

NORTHWEST PILOT  
PROJECT, INC.

Audited Financial Statements

For The Year Ended June 30, 2022



MCDONALD JACOBS

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Northwest Pilot Project, Inc.

### Opinion

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, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Northwest Pilot Project, Inc. as of June 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of Northwest Pilot Project, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Northwest Pilot Project, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Northwest Pilot Project, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Northwest Pilot Project, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

### Report on Summarized Comparative Information

We have previously audited Northwest Pilot Project, Inc. 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 27, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*McDonald Jacobson, P.C.*

Portland, Oregon  
October 26, 2022

NORTHWEST PILOT PROJECT, INC.  
STATEMENT OF FINANCIAL POSITION  
June 30, 2022  
(With comparative totals for 2021)

	2022	2021
<b>ASSETS</b>		
Cash and cash equivalents	\$ 390,542	\$ 131,564
Government grants receivable	421,031	326,850
Other grant receivable	97,173	-
Prepaid expenses	40,433	44,205
Property and equipment, net	70,087	102,023
Investments	2,319,759	2,527,228
TOTAL ASSETS	\$ 3,339,025	\$ 3,131,870
 <b>LIABILITIES AND NET ASSETS</b>		
Liabilities:		
Accounts payable and accrued expenses	\$ 25,668	\$ 35,304
Deferred rent payable	89,504	78,083
Total liabilities	115,172	113,387
Net assets:		
Without donor restrictions:		
Undesignated	636,600	212,782
Board designated endowment	1,979,214	2,150,449
Net property and equipment	70,087	102,023
Total without donor restrictions	2,685,901	2,465,254
With donor restrictions	537,952	553,229
Total net assets	3,223,853	3,018,483
TOTAL LIABILITIES AND NET ASSETS	\$ 3,339,025	\$ 3,131,870

See notes to financial statements.

NORTHWEST PILOT PROJECT, INC.  
STATEMENT OF ACTIVITIES  
For the year ended June 30, 2022  
(With comparative totals for 2021)

	2022			2021
	Without Donor Restrictions	With Donor Restrictions	Total	Total
<b>Support and revenue:</b>				
Government grants	\$ 2,252,566	\$ -	\$ 2,252,566	\$ 2,090,287
Contributions and grants	687,014	408,813	1,095,827	628,873
Special events revenue	166,327	-	166,327	169,157
Miscellaneous income	7,203	-	7,203	1,324
Net assets released from restrictions:				
Satisfaction of purpose restrictions	318,689	(318,689)	-	-
Satisfaction of time restrictions	79,167	(79,167)	-	-
Total support and revenue	3,510,966	10,957	3,521,923	2,889,641
<b>Expenses:</b>				
Program services	2,661,031	-	2,661,031	2,599,540
Management and general	172,081	-	172,081	157,872
Fundraising	193,094	-	193,094	180,158
Total expenses	3,026,206	-	3,026,206	2,937,570
Change in net assets before investment income (loss), net	484,760	10,957	495,717	(47,929)
Investment income (loss), net	(264,113)	(26,234)	(290,347)	432,497
Change in net assets	220,647	(15,277)	205,370	384,568
<b>Net assets:</b>				
Beginning of year	2,465,254	553,229	3,018,483	2,633,915
End of year	\$ 2,685,901	\$ 537,952	\$ 3,223,853	\$ 3,018,483

See notes to financial statements.

NORTHWEST PILOT PROJECT, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
For the year ended June 30, 2022  
(With comparative totals for 2021)

	Program Services			Management and General	Fundraising	2022 Total Expenses	2021 Total Expenses
	Housing	Advocacy	Total Program Services				
Personnel costs	\$ 1,122,165	\$ 57,453	\$ 1,179,618	\$ 213,011	\$ 125,612	\$ 1,518,241	\$ 1,144,802
Emergency assistance	1,012,273	-	1,012,273	-	-	1,012,273	1,305,297
Occupancy	190,328	6,390	196,718	25,739	16,548	239,005	228,359
Professional services	49,913	1,152	51,065	26,432	5,218	82,715	111,588
Newsletter	10,874	-	10,874	-	8,457	19,331	15,222
Supplies	17,030	437	17,467	5,635	17,713	40,815	37,084
Insurance	8,421	287	8,708	2,848	743	12,299	17,654
Printing	748	9	757	37	1,858	2,652	316
Transportation	9,050	11	9,061	48	73	9,182	3,524
Telephone	14,754	209	14,963	850	543	16,356	10,727
Postage	3,421	74	3,495	359	1,895	5,749	3,749
Conferences and training	3,358	474	3,832	4,202	308	8,342	5,338
Miscellaneous	11,882	929	12,811	2,525	11,974	27,310	21,005
Depreciation and amortization	27,255	719	27,974	1,810	2,152	31,936	32,905
	2,481,472	68,144	2,549,616	283,496	193,094	3,026,206	2,937,570
Allocation of shared costs	111,415	-	111,415	(111,415)	-	-	-
Total expenses	\$ 2,592,887	\$ 68,144	\$ 2,661,031	\$ 172,081	\$ 193,094	\$ 3,026,206	\$ 2,937,570

See notes to financial statements.

NORTHWEST PILOT PROJECT, INC.  
STATEMENT OF CASH FLOWS  
For the year ended June 30, 2022  
(With comparative totals for 2021)

	2022	2021
<b>Cash flows from operating activities:</b>		
Cash received from grantors and contributors	\$ 3,344,566	\$ 2,554,819
Interest and dividends received	68,912	54,023
Cash paid to suppliers and employees	(3,019,215)	(2,890,913)
Net cash flows from operating activities	394,263	(282,071)
<b>Cash flows from investing activities:</b>		
Purchase of property and equipment	-	(52,071)
Proceeds from sale of investments	116,131	13,129
Purchases of investments	(251,416)	(419,223)
Net cash flows from investing activities	(135,285)	(458,165)
 Net change in cash and cash equivalents	 258,978	 (740,236)
 Cash and cash equivalents - beginning of year	 131,564	 871,800
 Cash and cash equivalents - end of year	 \$ 390,542	 \$ 131,564

See notes to financial statements.



NORTHWEST PILOT PROJECT, INC.  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2022

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 housing 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, the program leverages 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. The program advocates 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.

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, 2022

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.

Grants Receivable

Government and other grants 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.

Deferred Rent Expense

For lease agreements that contain rent holidays and/or rent escalation clauses, the Organization amortizes the lease on a straight-line basis over the term of the lease and records a deferred rent liability as an addition or reduction to rent expense.

NORTHWEST PILOT PROJECT, INC.  
NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Revenue Recognition

**Government 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 \$304,000 for the period through June 30, 2023 that have not been recognized at June 30, 2022 because qualifying expenditures have not yet been incurred.

**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.

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 10 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, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Change in Accounting Standards

The Organization has implemented Accounting Standards Update 2020-07, *Presentation and Disclosures by Non-Profit Entities for Contributed Nonfinancial Assets* (ASU 2020-07) for the year ending June 30, 2022 on a retrospective basis. The standard provides new presentation and disclosure requirements about contributed nonfinancial assets, including additional disclosure requirements for recognized contributed services. The amendments do not change the recognition and measurement requirements. There was no material impact on the Organization's financial position and change in net assets upon adoption. The Organization had no significant activity subject to this standard in 2022 or 2021.

Future Accounting Standard

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 2021

The financial information as of June 30, 2021 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 26, 2022, the date the financial statements were available to be issued.

NORTHWEST PILOT PROJECT, INC.  
NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2022

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 available for general expenditure consist of the following at June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 390,542	\$ 131,564
Government grants receivable	421,031	326,850
Other grant receivable	97,173	-
Investments	<u>2,319,759</u>	<u>2,527,228</u>
	3,228,505	2,985,642
Less amounts unavailable for general expenditure:		
Board designations	1,979,214	2,150,449
Net assets with donor restrictions	<u>537,952</u>	<u>553,229</u>
Financial assets available for general expenditure	<u>\$ 711,339</u>	<u>\$ 281,964</u>

Board designated amounts are available for use by majority vote by the Board of Directors. See Note 7.

4. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Office furniture, equipment, and vehicles	\$ 232,480	\$ 232,480
Leasehold improvements	13,336	13,336
Website development	<u>92,139</u>	<u>92,139</u>
	337,955	337,955
Less accumulated depreciation and amortization	<u>267,868</u>	<u>235,932</u>
Net property and equipment	<u>\$ 70,087</u>	<u>\$ 102,023</u>

NORTHWEST PILOT PROJECT, INC.  
NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2022

5. INVESTMENTS

Investments are stated at fair market value and consist of the following at June 30, 2022 and 2021:

	2022	2021
Cash equivalents	\$ 188,698	\$ 30,512
Exchange-traded funds	1,286,620	1,443,972
Mutual funds	844,441	1,052,744
Total investments	\$ 2,319,759	\$ 2,527,228
Board designated endowment	\$ 1,979,214	\$ 2,150,449
Donor restricted endowment	340,545	376,779
	\$ 2,319,759	\$ 2,527,228

6. 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.

7. 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. 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 9, Endowment.

NORTHWEST PILOT PROJECT, INC.  
NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2022

8. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at June 30, 2022 and 2021 consist of the following:

	<u>2022</u>	<u>2021</u>
Expiring restrictions:		
Endowment earnings (Note 9)	\$ 137,649	\$ 163,883
Time restricted - housing	45,833	25,000
Program restricted:		
Advocacy	10,000	-
Emergency fund	25,000	-
Diversity, equity, and inclusion training	-	2,650
Housing is health for low-income seniors	20,000	-
Housing - case management	96,574	-
Seniors Coalition	-	148,800
Total expiring restrictions	<u>335,056</u>	<u>340,333</u>
Perpetual restrictions-Endowment (Note 9)	<u>202,896</u>	<u>212,896</u>
Total net assets with donor restrictions	<u>\$ 537,952</u>	<u>\$ 553,229</u>

Net assets with perpetual donor restrictions at June 30, 2022 and 2021 consist of donor-restricted endowment funds described below. Also see Note 9, Endowment.

**Volunteer Recognition Fund** consists of a donor-restricted endowment of \$15,000, 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, 2022

9. 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, 2022

9. ENDOWMENT, Continued

Spending Policies

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 up to \$5,000 while maintaining corpus of \$15,000

**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, 2022 and 2021 is as follows:

	Without Restrictions	Expiring Restrictions	Perpetual Restrictions	Total
<b>June 30, 2022</b>				
Donor restricted	\$ -	\$ 137,649	\$ 202,896	\$ 340,545
Board designated	1,979,214	-	-	1,979,214
	<u>\$ 1,979,214</u>	<u>\$ 137,649</u>	<u>\$ 202,896</u>	<u>\$ 2,319,759</u>
<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>

Changes in endowment net assets for the years ended June 30, 2022 and 2021 are as follows:

	Without Restrictions	Expiring Restrictions	Perpetual Restrictions	Total
<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	334,138	57,138	-	391,276
<b>Balance at June 30, 2021</b>	2,150,449	163,883	212,896	2,527,228
Contributions	182,198	-	-	182,198
Investment income, net of fees	42,370	49	-	42,419
Net realized/unrealized loss	(306,506)	(26,283)	-	(332,789)
Recharacterization	-	10,000	(10,000)	-
Appropriated for expenditure	(89,297)	(10,000)	-	(99,297)
<b>Balance at June 30, 2022</b>	<u>\$ 1,979,214</u>	<u>\$ 137,649</u>	<u>\$ 202,896</u>	<u>\$ 2,319,759</u>

NORTHWEST PILOT PROJECT, INC.  
NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2022

10. JOINT COST ALLOCATION

The Organization achieves some of its programmatic and fundraising goals through published newsletters. The costs of this activity included joint costs of \$19,331 for 2022 and \$15,222 for 2021 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:

	2022	2021
Programs	\$ 10,874	\$ 8,698
Fundraising	8,457	6,524
Total	\$ 19,331	\$ 15,222

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 2022 was approximately \$17,200. 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 approximately \$89,500 at June 30, 2022 and \$78,000 at June 30, 2021.

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

Total rent expense for the years ended June 30, 2022 and 2021 approximated \$239,000 and \$228,000, respectively.

Future minimum lease payments are as follows:

Year ending June 30, 2023	\$ 217,600
2024	221,300
2025	225,900
2026	232,600
2027	239,600
Thereafter	395,100
	\$ 1,532,100

NORTHWEST PILOT PROJECT, INC.  
NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2022

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.

13. 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. Balances in excess of FDIC limits at June 30, 2022 are approximately \$242,000.

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 62% of the Organization's 2022 total revenue is from two government agencies (52% from two government agencies during 2021).

Approximately 96% of outstanding receivable balances at June 30, 2022 is due from two government agencies (90% from two government agencies at June 30, 2021).

14. 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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14. 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, 2022 and 2021 are as follows:

	<u>Fair Value</u>	<u>Level 1</u>
<b>June 30, 2022</b>		
Exchange-traded funds	\$1,286,620	\$1,286,620
Mutual funds	844,441	844,441
<b>June 30, 2021</b>		
Exchange-traded funds	1,443,972	1,443,972
Mutual funds	1,052,744	1,052,744

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