NORTHWEST PILOT PROJECT, INC.

Audited Financial Statements

For The Year Ended June 30, 2023

McDONALD JACOBS

McDONALD JACOBS
ACCOUNTANTS & CONSULTANTS

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, 2023, 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, 2023, 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.

520 SW Yamhill Street Suite 500 Portland, Oregon 97204
P: 503 227 0581 F: 503 274 7611
mail@mcdonaldjacobs.com mcdonaldjacobs.com

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.'s 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 26, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

McDonald Jacobs, P.C.

Portland, Oregon
October 25, 2023

NORTHWEST PILOT PROJECT, INC.
STATEMENT OF FINANCIAL POSITION
June 30, 2023
(With comparative totals for 2022)

	2023	2022
ASSETS		
Cash and cash equivalents	$ 534,216	$ 390,542
Government grants receivable	326,432	421,031
Employee retention tax credit receivable	260,947	-
Other grant receivable	-	97,173
Prepaid expenses	76,246	40,433
Right-of-use assets	1,120,367	-
Property and equipment, net	88,935	70,087
Investments	2,785,023	2,319,759
TOTAL ASSETS	$ 5,192,166	$ 3,339,025
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	$ 26,583	$ 25,668
Accrued employee benefits	129,144	-
Deferred rent payable	-	89,504
Operating lease liabilities	1,215,087	-
Total liabilities	1,370,814	115,172
Net assets:		
Without donor restrictions:		
Undesignated	807,394	636,600
Board designated endowment	2,426,919	1,979,214
Net property and equipment	88,935	70,087
Total without donor restrictions	3,323,248	2,685,901
With donor restrictions	498,104	537,952
Total net assets	3,821,352	3,223,853
TOTAL LIABILITIES AND NET ASSETS	$ 5,192,166	$ 3,339,025

See notes to financial statements.

NORTHWEST PILOT PROJECT, INC.
STATEMENT OF ACTIVITIES
For the year ended June 30, 2023
(With comparative totals for 2022)

	2023			
	Without Donor Restrictions	With Donor Restrictions	Total	2022 Total
Support and revenue:				
Government grants	$ 3,089,949	$ -	$ 3,089,949	$ 2,252,566
Contributions and grants	580,803	366,958	947,761	1,095,827
Special events revenue	163,768	-	163,768	166,327
Miscellaneous income	3,965	-	3,965	7,203
Net assets released from restrictions:				
Satisfaction of purpose restrictions	400,992	(400,992)	-	-
Satisfaction of time restrictions	45,833	(45,833)	-	-
Total support and revenue	4,285,310	(79,867)	4,205,443	3,521,923
Expenses:				
Program services	3,438,938	-	3,438,938	2,661,031
Management and general	296,140	-	296,140	172,081
Fundraising	149,624	-	149,624	193,094
Total expenses	3,884,702	-	3,884,702	3,026,206
Change in net assets before investment income (loss), net	400,608	(79,867)	320,741	495,717
Investment income (loss), net	236,739	40,019	276,758	(290,347)
Change in net assets	637,347	(39,848)	597,499	205,370
Net assets:				
Beginning of year	2,685,901	537,952	3,223,853	3,018,483
End of year	$ 3,323,248	$ 498,104	$ 3,821,352	$ 3,223,853

See notes to financial statements.

NORTHWEST PILOT PROJECT, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended June 30, 2023
(With comparative totals for 2022)

	Program Services						
	Housing	Advocacy	Total Program Services	Management and General	Fundraising	2023 Total Expenses	2022 Total Expenses
Personnel costs	$ 1,474,607	$ 69,799	$ 1,544,406	$ 302,909	$ 96,997	$ 1,944,312	$ 1,518,241
Emergency assistance	1,369,228	-	1,369,228	-	-	1,369,228	1,012,273
Occupancy	201,889	7,682	209,571	36,942	7,039	253,552	239,005
Professional services	59,970	3,500	63,470	27,519	2,139	93,128	82,715
Newsletter	14,079	-	14,079	-	14,079	28,158	19,331
Supplies	31,545	532	32,077	2,114	13,087	47,278	40,815
Insurance	11,983	489	12,472	3,101	408	15,981	12,299
Printing	1,040	379	1,419	106	91	1,616	2,652
Transportation	15,516	146	15,662	629	108	16,399	9,182
Telephone	13,047	279	13,326	1,285	240	14,851	16,356
Postage	2,519	99	2,618	403	88	3,109	5,749
Conferences and training	23,369	1,268	24,637	2,852	359	27,848	8,342
Miscellaneous	14,255	2,140	16,395	1,587	13,085	31,067	27,310
Depreciation and amortization	28,954	1,370	30,324	5,947	1,904	38,175	31,936
	3,262,001	87,683	3,349,684	385,394	149,624	3,884,702	3,026,206
Allocation of shared costs	89,254	-	89,254	(89,254)	-	-	-
Total expenses	$ 3,351,255	$ 87,683	$ 3,438,938	$ 296,140	$ 149,624	$ 3,884,702	$ 3,026,206

See notes to financial statements.

NORTHWEST PILOT PROJECT, INC.
STATEMENT OF CASH FLOWS
For the year ended June 30, 2023
(With comparative totals for 2022)

	2023	2022
Cash flows from operating activities:		
Cash received from grantors and contributors	$ 4,150,265	$ 3,344,566
Interest and dividends received	64,440	68,912
Cash paid for operating leases	(217,632)	-
Cash paid to suppliers and employees	(3,559,027)	(3,019,215)
Net cash flows from operating activities	438,046	394,263
Cash flows from investing activities:		
Purchase of property and equipment	(57,023)	-
Proceeds from sale of investments	31,732	116,131
Purchases of investments	(269,081)	(251,416)
Net cash flows from investing activities	(294,372)	(135,285)
Net change in cash and cash equivalents	143,674	258,978
Cash and cash equivalents - beginning of year	390,542	131,564
Cash and cash equivalents - end of year	$ 534,216	$ 390,542
Supplemental disclosure of cash flow information:		
Non-cash investing and financing activities:		
Obtaining right-of-use assets in exchange for lease liabilities	$ 1,309,071	$ -

See notes to financial statements.

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:

<u>Housing</u>
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.

<u>Advocacy</u>
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

<u>Net Assets</u>
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.

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.

Leases

The Organization determines if an arrangement is or contains a lease at inception. Under FASB ASC 842, *Leases*, a contract is (or contains) a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is defined under the standard as having both the right to obtain substantially all of the economic benefits from use of the asset and the right to direct the use of the asset. Management only reassesses its determination if the terms and conditions of the contract are changed.

Leases are included in right-of-use (ROU) assets and lease liabilities in the statement of financial position. ROU assets represent the Organization's right to use an underlying asset for the lease term, and lease liabilities represent the Organization's obligation to make lease payments. Operating lease ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The Organization has made an accounting policy election to use a risk-free rate in lieu of its incremental borrowing rate to discount future lease payments. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The Organization's lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise the option.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Leases, Continued

The Organization does not report ROU assets and leases liabilities for its short-term leases (leases with a term of 12 months or less). Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term.

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

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 $205,000 for the period through March 31, 2024 that have not been recognized at June 30, 2023 because qualifying expenditures have not yet been incurred.

The Employee Retention Tax Credit (ERTC), is a credit against certain payroll taxes allowed to an eligible employer for qualifying wages, was established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act and further amended by the Consolidated Appropriations Act (CAA) and the American Rescue Plan (ARP). The Organization recognizes revenue at the time the refund claim is submitted. During the year ended June 30, 2023 the Organization recognized revenue totaling $260,947 as government grant revenue.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Revenue Recognition, Continued

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.

Sabbatical Leave

Beginning in 2023, the Organization implemented a sabbatical plan for long-time employees. Employees who have worked full-time for seven consecutive years are eligible for up to a 40 day sabbatical. Management accrues this benefit over time as eligible years of service are completed and applies a probability percentage to the potential liability based on years of service. Since 2023 was the initial year of implementation, an estimated liability and expense of approximately $129,000 is reflected in the accompanying financial statements for those eligible for this benefit as of June 30, 2023.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Change in Accounting Standard

Effective July 1, 2022, the Organization adopted Accounting Standards Update No. 2016-02, *Leases*, which requires lessees to recognize leases on the statement of financial position and disclose key information about leasing arrangements. The Organization elected not to restate the comparative period (2022). It also elected not to reassess at adoption (i) expired or existing contracts to determine whether they are or contain a lease, (ii) the lease classification of any existing leases, or (iii) initial direct costs for existing leases. As a result of implementing ASU No. 2016-02, the Organization recognized right-of-use assets of $1,309,071 and lease liabilities totaling $1,398,575 in its statement of financial position as of July 1, 2022. The adoption did not result in a significant effect on amounts reported in the statement of activities for the year ended June 30, 2023.

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 2022

The financial information as of June 30, 2022 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 25, 2023, the date the financial statements were available to be issued.

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, 2023 and 2022:

	2023	2022
Cash and cash equivalents	$ 534,216	$ 390,542
Government grants receivable	587,379	421,031
Other grant receivable	-	97,173
Investments	2,785,023	2,319,759
	3,906,618	3,228,505
Less amounts unavailable for general expenditure:		
Board designations	2,426,919	1,979,214
Net assets with donor restrictions	498,104	537,952
Financial assets available for general expenditure	$ 981,595	$ 711,339

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

4. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30, 2023 and 2022:

	2023	2022
Office furniture, equipment, and vehicles	$ 289,503	$ 232,480
Leasehold improvements	13,336	13,336
Website development	92,139	92,139
	394,978	337,955
Less accumulated depreciation and amortization	306,043	267,868
Net property and equipment	$ 88,935	$ 70,087

5. INVESTMENTS

Investments are stated at fair value and consist of the following at June 30, 2023 and 2022:

	2023	2022
Cash equivalents	$ 290,817	$ 188,698
Exchange-traded funds	1,885,202	1,286,620
Mutual funds	609,004	844,441
Total investments	$ 2,785,023	$ 2,319,759
Board designated endowment	$ 2,426,919	$ 1,979,214
Donor restricted endowment	358,104	340,545
	$ 2,785,023	$ 2,319,759

6. OPERATING LEASES

The Organization evaluated current contracts to determine which met the criteria of a lease. The right-of-use (ROU) assets represent the Organization's right to use underlying assets for the lease term, and the lease liabilities represent the Organization's obligation to make lease payments arising from these leases. The ROU assets and lease liabilities, all of which arise from operating leases, were calculated based on the present value of future lease payments over the lease terms.

The Organization's operating leases consist of leases for office space and equipment with remaining lease terms of 1.5 to 5 years.

The office lease agreement includes provisions for variable rent payments and common area maintenance charges, which are adjusted periodically for inflation.

The Organization also has short-term leases for parking.

The statement of financial position reflects ROU assets of $1,120,367 and operating lease liabilities of $1,215,087 as of June 30, 2023.

The weighted-average remaining lease term for the Organization's operating leases is approximately 5.56 years as of June 30, 2023. The weighted-average discount rate applied to calculate lease liabilities as of June 30, 2023 is 2.88%.

6. OPERATING LEASES, Continued

The maturities of operating lease liabilities as of June 30, 2023 are as follows:

Year ending June 30, 2024	$ 223,650
2025	228,240
2026	232,644
2027	239,628
2028	246,816
Thereafter	148,295
	1,319,273
Less discount/interest	(104,186)
Present value of lease liabilities	$ 1,215,087

For the year ended June 30, 2023, total operating lease cost was $222,848, and total short-term lease cost was approximately $29,700. These amounts are included in occupancy expense ($247,075 for the office and parking leases) and miscellaneous expense ($5,296 for the equipment lease) in the accompany statement of functional expenses.

Rent expense under FASB ASC Topic 840, *Leases*, (pre-adoption of the new standards) for operating leases totaled $239,000 for the year ended June 30, 2022. The aggregate minimum lease payments under those operating leases as of June 30, 2022, were 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

Subsequent to year-end, the Organization entered into a lease to replace its current office equipment lease. The right-of-use asset and lease liability for the new equipment is expected to approximate $24,000.

7. CONTINGENCIES

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.

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. 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, 2023 and 2022 consist of the following:

	2023	2022
Expiring restrictions:		
Endowment earnings (Note 10)	$ 155,208	$ 137,649
Time restricted - housing	-	45,833
Program restricted:		
Advocacy	-	10,000
Emergency fund	20,000	25,000
Housing is health for low-income seniors	-	20,000
Housing - case management	-	96,574
Peer support specialist	120,000	-
Total expiring restrictions	295,208	335,056
Perpetual restrictions-Endowment (Note 10)	202,896	202,896
Total net assets with donor restrictions	$ 498,104	$ 537,952

9. NET ASSETS WITH DONOR RESTRICTIONS, Continued

Net assets with perpetual donor restrictions at June 30, 2023 and 2022 consist of donor- restricted endowment funds described below. Also see Note 10, 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.

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.

10. ENDOWMENT, Continued

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.

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, 2023 and 2022 is as follows:

	Without Restrictions	Expiring Restrictions	Perpetual Restrictions	Total
June 30, 2023				
Donor restricted	$ -	$ 155,208	$ 202,896	$ 358,104
Board designated	2,426,919	-	-	2,426,919
	$ 2,426,919	$ 155,208	$ 202,896	$ 2,785,023
June 30, 2022				
Donor restricted	$ -	$ 137,649	$ 202,896	$ 340,545
Board designated	1,979,214	-	-	1,979,214
	$ 1,979,214	$ 137,649	$ 202,896	$ 2,319,759

10. ENDOWMENT, Continued

Changes in endowment net assets for the years ended June 30, 2023 and 2022 are as follows:

	Without Restrictions	Expiring Restrictions	Perpetual Restrictions	Total
Balance at June 30, 2021	$ 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)
Balance at June 30, 2022	1,979,214	137,649	202,896	2,319,759
Contributions	205,000	-	-	205,000
Investment income, net of fees	58,160	10,235	-	68,395
Net realized/unrealized gain	178,085	29,784	-	207,869
Transfer (appropriation)	6,460	(22,460)	-	(16,000)
Balance at June 30, 2023	$ 2,426,919	$ 155,208	$ 202,896	$ 2,785,023

11. 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 $28,158 for 2023 and $19,331 for 2022 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:

	2023	2022
Programs	$ 14,079	$ 10,874
Fundraising	14,079	8,457
Total	$ 28,158	$ 19,331

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 contributed approximately $17,200 to the plan during the year ended June 30, 2023. There were no contributions made during the year ended June 30, 2022.

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 insured limits were approximately $372,000 and $242,000 as of June 30, 2023 and 2022, respectively.

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 58% of the Organization's 2023 total revenue is from two government agencies (62% from two government agencies during 2022).

Approximately 74% of outstanding receivable balances at June 30, 2023 is due from two government agencies (96% from two government agencies at June 30, 2022).

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.

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, 2023 and 2022 are as follows:

	Fair Value	Level 1
June 30, 2023		
Money market funds	$ 290,817	$ 290,817
Exchange-traded and mutual funds:		
Equity funds	1,885,202	1,885,202
Bond funds	609,004	609,004
Total investments	$2,785,023	$2,785,023
June 30, 2022		
Money market funds	$ 188,698	$ 188,698
Exchange-traded and mutual funds:		
Equity funds	1,286,620	1,286,620
Bond funds	844,441	844,441
	$ 2,319,759	$ 2,319,759

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