.gov/Form990 for the latest information.

OMB No. 1545-0047

2020

Name of the organization Headwaters Economics Inc

Employer identification number 74-3171967

Organization type (check one):

Filers of:

Section:

- Form 990 or 990-EZ [ ] 501(c)( ) (enter number) organization [ ] 4947(a)(1) nonexempt charitable trust not treated as a private foundation [ ] 527 political organization Form 990-PF [ ] 501(c)(3) exempt private foundation [ ] 4947(a)(1) nonexempt charitable trust treated as a private foundation [ ] 501(c)(3) taxable private foundation

Check if your organization is covered by the General Rule or a Special Rule.

Note: Only a section 501(c)(7), (8), or (10) organization can check boxes for both the General Rule and a Special Rule. See instructions.

General Rule

- [ ] For an organization filing Form 990, 990-EZ, or 990-PF that received, during the year, contributions totaling \$5,000 or more (in money or other property) from any one contributor. Complete Parts I and II. See instructions for determining a contributor's total contributions.

Special Rules

- [ ] For an organization described in section 501(c)(3) filing Form 990 or 990-EZ that met the 33 1/3% support test of the regulations under sections 509(a)(1) and 170(b)(1)(A)(vi), that checked Schedule A (Form 990 or 990-EZ), Part II, line 13, 16a, or 16b, and that received from any one contributor, during the year, total contributions of the greater of (1) \$5,000 or (2) 2% of the amount on (i) Form 990, Part VIII, line 1h, or (ii) Form 990-EZ, line 1. Complete Parts I and II. [ ] For an organization described in section 501(c)(7), (8), or (10) filing Form 990 or 990-EZ that received from any one contributor, during the year, total contributions of more than \$1,000 exclusively for religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals. Complete Parts I, II, and III. [ ] For an organization described in section 501(c)(7), (8), or (10) filing Form 990 or 990-EZ that received from any one contributor, during the year, contributions exclusively for religious, charitable, etc., purposes, but no such contributions totaled more than \$1,000. If this box is checked, enter here the total contributions that were received during the year for an exclusively religious, charitable, etc., purpose. Don't complete any of the parts unless the General Rule applies to this organization because it received nonexclusively religious, charitable, etc., contributions totaling \$5,000 or more during the year . . . . . ▶ \$ \_\_\_\_\_

Caution: An organization that isn't covered by the General Rule and/or the Special Rules doesn't file Schedule B (Form 990, 990-EZ, or 990-PF), but it must answer "No" on Part IV, line 2, of its Form 990; or check the box on line H of its Form 990-EZ or on its Form 990PF, Part I, line 2, to certify that it doesn't meet the filing requirements of Schedule B (Form 990, 990-EZ, or 990-PF).

Name of organization  
Headwaters Economics Inc

Employer identification number  
74-3171967

**Part I**  
**Contributors** (see instructions). Use duplicate copies of Part I if additional space is needed.

| (a)<br>No. | (b)<br>Name, address, and ZIP + 4 | (c)<br>Total contributions | (d)<br>Type of contribution  |
|------------|-----------------------------------|----------------------------|--|
| RESTRICTED |                                   | \$ RESTRICTED              | <input type="checkbox"/> Person<br><input type="checkbox"/> Payroll<br><input type="checkbox"/> Noncash<br>(Complete Part II for noncash contributions.) |
| -          |                                   | \$                         | <input type="checkbox"/> Person<br><input type="checkbox"/> Payroll<br><input type="checkbox"/> Noncash<br>(Complete Part II for noncash contributions.) |
| -          |                                   | \$                         | <input type="checkbox"/> Person<br><input type="checkbox"/> Payroll<br><input type="checkbox"/> Noncash<br>(Complete Part II for noncash contributions.) |
| -          |                                   | \$                         | <input type="checkbox"/> Person<br><input type="checkbox"/> Payroll<br><input type="checkbox"/> Noncash<br>(Complete Part II for noncash contributions.) |
| -          |                                   | \$                         | <input type="checkbox"/> Person<br><input type="checkbox"/> Payroll<br><input type="checkbox"/> Noncash<br>(Complete Part II for noncash contributions.) |
| -          |                                   | \$                         | <input type="checkbox"/> Person<br><input type="checkbox"/> Payroll<br><input type="checkbox"/> Noncash<br>(Complete Part II for noncash contributions.) |

Name of organization  
Headwaters Economics Inc

**Employer identification number**  
74-3171967

**Part II Noncash Property** (see instructions). Use duplicate copies of Part II if additional space is needed.

| (a)<br>No. from<br>Part I | (b)<br>Description of noncash property given | (c)<br>FMV (or estimate)<br>(See instructions) | (d)<br>Date received |
|---------------------------|--|--|----------------------|
| -                         | _____<br>_____<br>_____                      | _____<br>\$                                    | _____                |
| -                         | _____<br>_____<br>_____                      | _____<br>\$                                    | _____                |
| -                         | _____<br>_____<br>_____                      | _____<br>\$                                    | _____                |
| -                         | _____<br>_____<br>_____                      | _____<br>\$                                    | _____                |
| -                         | _____<br>_____<br>_____                      | _____<br>\$                                    | _____                |
| -                         | _____<br>_____<br>_____                      | _____<br>\$                                    | _____                |
| -                         | _____<br>_____<br>_____                      | _____<br>\$                                    | _____                |
| -                         | _____<br>_____<br>_____                      | _____<br>\$                                    | _____                |
| -                         | _____<br>_____<br>_____                      | _____<br>\$                                    | _____                |
| -                         | _____<br>_____<br>_____                      | _____<br>\$                                    | _____                |

|  |  |
|--|--|
| Name of organization<br>Headwaters Economics Inc | Employer identification number<br>74-3171967 |
|--|--|

**Part III** Exclusively religious, charitable, etc., contributions to organizations described in section 501(c)(7), (8), or (10) that total more than \$1,000 for the year from any one contributor. Complete columns (a) through (e) and the following line entry. For organizations completing Part III, enter the total of exclusively religious, charitable, etc., contributions of \$1,000 or less for the year. (Enter this information once. See instructions.) ► \$ \_\_\_\_\_

Use duplicate copies of Part III if additional space is needed.

| (a)<br>No. from<br>Part I             | (b) Purpose of gift | (c) Use of gift                          | (d) Description of how gift is held |
|---------------------------------------|---------------------|--|-------------------------------------|
|                                       | _____<br>_____      | _____<br>_____                           | _____<br>_____                      |
| (e) Transfer of gift                  |                     |  |                                     |
| Transferee's name, address, and ZIP 4 |                     | Relationship of transferor to transferee |                                     |
| _____<br>_____                        |                     | _____<br>_____                           |                                     |
| (a)<br>No. from<br>Part I             | (b) Purpose of gift | (c) Use of gift                          | (d) Description of how gift is held |
|                                       | _____<br>_____      | _____<br>_____                           | _____<br>_____                      |
| (e) Transfer of gift                  |                     |  |                                     |
| Transferee's name, address, and ZIP 4 |                     | Relationship of transferor to transferee |                                     |
| _____<br>_____                        |                     | _____<br>_____                           |                                     |
| (a)<br>No. from<br>Part I             | (b) Purpose of gift | (c) Use of gift                          | (d) Description of how gift is held |
|                                       | _____<br>_____      | _____<br>_____                           | _____<br>_____                      |
| (e) Transfer of gift                  |                     |  |                                     |
| Transferee's name, address, and ZIP 4 |                     | Relationship of transferor to transferee |                                     |
| _____<br>_____                        |                     | _____<br>_____                           |                                     |
| (a)<br>No. from<br>Part I             | (b) Purpose of gift | (c) Use of gift                          | (d) Description of how gift is held |
|                                       | _____<br>_____      | _____<br>_____                           | _____<br>_____                      |
| (e) Transfer of gift                  |                     |  |                                     |
| Transferee's name, address, and ZIP 4 |                     | Relationship of transferor to transferee |                                     |
| _____<br>_____                        |                     | _____<br>_____                           |                                     |

## **Additional Data**

**Return to Form**

**Software ID:** 20011551

**Software Version:** 2020v4.0

**SCHEDULE D**  
(Form 990)

**Supplemental Financial Statements**

OMB No. 1545-0047

**2020**

**Open to Public Inspection**

▶ **Complete if the organization answered "Yes," on Form 990, Part IV, line 6, 7, 8, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b.**  
▶ **Attach to Form 990.**

▶ **Go to [www.irs.gov/Form990](http://www.irs.gov/Form990) for instructions and the latest information.**

Department of the Treasury  
Internal Revenue Service

**Name of the organization**  
Headwaters Economics Inc

**Employer identification number**

74-3171967

**Part I Organizations Maintaining Donor Advised Funds or Other Similar Funds or Accounts.**  
Complete if the organization answered "Yes" on Form 990, Part IV, line 6.

|  | (a) Donor advised funds  | (b) Funds and other accounts |
|--|--|------------------------------|
| <b>1</b> Total number at end of year . . . . .   |  |                              |
| <b>2</b> Aggregate value of contributions to (during year)   |  |                              |
| <b>3</b> Aggregate value of grants from (during year)  |  |                              |
| <b>4</b> Aggregate value at end of year . . . . .  |  |                              |
| <b>5</b> Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control? . . . . .  | <input type="checkbox"/> <b>Yes</b> <input type="checkbox"/> <b>No</b> |                              |
| <b>6</b> Did the organization inform all grantees, donors, and donor advisors in writing that grant funds can be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit? . . . . . | <input type="checkbox"/> <b>Yes</b> <input type="checkbox"/> <b>No</b> |                              |

**Part II Conservation Easements.**

Complete if the organization answered "Yes" on Form 990, Part IV, line 7.

|  |  |
|--|--|
| <b>1</b> Purpose(s) of conservation easements held by the organization (check all that apply).<br><input type="checkbox"/> Preservation of land for public use (e.g., recreation or education) <input type="checkbox"/> Preservation of an historically important land area<br><input type="checkbox"/> Protection of natural habitat <input type="checkbox"/> Preservation of a certified historic structure<br><input type="checkbox"/> Preservation of open space |  |
| <b>2</b> Complete lines 2a through 2d if the organization held a qualified conservation contribution in the form of a conservation easement on the last day of the tax year.   | <b>Held at the End of the Year</b>                                     |
| <b>a</b> Total number of conservation easements . . . . .  | <b>2a</b>  |
| <b>b</b> Total acreage restricted by conservation easements . . . . .  | <b>2b</b>  |
| <b>c</b> Number of conservation easements on a certified historic structure included in (a) . . . . .  | <b>2c</b>  |
| <b>d</b> Number of conservation easements included in (c) acquired after 7/25/06, and not on a historic structure listed in the National Register . . . . .  | <b>2d</b>  |
| <b>3</b> Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the tax year ▶ _____   |  |
| <b>4</b> Number of states where property subject to conservation easement is located ▶ _____   |  |
| <b>5</b> Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds? . . . . .  | <input type="checkbox"/> <b>Yes</b> <input type="checkbox"/> <b>No</b> |
| <b>6</b> Staff and volunteer hours devoted to monitoring, inspecting, handling of violations, and enforcing conservation easements during the year<br>▶ _____  |  |
| <b>7</b> Amount of expenses incurred in monitoring, inspecting, handling of violations, and enforcing conservation easements during the year<br>▶ \$ _____   |  |
| <b>8</b> Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4) (B)(i) and section 170(h)(4)(B)(ii)? . . . . .  | <input type="checkbox"/> <b>Yes</b> <input type="checkbox"/> <b>No</b> |
| <b>9</b> In Part XIII, describe how the organization reports conservation easements in its revenue and expense statement, and balance sheet, and include, if applicable, the text of the footnote to the organization's financial statements that describes the organization's accounting for conservation easements.  |  |

**Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets.**  
Complete if the organization answered "Yes" on Form 990, Part IV, line 8.

|  |  |
|--|--|
| <b>1a</b> If the organization elected, as permitted under FASB ASC 958, not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide, in Part XIII, the text of the footnote to its financial statements that describes these items.  |  |
| <b>b</b> If the organization elected, as permitted under FASB ASC 958, to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide the following amounts relating to these items:<br><b>(i)</b> Revenue included on Form 990, Part VIII, line 1 . . . . . ▶ \$ _____<br><b>(ii)</b> Assets included in Form 990, Part X . . . . . ▶ \$ _____ |  |
| <b>2</b> If the organization received or held works of art, historical treasures, or other similar assets for financial gain, provide the following amounts required to be reported under FASB ASC 958 relating to these items:<br><b>a</b> Revenue included on Form 990, Part VIII, line 1 . . . . . ▶ \$ _____<br><b>b</b> Assets included in Form 990, Part X . . . . . ▶ \$ _____  |  |

Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets (continued)

- 3 Using the organization's acquisition, accession, and other records, check any of the following that are a significant use of its collection items (check all that apply):
a Public exhibition
b Scholarly research
c Preservation for future generations
d Loan or exchange programs
e Other
4 Provide a description of the organization's collections and explain how they further the organization's exempt purpose in Part XIII.
5 During the year, did the organization solicit or receive donations of art, historical treasures or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection? Yes No

Part IV Escrow and Custodial Arrangements.

Complete if the organization answered "Yes" on Form 990, Part IV, line 9, or reported an amount on Form 990, Part X, line 21.

- 1a Is the organization an agent, trustee, custodian or other intermediary for contributions or other assets not included on Form 990, Part X? Yes No
b If "Yes," explain the arrangement in Part XIII and complete the following table:
Table with columns: Amount, 1c Beginning balance, 1d Additions during the year, 1e Distributions during the year, 1f Ending balance
2a Did the organization include an amount on Form 990, Part X, line 21, for escrow or custodial account liability? Yes No
b If "Yes," explain the arrangement in Part XIII. Check here if the explanation has been provided in Part XIII

Part V Endowment Funds.

Complete if the organization answered "Yes" on Form 990, Part IV, line 10.

- Table with columns: (a) Current year, (b) Prior year, (c) Two years back, (d) Three years back, (e) Four years back
1a Beginning of year balance
1b Contributions
1c Net investment earnings, gains, and losses
1d Grants or scholarships
1e Other expenditures for facilities and programs
1f Administrative expenses
1g End of year balance
2 Provide the estimated percentage of the current year end balance (line 1g, column (a)) held as:
a Board designated or quasi-endowment
b Permanent endowment
c Term endowment
The percentages on lines 2a, 2b, and 2c should equal 100%.
3a Are there endowment funds not in the possession of the organization that are held and administered for the organization by:
(i) Unrelated organizations
(ii) Related organizations
b If "Yes" on 3a(ii), are the related organizations listed as required on Schedule R?
4 Describe in Part XIII the intended uses of the organization's endowment funds.

Part VI Land, Buildings, and Equipment.

Complete if the organization answered "Yes" on Form 990, Part IV, line 11a. See Form 990, Part X, line 10.

Table with 5 columns: Description of property, (a) Cost or other basis (investment), (b) Cost or other basis (other), (c) Accumulated depreciation, (d) Book value. Rows include Land, Buildings, Leasehold improvements, Equipment, Other, and Total.

**Part VII Investments—Other Securities.**

Complete if the organization answered "Yes" on Form 990, Part IV, line 11b. See Form 990, Part X, line 12.

| (a) Description of security or category<br>(including name of security)   | (b) Book value | (c) Method of valuation:<br>Cost or end-of-year market value |
|---|----------------|--|
| (1) Financial derivatives . . . . .                                       |                |  |
| (2) Closely-held equity interests . . . . .                               |                |  |
| (3) Other _____   |                |  |
| (B)   |                |  |
| (C)   |                |  |
| (D)   |                |  |
| (E)   |                |  |
| (F)   |                |  |
| (G)   |                |  |
| (H)   |                |  |
| (I)   |                |  |
| <b>Total.</b> (Column (b) must equal Form 990, Part X, col. (B) line 12.) |                |  |

**Part VIII Investments—Program Related.**

Complete if the organization answered 'Yes' on Form 990, Part IV, line 11c. See Form 990, Part X, line 13.

| (a) Description of investment  | (b) Book value | (c) Method of valuation:<br>Cost or end-of-year market value |
|--|----------------|--|
| (2)  |                |  |
| (3)  |                |  |
| (4)  |                |  |
| (5)  |                |  |
| (6)  |                |  |
| (7)  |                |  |
| (8)  |                |  |
| (9)  |                |  |
| (10)   |                |  |
| <b>Total.</b> (Column (b) must equal Form 990, Part X, col.(B) line 13.) |                |  |

**Part IX Other Assets.**

Complete if the organization answered 'Yes' on Form 990, Part IV, line 11d. See Form 990, Part X, line 15.

| (a) Description  | (b) Book value |
|--|----------------|
| (2)  |                |
| (3)  |                |
| (4)  |                |
| (5)  |                |
| (6)  |                |
| (7)  |                |
| (8)  |                |
| (9)  |                |
| (10)   |                |
| <b>Total.</b> (Column (b) must equal Form 990, Part X, col.(B) line 15.) |                |

**Part X Other Liabilities.**

Complete if the organization answered 'Yes' on Form 990, Part IV, line 11e or 11f. See Form 990, Part X, line 25.

| 1. (a) Description of liability  | (b) Book value |
|--|----------------|
| (1) Federal income taxes   |                |
| (3)  |                |
| (4)  |                |
| (5)  |                |
| (6)  |                |
| (7)  |                |
| (8)  |                |
| (9)  |                |
| <b>Total.</b> (Column (b) must equal Form 990, Part X, col.(B) line 25.) | 52,153         |

**2.** Liability for uncertain tax positions. In Part XIII, provide the text of the footnote to the organization's financial statements that reports the organization's liability for uncertain tax positions under FIN 48 (ASC 740). Check here if the text of the footnote has been provided in Part XIII

**Part XI Reconciliation of Revenue per Audited Financial Statements With Revenue per Return.**

Complete if the organization answered 'Yes' on Form 990, Part IV, line 12a.

|          |  |           |           |           |
|----------|--|-----------|-----------|-----------|
| <b>1</b> | Total revenue, gains, and other support per audited financial statements . . . . .                       |           | <b>1</b>  | 2,461,809 |
| <b>2</b> | Amounts included on line 1 but not on Form 990, Part VIII, line 12:                                      |           |           |           |
| <b>a</b> | Net unrealized gains (losses) on investments . . . . .   | <b>2a</b> |           |           |
| <b>b</b> | Donated services and use of facilities . . . . .   | <b>2b</b> |           |           |
| <b>c</b> | Recoveries of prior year grants . . . . .  | <b>2c</b> |           |           |
| <b>d</b> | Other (Describe in Part XIII.)<br>. . . . .  | <b>2d</b> |           |           |
| <b>e</b> | Add lines <b>2a</b> through <b>2d</b> . . . . .  |           | <b>2e</b> |           |
| <b>3</b> | Subtract line <b>2e</b> from line <b>1</b> . . . . .   |           | <b>3</b>  | 2,461,809 |
| <b>4</b> | Amounts included on Form 990, Part VIII, line 12, but not on line 1:                                     |           |           |           |
| <b>a</b> | Investment expenses not included on Form 990, Part VIII, line 7b . . . . .                               | <b>4a</b> |           |           |
| <b>b</b> | Other (Describe in Part XIII.) . . . . .   | <b>4b</b> |           |           |
| <b>c</b> | Add lines <b>4a</b> and <b>4b</b> . . . . .  |           | <b>4c</b> |           |
| <b>5</b> | Total revenue. Add lines <b>3</b> and <b>4c</b> . (This must equal Form 990, Part I, line 12.) . . . . . |           | <b>5</b>  | 2,461,809 |

**Part XII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return.**

Complete if the organization answered 'Yes' on Form 990, Part IV, line 12a.

|          |   |           |           |           |
|----------|---|-----------|-----------|-----------|
| <b>1</b> | Total expenses and losses per audited financial statements . . . . .                                      |           | <b>1</b>  | 2,439,811 |
| <b>2</b> | Amounts included on line 1 but not on Form 990, Part IX, line 25:   |           |           |           |
| <b>a</b> | Donated services and use of facilities . . . . .  | <b>2a</b> |           |           |
| <b>b</b> | Prior year adjustments . . . . .  | <b>2b</b> |           |           |
| <b>c</b> | Other losses . . . . .  | <b>2c</b> |           |           |
| <b>d</b> | Other (Describe in Part XIII.)<br>. . . . .   | <b>2d</b> |           |           |
| <b>e</b> | Add lines <b>2a</b> through <b>2d</b> . . . . .   |           | <b>2e</b> |           |
| <b>3</b> | Subtract line <b>2e</b> from line <b>1</b> . . . . .  |           | <b>3</b>  | 2,439,811 |
| <b>4</b> | Amounts included on Form 990, Part IX, line 25, but not on line 1:  |           |           |           |
| <b>a</b> | Investment expenses not included on Form 990, Part VIII, line 7b . . . . .                                | <b>4a</b> |           |           |
| <b>b</b> | Other (Describe in Part XIII.)<br>. . . . .   | <b>4b</b> |           |           |
| <b>c</b> | Add lines <b>4a</b> and <b>4b</b> . . . . .   |           | <b>4c</b> |           |
| <b>5</b> | Total expenses. Add lines <b>3</b> and <b>4c</b> . (This must equal Form 990, Part I, line 18.) . . . . . |           | <b>5</b>  | 2,439,811 |

**Part XIII**

**Supplemental Information**

Provide the descriptions required for Part II, lines 3, 5, and 9; Part III, lines 1a and 4; Part IV, lines 1b and 2b; Part V, line 4; Part X, line 2; Part XI, lines 2d and 4b; and Part XII, lines 2d and 4b. Also complete this part to provide any additional information.

| Return Reference | Explanation |
|------------------|-------------|
|------------------|-------------|

## Additional Data

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**Software ID:** 20011551

**Software Version:** 2020v4.0

Schedule J (Form 990)

Compensation Information

OMB No. 1545-0047

For certain Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees
Complete if the organization answered "Yes" on Form 990, Part IV, line 23.
Attach to Form 990.
Go to www.irs.gov/Form990 for instructions and the latest information.

2020

Open to Public Inspection

Department of the Treasury Internal Revenue Service

Name of the organization Headwaters Economics Inc

Employer identification number

74-3171967

Part I Questions Regarding Compensation

1a Check the appropriate box(es) if the organization provided any of the following to or for a person listed on Form 990, Part VII, Section A, line 1a. Complete Part III to provide any relevant information regarding these items.

- First-class or charter travel
Travel for companions
Tax idemnification and gross-up payments
Discretionary spending account
Housing allowance or residence for personal use
Payments for business use of personal residence
Health or social club dues or initiation fees
Personal services (e.g., maid, chauffeur, chef)

b If any of the boxes on Line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all of the expenses described above? If "No," complete Part III to explain

2 Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all directors, trustees, officers, including the CEO/Executive Director, regarding the items checked on Line 1a?

3 Indicate which, if any, of the following the filing organization used to establish the compensation of the organization's CEO/Executive Director. Check all that apply. Do not check any boxes for methods used by a related organization to establish compensation of the CEO/Executive Director, but explain in Part III.

- Compensation committee
Independent compensation consultant
Form 990 of other organizations
Written employment contract
Compensation survey or study
Approval by the board or compensation committee

4 During the year, did any person listed on Form 990, Part VII, Section A, line 1a, with respect to the filing organization or a related organization:

- a Receive a severance payment or change-of-control payment?
b Participate in, or receive payment from, a supplemental nonqualified retirement plan?
c Participate in, or receive payment from, an equity-based compensation arrangement?
If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III.

Only 501(c)(3), 501(c)(4), and 501(c)(29) organizations must complete lines 5-9.

5 For persons listed on Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of:

- a The organization?
b Any related organization?
If "Yes," on line 5a or 5b, describe in Part III.

6 For persons listed on Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of:

- a The organization?
b Any related organization?
If "Yes," on line 6a or 6b, describe in Part III.

7 For persons listed on Form 990, Part VII, Section A, line 1a, did the organization provide any nonfixed payments not described in lines 5 and 6? If "Yes," describe in Part III.

8 Were any amounts reported on Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regulations section 53.4958-4(a)(3)? If "Yes," describe in Part III.

9 If "Yes" on line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)?

Table with 3 columns: Question ID, Yes, No. Rows include 1a, 1b, 2, 3, 4a, 4b, 4c, 5a, 5b, 6a, 6b, 7, 8, 9.



**Part III Supplemental Information**

Provide the information, explanation, or descriptions required for Part I, lines 1a, 1b, 3, 4a, 4b, 4c, 5a, 5b, 6a, 6b, 7, and 8, and for Part II. Also complete this part for any additional information.

| Return Reference | Explanation |
|------------------|-------------|
|------------------|-------------|

**Additional Data**

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**Software ID:** 20011551

**Software Version:** 2020v4.0

**SCHEDULE M**  
**(Form 990)**

Department of the Treasury  
Internal Revenue Service

# Noncash Contributions

OMB No. 1545-0047

**2020**

**Open to Public Inspection**

▶ **Complete if the organizations answered "Yes" on Form 990, Part IV, lines 29 or 30.**

▶ **Attach to Form 990.**

▶ **Go to [www.irs.gov/Form990](http://www.irs.gov/Form990) for the latest information.**

Name of the organization  
Headwaters Economics Inc

**Employer identification number**  
74-3171967

**Part I Types of Property**

|  | (a)<br>Check if applicable | (b)<br>Number of contributions or items contributed | (c)<br>Noncash contribution amounts reported on Form 990, Part VIII, line 1g | (d)<br>Method of determining noncash contribution amounts |
|--|----------------------------|---|--|---|
| 1 Art—Works of art . . . . .   |                            |   |  |   |
| 2 Art—Historical treasures . . . . .                                 |                            |   |  |   |
| 3 Art—Fractional interests . . . . .                                 |                            |   |  |   |
| 4 Books and publications . . . . .                                   |                            |   |  |   |
| 5 Clothing and household goods . . . . .                             |                            |   |  |   |
| 6 Cars and other vehicles . . . . .                                  |                            |   |  |   |
| 7 Boats and planes . . . . .   |                            |   |  |   |
| 8 Intellectual property . . . . .                                    | X                          | 2   | 121,050  | Retail value  |
| 9 Securities—Publicly traded . . . . .                               |                            |   |  |   |
| 10 Securities—Closely held stock . . . . .                           |                            |   |  |   |
| 11 Securities—Partnership, LLC, or trust interests . . . . .         |                            |   |  |   |
| 12 Securities—Miscellaneous . . . . .                                |                            |   |  |   |
| 13 Qualified conservation contribution—Historic structures . . . . . |                            |   |  |   |
| 14 Qualified conservation contribution—Other . . . . .               |                            |   |  |   |
| 15 Real estate—Residential . . . . .                                 |                            |   |  |   |
| 16 Real estate—Commercial . . . . .                                  |                            |   |  |   |
| 17 Real estate—Other . . . . .                                       |                            |   |  |   |
| 18 Collectibles . . . . .  |                            |   |  |   |
| 19 Food inventory . . . . .  |                            |   |  |   |
| 20 Drugs and medical supplies . . . . .                              |                            |   |  |   |
| 21 Taxidermy . . . . .   |                            |   |  |   |
| 22 Historical artifacts . . . . .                                    |                            |   |  |   |
| 23 Scientific specimens . . . . .                                    |                            |   |  |   |
| 24 Archeological artifacts . . . . .                                 |                            |   |  |   |
| 25 Other ▶ ( _____ )   |                            |   |  |   |
| 26 Other ▶ ( _____ )   |                            |   |  |   |
| 27 Other ▶ ( _____ )   |                            |   |  |   |
| 28 Other ▶ ( _____ )   |                            |   |  |   |

29 Number of Forms 8283 received by the organization during the tax year for contributions for which the organization completed Form 8283, Part IV, Donee Acknowledgement

29

30a During the year, did the organization receive by contribution any property reported in Part I, lines 1 through 28, that it must hold for at least three years from the date of the initial contribution, and which isn't required to be used for exempt purposes for the entire holding period?

|     | Yes | No |
|-----|-----|----|
| 30a |     | No |

b If "Yes," describe the arrangement in Part II.

31 Does the organization have a gift acceptance policy that requires the review of any nonstandard contributions?

|    |  |    |
|----|--|----|
| 31 |  | No |
|----|--|----|

32a Does the organization hire or use third parties or related organizations to solicit, process, or sell noncash contributions?

|     |  |    |
|-----|--|----|
| 32a |  | No |
|-----|--|----|

b If "Yes," describe in Part II.

33 If the organization didn't report an amount in column (c) for a type of property for which column (a) is checked, describe in Part II.

**Part II** **Supplemental Information.** Provide the information required by Part I, lines 30b, 32b, and 33, and whether the organization is reporting in Part I, column (b), the number of contributions, the number of items received, or a combination of both. Also complete this part for any additional information.

| Return Reference | Explanation |
|------------------|-------------|
|------------------|-------------|

## Additional Data

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**Software ID:** 20011551

**Software Version:** 2020v4.0

**SCHEDULE O**  
(Form 990 or 990-EZ)

**Supplemental Information to Form 990 or 990-EZ**

OMB No. 1545-0047  
**2020**  
Open to Public Inspection

Complete to provide information for responses to specific questions on Form 990 or 990-EZ or to provide any additional information.  
▶ Attach to Form 990 or 990-EZ.  
▶ Go to [www.irs.gov/Form990](http://www.irs.gov/Form990) for the latest information.

Department of the Treasury  
Name of the organization  
Headwaters Economics Inc

Employer identification number  
74-3171967

| Return Reference  | Explanation   |
|---|---|
| Client Note 1   | <p>Client Note 1 - Headwaters Economics 2020 Form 990 AccomplishmentsHeadwaters Economics staff delivered more than 30 public talks, briefings, and presentations to the public, elected officials, agencies, and others throughout the year. Two new nationwide, interactive, web-based tools were created. Twelve newsletters were published in 2020. In addition, Headwaters Economics produced original research, data visualizations, and reports on topics core to its mission.EquityDisadvantaged populations are more likely to experience adverse social, health, and economic outcomes due to race, age, gender, poverty status, and other socioeconomic measures. In addition, understanding the impacts of climate change is important to reducing vulnerabilities and building resilient communities and economies. Projects in 2020 included:Updated nationwide data for Populations at Riska free, online tool that creates reports about populations more likely to experience adverse social, health, or economic outcomes.Expanded Neighborhoods at Riska free, online climate-risk planning toolto the entire nation. The web-based data and maps are used for presentations, grant proposals, planning decisions, shaping land use, or prioritizing capital improvements.Built interactive, live data visualizations to help identify locations where census response rates were low in Black, Hispanic and Latino, Asian, and Native American communities.Produced a report showing counties with high proportions of senior citizens and lack of access to hospitals.Produced an interactive data visualization showing where food insecurity is highest in America.Outdoor RecreationAccess to trails and outdoor recreation is an important part of local economies, attracting businesses and drawing in new residents and visitors. Our research analyzes the scope and scale of the outdoor recreation economy and how communities can benefit from trails. Projects in 2020 included:Wrote a report examining the affordability of housing in rural recreation communities and published an accompanying visualization showing housing affordability in context for all U.S. counties.Produced reports for the states of New Mexico and Wisconsin detailing the role of outdoor recreation in their economies.Produced a report showing the economic benefits of the proposed Merced River Trail in Mariposa County, California.Public LandsProtected federal lands are important economic assets that attract people and businesses, as well as new jobs and income. Our research helps communities understand the implications of nearby public lands. Projects in 2020 included:Hosted and upgraded user interfaces for three free, web-based tools for federal land management agencies, including the U.S. Fish &amp; Wildlife Service Socioeconomic Profile Tool, the Bureau of Land Management Socioeconomic Profile Tool, and the National Forest Socioeconomic Profile Tool. These tools are designed to help government agency land managers, economists, planners, citizens, and others explore socioeconomic conditions near federal land management units.Provided analysis to the Bears Ears Intertribal Coalition on the economic value of national monuments.Economic DevelopmentAs the economy changes, understanding major drivers of change is critical to making sound decisions about how to improve economic performance. Projects in 2020 included:Hosted and updated the online Economic Profile System (EPS) with the latest statistics from federal data sources. This free online tool produces customized socioeconomic reports for communities, counties, states, and regions.Economic Development (continued)Posted a report about the health and fiscal vulnerability of rural recreation counties.Posted a series of reports about the changing geography and makeup of U.S. electricity generation capacity.Developed and updated an interactive data visualization showing monthly, county-level unemployment numbers related to the COVID-19 pandemic.Produced an analysis of the economic specialization and changing demographics of rural communities. Tax PolicyTax policies create incentives and disincentives. Our research helps local leaders and state and federal policymakers understand their long-term impacts. Projects in 2020 included:Wrote a report about the failure of fiscal policy to support rural America.Produced a briefing about the potential for a federal land endowment.Natural HazardsWildfires, floods, and other climate-related disasters are becoming more extensive and costly as the climate changes. Our research helps communities understand where people may be vulnerable and how to reduce risk. Projects in 2020 included:Collaborated with the U.S. Forest Service to produce Wildfire Risk to Communities, a nationwide, interactive website with information to help communities understand, explore, and reduce wildfire risk. The website includes a custom application with charts and maps of wildfire risk for all U.S. communities, counties, and states.Managed the Community Planning Assistance for Wildfire (CPAW) program. Funded through the U.S. Forest Service and private foundations, CPAW works with communities across the country to provide technical assistance such as land use planning, forestry expertise, and risk assessments. Delivered final wildfire risk-reduction recommendations to six CPAW communities in California, Colorado, Oregon, Florida, and Montana after working with local staffs for a year.Testified about wildfire, vulnerable populations, and mitigation strategies to the U.S. House of Representatives Subcommittee on Natural Resources and to the Oregon House Natural Resources Subcommittee.Produced several original research reports on wildfire on topics including preparing for wildfire during a pandemic, the history of wildfire suppression and U.S. wildfire policy, and the growing Montana wildfire risk.Produced interactive data visualizations showing communities threatened by wildfire and destructive fires over time.Produced original research reports on flooding including best practices for funding mitigation strategies and case studies from the midwestern United States.Provided technical assistance to Three Forks, Montana, as it develops a flood mitigation strategy.</p> |
| Form 990, Part VI, Line 11b: Form 990 Review Process                                | Each member of the Board reviewed the Form 990 before it was filed with the IRS.  |
| Form 990, Part VI, Line 12c: Explanation of Monitoring and Enforcement of Conflicts | Each director, principal officer and member of a committee with Board delegated power is required annually to sign a statement which affirms that the person (A) has received a copy of the conflict of interest policy, (B) has read and understands the policy, (C) has agreed to comply with the policy, and (D) understands that Headwaters Economics, Inc. is a charitable tax-exempt organization and to maintain its federal tax-exempt status must engage in activities which accomplish one or more of its tax-exempt purposes.Each staff member, volunteer (other than casual volunteers who perform no regular services), and contractor is required to sign an acknowledgement of the conflict of interest and ethics policy.   |

| Return Reference   | Explanation   |
|--|---|
| Form 990, Part VI, Line 15b: Compensation Review and Approval Process for Officers and Key Employees | The Executive Director annually reviews the performance and compensation of each employee of the organization, other than himself. The Board reviews the performance and compensation of the Executive Director on an annual basis. The Executive Director and the Board review published salary surveys and compare employees' current wages with comparable positions in other professions to determine reasonableness. |
| Form 990, Part VI, Line 18: Explanation of Other Means Forms Available For Public Inspection         | The Organization makes its governing documents, conflict of interest policy, and financial statements available for inspection at its office upon approval by the Board.  |
| Form 990, Part VI, Line 19: Other Organization Documents Publicly Available                          | No other documents available to the public.   |

## Additional Data

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