

NORTHWEST PILOT  
PROJECT, INC.

Audited Financial Statements

For The Year Ended June 30, 2021



McDONALD JACOBS

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Northwest Pilot Project, Inc.

We have audited the accompanying financial statements of Northwest Pilot Project, Inc. (a nonprofit corporation), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Northwest Pilot Project, Inc. as of June 30, 2021, and changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*Report on Summarized Comparative Information*

We have previously audited Northwest Pilot Project, Inc.'s 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 28, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.

*McDonald Jacobz, P.C.*

Portland, Oregon  
October 27, 2021

NORTHWEST PILOT PROJECT, INC.  
STATEMENT OF FINANCIAL POSITION  
June 30, 2021  
(With comparative totals for 2020)

	2021	2020
<b>ASSETS</b>		
Cash and cash equivalents	\$ 131,564	\$ 871,800
Accounts and pledges receivable	326,850	223,183
Prepaid expenses	44,205	69,820
Property and equipment, net	102,023	82,857
Investments	2,527,228	1,729,858
 TOTAL ASSETS	 \$ 3,131,870	 \$ 2,977,518

**LIABILITIES AND NET ASSETS**

Liabilities:		
Accounts payable and accrued expenses	\$ 35,304	\$ 37,801
Refundable advance- Paycheck Protection Program	-	185,152
Deferred revenue	-	60,000
Deferred rent payable	78,083	60,650
Total liabilities	113,387	343,603
Net assets:		
Without donor restrictions:		
Undesignated	212,782	604,200
Board designated endowment	2,150,449	1,420,192
Net property and equipment	102,023	82,857
Total without donor restrictions	2,465,254	2,107,249
With donor restrictions	553,229	526,666
Total net assets	3,018,483	2,633,915
 TOTAL LIABILITIES AND NET ASSETS	 \$ 3,131,870	 \$ 2,977,518

See notes to financial statements.

NORTHWEST PILOT PROJECT, INC.  
STATEMENT OF ACTIVITIES  
For the year ended June 30, 2021  
(With comparative totals for 2020)

	2021			2020
	Without Donor Restrictions	With Donor Restrictions	Total	Total
<b>Support and revenue:</b>				
Government grant and contract revenue	\$ 2,090,287	\$ -	\$ 2,090,287	\$ 1,371,978
Contributions and grants	517,873	111,000	628,873	1,263,477
Special events revenue, net	169,157	-	169,157	145,922
Miscellaneous income	1,324	-	1,324	2,313
Net assets released from restrictions:				
Satisfaction of purpose restrictions	51,550	(51,550)	-	-
Satisfaction of time restrictions	100,000	(100,000)	-	-
Total support and revenue	2,930,191	(40,550)	2,889,641	2,783,690
<b>Expenses:</b>				
Program services:				
Housing, advocacy and transportation	2,599,540	-	2,599,540	2,108,970
Management and general	157,872	-	157,872	110,034
Fundraising	180,158	-	180,158	214,838
Total expenses	2,937,570	-	2,937,570	2,433,842
Change in net assets before investment income, net	(7,379)	(40,550)	(47,929)	349,848
Investment income (loss), net	365,384	67,113	432,497	(254)
Change in net assets	358,005	26,563	384,568	349,594
<b>Net assets:</b>				
Beginning of year	2,107,249	526,666	2,633,915	2,284,321
End of year	\$ 2,465,254	\$ 553,229	\$ 3,018,483	\$ 2,633,915

See notes to financial statements.

NORTHWEST PILOT PROJECT, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
For the year ended June 30, 2021  
(With comparative totals for 2020)

	<u>Program Services</u>	Management		2021	2020
	Housing, Advocacy and Transportation	and General	Fundraising	Total Expenses	Total Expenses
Personnel costs	\$ 901,657	\$ 117,671	\$ 125,474	\$ 1,144,802	\$ 1,084,752
Emergency assistance	1,305,297	-	-	1,305,297	911,533
Occupancy	189,127	21,062	18,170	228,359	230,573
Professional services	99,118	7,577	4,893	111,588	55,328
Newsletter	8,698	-	6,524	15,222	22,262
Supplies	26,172	1,046	9,866	37,084	45,730
Insurance	13,942	2,375	1,337	17,654	13,894
Printing	301	5	10	316	5,794
Transportation	3,252	85	187	3,524	12,027
Telephone	9,628	590	509	10,727	10,567
Postage	2,343	220	1,186	3,749	5,638
Conferences and training	4,032	1,022	284	5,338	6,412
Miscellaneous	8,772	3,157	9,076	21,005	20,911
Depreciation and amortization	<u>27,201</u>	<u>3,062</u>	<u>2,642</u>	<u>32,905</u>	<u>22,418</u>
Total expenses	<u>\$ 2,599,540</u>	<u>\$ 157,872</u>	<u>\$ 180,158</u>	<u>\$ 2,937,570</u>	<u>\$ 2,433,842</u>

See notes to financial statements.

NORTHWEST PILOT PROJECT, INC.  
STATEMENT OF CASH FLOWS  
For the year ended June 30, 2021  
(With comparative totals for 2020)

	2021	2020
<b>Cash flows from operating activities:</b>		
Cash received from contractors, donors and grantors	\$ 2,554,819	\$ 2,956,166
Refundable advance- Paycheck Protection Program	-	185,152
Interest and dividends received	54,023	61,171
Cash paid to suppliers and employees	<u>(2,890,913)</u>	<u>(2,414,717)</u>
Net cash flows from operating activities	<u>(282,071)</u>	<u>787,772</u>
 <b>Cash flows from investing activities:</b>		
Purchase of property and equipment	(52,071)	-
Proceeds from sale of investments	13,129	11,135
Purchases of investments	<u>(419,223)</u>	<u>(60,846)</u>
Net cash flows from investing activities	<u>(458,165)</u>	<u>(49,711)</u>
 Net change in cash and cash equivalents	(740,236)	738,061
 Cash and cash equivalents - beginning of year	<u>871,800</u>	<u>133,739</u>
 Cash and cash equivalents - end of year	<u>\$ 131,564</u>	<u>\$ 871,800</u>

See notes to financial statements.

NORTHWEST PILOT PROJECT, INC.  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021

1. DESCRIPTION OF ORGANIZATION

Northwest Pilot Project, Inc. (the Organization) offers opportunities for a life of dignity and hope to very low income seniors in Multnomah County by solving housing and transportation needs. The majority of the Organization's support and revenue is received from various governmental agencies, grants, and contributions.

Northwest Pilot Project, Inc.'s programs include:

Housing Program

The most robust program is focused on housing low-income and very low-income seniors (age 55 and over) in Multnomah County, who are capable of independent living, with rental housing that is safe, permanent, and affordable to them. The Organization does not own or manage the housing; instead, leveraging over 50 years of relationships with landlords, property managers, and community development partners to secure housing for those who are most vulnerable. Services include: Housing Assessment, Case Management Services, Housing Retention Services including Transportation, home visits, basic supplies, and referrals and information.

Advocacy Program

The Organization also advocates for increasing the supply, affordability, and accessibility of housing as well as for policies that support more senior-focused services and funding. Advocacy work is with government entities including the City of Portland, Multnomah County, the State of Oregon, and through national partners with the federal government. The Organization also engages in advocacy and policy education with housing authorities, for-profit and non-profit building owners/property managers, and the media.

The pandemic as well as economic shifts have significantly increased the need for services in the community. The Organization was able to leverage existing financial resources to increase emergency assistance to over \$1.3 million dollars, an increase of more than 40% over the prior year. This intentional spending contributed to the negative cash flows from operations for 2021.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

- *Net Assets Without Donor Restrictions* - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.



NORTHWEST PILOT PROJECT, INC.  
NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Net Assets, Continued

- *Net Assets With Donor Restrictions* - Net assets subject to donor- (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments without donor restrictions with initial maturities of three months or less at the date of purchase to be cash equivalents.

Accounts and Contributions Receivable

Accounts and contributions receivable are reported at the amount management expects to collect on balances outstanding at year-end. Based on an assessment of the credit history with those having outstanding balances and current relationships with them, management has concluded that realization losses on balances outstanding at year-end will be immaterial. Receivables are written off directly to the account balance when, in management's estimation, it is probable that the outstanding balance will not be collected.

Property and Equipment

Acquisitions of property and equipment in excess of \$1,000 are capitalized. Property and equipment purchased are recorded at cost. Donated assets are reflected as contributions at their estimated values on the date received. Depreciation of property and equipment is calculated using the straight-line method over the estimated useful lives of the assets.

Investments

Investments are carried at fair value. Investment income is reported as an increase in net assets without donor restrictions unless restricted by the donor in which case it is classified according to the nature of the restriction until appropriated for expenditure.

Revenue Recognition

Contributions and grants, which include unconditional promises to give (pledges), are recognized as revenues in the period the Organization is notified of the commitment. Bequests are recorded as revenue at the time the Organization has an established right to the bequest and the proceeds are measurable. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

NORTHWEST PILOT PROJECT, INC.  
NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Revenue Recognition, Continued

Government contracts and grants are conditioned upon certain performance requirements and/or incurring allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position. The Organization has been awarded cost-reimbursable grants of approximately \$1.1 million for the period through June 30, 2022 that have not been recognized at June 30, 2021 because qualifying expenditures have not yet been incurred.

The Paycheck Protection Program (PPP) loan guaranteed by the Small Business Administration (SBA) is accounted for as a conditional advance and accrues interest at 1%. The advance may be forgiven partially or in its entirety if certain conditions are met, including incurrence of allowable qualifying expenses (mostly personnel and occupancy costs) and acceptance and approval of the forgiveness application by the lender. The Organization received a PPP loan of \$185,152 during the year ended June 30, 2020 and satisfied the conditions in 2021 and recognized the amount as government grant revenue.

The Organization records special events revenue equal to the fair value of direct benefits to donors, and contribution income for the excess received when the event takes place.

Functional Expenses

The costs of providing various programs and other supporting activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses that are allocated include personnel, newsletter, insurance, telephone, postage, professional services, supplies, printing, occupancy, depreciation and amortization, which are allocated based on full time equivalents. Also see Note 11 for allocation of joint costs.

Income Taxes

Northwest Pilot Project, Inc. is a nonprofit corporation exempt from federal and state income tax under Section 501(c)(3) of the Internal Revenue Code and applicable state law. The Organization has no activities subject to unrelated business income tax. The Organization is not a private foundation.

The Organization follows the provisions of FASB ASC *Topic 740 Accounting for Uncertainty in Income Taxes*. Management has evaluated the Organization's tax positions and concluded that there are no uncertain tax positions that require adjustment to the financial statements to comply with provisions of this topic.

NORTHWEST PILOT PROJECT, INC.  
NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Change in Accounting Principle

The Organization has implemented Accounting Standards Update 2014-09, *Revenue from Contracts with Customers*. This standard establishes a new contract and control-based revenue recognition model, changes the basis for deciding when revenue is recognized over time or at a point in time, and expands disclosures about revenue. This change has been applied retrospectively to all periods presented. The Organization currently does not have revenue streams subject to this standard.

Future Accounting Principle

Effective for financial statements for the year ending June 30, 2023, the Organization expects to adopt a new accounting standard issued by the Financial Accounting Standards Board (FASB) that will require significant changes in accounting for operating leases under which the Organization is lessee. Upon adoption, among other effects, the Organization will be required to record assets and liabilities for all operating lease obligations with terms of 12 months or greater. These changes may require certain retrospective adjustments. The qualitative effects on the Organization's future financial statements of these changes and related retrospective adjustments have not yet been determined.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Summarized Financial Information for 2020

The financial information as of June 30, 2020 and for the year then ended is presented for comparative purposes and is not intended to be a complete financial statement presentation.

Subsequent Events

The Organization has evaluated all subsequent events through October 27, 2021, the date the financial statements were available to be issued.

Reclassifications

Certain amounts in the prior year financial statements were reclassified to conform with the current year presentation. Specifically, transportation program expenses are included with housing and advocacy rather than reported separately.

NORTHWEST PILOT PROJECT, INC.  
NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2021

3. AVAILABLE RESOURCES AND LIQUIDITY

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its primary operations to be general expenditures. It excludes financial assets with donor or other restrictions limiting their use.

Financial assets of the Organization consist of the following at June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 131,564	\$ 871,800
Accounts and pledges receivable	326,850	223,183
Investments	<u>2,527,228</u>	<u>1,729,858</u>
	2,985,642	2,824,841
Less amounts unavailable for general expenditure:		
Board designations	2,150,449	1,420,192
Net assets with donor restrictions	<u>553,229</u>	<u>526,666</u>
Financial assets available for general expenditure	<u>\$ 281,964</u>	<u>\$ 877,983</u>

Board designated amounts are available for use by majority vote by the Board of Directors. See Note 8.

4. ACCOUNTS AND CONTRIBUTIONS RECEIVABLE

Accounts and contributions receivable at June 30, 2021 and 2020 are unsecured and consist of the following:

	<u>2021</u>	<u>2020</u>
Accounts and contracts receivable	\$ 326,850	\$ 217,185
Contributions receivable (within one year)	<u>-</u>	<u>5,998</u>
Total accounts and pledges receivable	<u>\$ 326,850</u>	<u>\$ 223,183</u>

NORTHWEST PILOT PROJECT, INC.  
NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2021

5. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Office furniture, equipment, and vehicles	\$ 232,480	\$ 182,736
Leasehold improvements	13,336	11,009
Website development	<u>92,139</u>	<u>92,139</u>
	337,955	285,884
Less accumulated depreciation and amortization	<u>235,932</u>	<u>203,027</u>
Net property and equipment	<u>\$ 102,023</u>	<u>\$ 82,857</u>

6. INVESTMENTS

Investments are stated at fair market value and consist of the following at June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Cash equivalents	\$ 30,512	\$ 105,706
Exchange traded funds	1,443,972	796,529
Mutual funds	<u>1,052,744</u>	<u>827,623</u>
Total investments	<u>\$ 2,527,228</u>	<u>\$ 1,729,858</u>
Board designated endowment	\$ 2,150,449	\$ 1,420,192
Donor restricted endowment	<u>376,779</u>	<u>309,666</u>
	<u>\$ 2,527,228</u>	<u>\$ 1,729,858</u>

7. CONTINGENCY

Amounts received from various contracting agencies are subject to audit and potential adjustment by the contracting agencies. Any disallowed claims, including amounts already collected, would become a liability of the Organization if so determined in the future. It is management's belief that no significant amounts received will be required to be returned in the future.

NORTHWEST PILOT PROJECT, INC.  
NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2021

8. BOARD DESIGNATED NET ASSETS

The “Board Designated Endowment” was established by the Board of Directors in the early 2000’s to protect the Organization in the event of unexpected major expenses or shortages of income. With the growth of the Investment Fund over the last five years, the Board of directors approved new investment and spending policies for the Board Designated funds, held in the “Investment Fund” and created a “Reserve Policy”. The target minimum to be held in reserve for operating expenses in the event of a funding shortfall is six months. Income earned on the balance of this fund is added to the account. Action by the Board is required to use these funds. See Note 10, Endowment.

9. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at June 30, 2021 and 2020 consist of the following:

	2021	2020
Expiring restrictions:		
Endowment earnings (Note 10)	\$ 163,883	\$ 96,770
Time restricted - housing	25,000	25,000
Program restricted:		
Diversity, equity, and inclusion training	2,650	5,000
Housing	-	20,000
Seniors Coalition	148,800	167,000
Total expiring restrictions	340,333	313,770
Perpetual restrictions (Note 10)	212,896	212,896
Total net assets with donor restrictions	\$ 553,229	\$ 526,666

Net assets with perpetual donor restrictions at June 30, 2021 and 2020 consist of donor- restricted endowment funds described below. Also see Note 10, Endowment.

**Volunteer Recognition Fund** consists of a donor-restricted endowment of \$25,000, with income earned to be used to recognize volunteers who work with the Organization.

**Restricted Endowment Fund** consists of a donor-restricted endowment of \$187,896, with income earned restricted to program services.

NORTHWEST PILOT PROJECT, INC.  
NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2021

10. ENDOWMENT

Northwest Pilot Project, Inc.'s endowment consists of both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of Directors of Northwest Pilot Project, Inc. has interpreted Oregon's enacted Uniform Prudent Management of Institutional Funds Act (UPMIFA or the Act) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as net assets with perpetual restrictions, (a) the original value of gifts donated to the perpetual endowment (b) the original value of subsequent gifts to the perpetual endowment and (c) accumulations to the perpetual endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund that is not classified as net assets with perpetual restrictions, is classified as net assets with expiring restrictions until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by the Act. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the Organization and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and investment appreciation
- (6) Other resources of the Organization
- (7) The investment policies of the Organization

Investment Return Objectives, Risk Parameters and Strategies

The Organization has adopted an investment policy that attempts to maximize total return consistent with an acceptable level of risk. Endowment assets are invested in a well-diversified asset mix, which includes equity and debt securities, that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to fund cash flow needs.



NORTHWEST PILOT PROJECT, INC.  
NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2021

10. ENDOWMENT, Continued

Spending Policies

During the year ended June 30, 2021, the Organization adopted the following spending policies for endowment funds:

**Board Designated Endowment (Investment Fund)**- Appropriations not to exceed 10% of the average market value for the trailing three-year period

**Volunteer Recognition Fund** - Annual appropriations of approximately \$5,000

**Donor Restricted Endowment Fund** - Appropriations not to exceed 4% of the average market value for the trailing three-year period

Composition of endowment net assets at June 30, 2021 and 2020 is as follows:

	Without Restrictions	Expiring Restrictions	Perpetual Restrictions	Total
<b>June 30, 2021</b>				
Donor restricted	\$ -	\$ 163,883	\$ 212,896	\$ 376,779
Board designated	2,150,449	-	-	2,150,449
	<u>\$ 2,150,449</u>	<u>\$ 163,883</u>	<u>\$ 212,896</u>	<u>\$ 2,527,228</u>
<b>June 30, 2020</b>				
Donor restricted	\$ -	\$ 96,770	\$ 212,896	\$ 309,666
Board designated	1,420,192	-	-	1,420,192
	<u>\$ 1,420,192</u>	<u>\$ 96,770</u>	<u>\$ 212,896</u>	<u>\$ 1,729,858</u>

Changes in endowment net assets for the years ended June 30, 2021 and 2020 are as follows:

	Without Restrictions	Expiring Restrictions	Perpetual Restrictions	Total
<b>Balance at June 30, 2019</b>	\$ 1,417,503	\$ 100,038	\$ 212,896	1,730,437
Investment income, net of fees	35,166	14,546	-	49,712
Net realized/unrealized loss on investments	(32,477)	(17,814)	-	(50,291)
<b>Balance at June 30, 2020</b>	1,420,192	96,770	212,896	1,729,858
Contributions	365,000	-	-	365,000
Investment income, net of fees	31,119	9,975	-	41,094
Net realized/unrealized gain on investments	334,138	57,138	-	391,276
<b>Balance at June 30, 2021</b>	<u>\$ 2,150,449</u>	<u>\$ 163,883</u>	<u>\$ 212,896</u>	<u>\$ 2,527,228</u>



NORTHWEST PILOT PROJECT, INC.  
NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2021

II. JOINT COST ALLOCATION

The Organization achieved some of its programmatic and fundraising goals through published newsletters. The costs of this activity included joint costs of \$15,222 for 2021 and \$22,262 for 2020 that are not directly attributable to either the program or the fundraising component of the activity. The joint costs were allocated based on content of pages as follows:

	2021	2020
Programs	\$ 8,698	\$ 13,605
Fundraising	6,524	8,657
Total	\$ 15,222	\$ 22,262

II. LEASE COMMITMENTS

The Organization leases office space under a lease agreement beginning July 1, 2019 through January of 2029, subject to annual increases. Monthly rent during 2021 was approximately \$16,700. The Organization is also billed for common area maintenance costs and monthly parking and receives a reduction for property tax abatement. The lease is expensed over the term of the lease on a straight-line basis, resulting in deferred rent payable of \$78,000 at June 30, 2021 and \$60,650 at June 30, 2020.

The Organization also leases a copier for approximately \$400 per month through November 2024.

Total rent expense for years ended June 30, 2021 and 2020 approximated \$228,000 per year.

Future minimum lease payments are as follows:

Year ending June 30, 2022	\$ 206,700
2023	212,900
2024	219,300
2025	225,900
2026	232,600
Thereafter	634,700
	\$ 1,732,100

NORTHWEST PILOT PROJECT, INC.  
NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2021

12. RETIREMENT PLAN

The Organization has a deferred compensation plan (the plan) qualified under Section 403(b) of the Internal Revenue Code which is available to all employees of the Organization. Employees may make contributions to the plan up to the maximum amount allowed by the Internal Revenue Code. Employees' elective contributions may be made as either traditional pre-tax elective contributions, post-tax Roth contributions or some combination thereof. The Organization does not make contributions to the plan.

14. CONCENTRATIONS OF CREDIT RISK

The Organization maintains its cash balances in two financial institutions located in Portland, Oregon. The balances in each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The balances, at times, may exceed the federally insured limit. Cash in excess of FDIC limits at June 30, 2020 is approximately \$678,000.

Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

Approximately 52% of the Organization's 2021 revenue is from two government agencies (67% from two government agencies and two private entities during 2020).

Approximately 90% of outstanding receivable balances at June 30, 2021 are due from two government agencies (92% from two government agencies at June 30, 2020).

15. FAIR VALUE MEASUREMENTS

Assets and liabilities recorded at fair value in the statement of financial position are categorized based upon the level of judgment associated with the inputs used to measure their fair value. The inputs are categorized by different levels as follows:

Level 1: Unadjusted quoted prices in active markets for identical assets and liabilities.

Level 2: Observable inputs other than those included in Level 1, such as quoted market prices for similar assets or liabilities in active markets, or quoted market prices for identical assets or liabilities in inactive markets.

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15. FAIR VALUE MEASUREMENTS, Continued

Level 3: Unobservable inputs reflecting management’s own assumptions about the inputs used in pricing the asset or liability. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair values requires significant management judgment or estimation.

Fair values of assets measured on a recurring basis at June 30, 2021 and 2020 are as follows:

	<u>Fair Value</u>	<u>Level 1</u>
<b>June 30, 2021</b>		
Exchange traded funds	\$1,443,972	\$1,443,972
Mutual funds	1,052,744	1,052,744
<b>June 30, 2020</b>		
Exchange traded funds	796,529	796,529
Mutual funds	827,623	827,623

Fair values for investments are determined by reference to quoted market prices and other relevant information generated by market transactions.