



REPORTS OF INDEPENDENT AUDITORS
AND FINANCIAL STATEMENTS

NORTHWEST POWER & CONSERVATION COUNCIL

September 30, 2022 and 2021

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Report of Independent Auditors

The Council Members
Northwest Power and Conservation Council

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Northwest Power and Conservation Council (the Council), which comprise the statements of financial position as of September 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Northwest Power and Conservation Council as of September 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* (*Government Auditing Standards*), issued by the Comptroller General of the United States. 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 the Council 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 Power and Conservation Council's ability to continue as a going concern for one year after the date that the financial statements are 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 GAAS and *Government 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 GAAS and *Government 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 the Council'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 the Council'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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2022 on our consideration of Northwest Power and Conservation Council's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Northwest Power and Conservation Council's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Northwest Power and Conservation Council's internal control over financial reporting and compliance.



Portland, Oregon
December 20, 2022

Northwest Power and Conservation Council Statements of Financial Position

	September 30,	
	2022	2021
ASSETS		
Cash and cash equivalents	\$ 3,672,845	\$ 1,212,256
Restricted cash	1,108,614	1,281,215
	4,781,459	2,493,471
Awards receivable	259,326	355,480
Prepaid expenses	203,090	155,000
Deferred rent receivable	-	8,343
Property and equipment, at cost:		
Furniture and equipment	1,105,073	1,332,244
Leasehold improvements	174,651	174,279
	1,279,724	1,506,523
Less accumulated depreciation and amortization	(1,257,658)	(1,497,125)
	22,066	9,398
Total assets	\$ 5,265,941	\$ 3,021,692
LIABILITIES AND NET ASSETS		
Accounts payable	\$ 3,495,465	\$ 812,613
Accrued payroll, payroll taxes, and employee benefits	575,806	1,021,648
Deferred project revenue	827,592	844,248
Deferred rent payable	195,307	-
	5,094,170	2,678,509
Net assets		
Without donor restrictions	171,771	343,183
Total liabilities and net assets	\$ 5,265,941	\$ 3,021,692

Northwest Power and Conservation Council Statements of Activities

	Years Ended September 30,	
	2022	2021
AWARDS AND REVENUES		
Bonneville Power Administration awards	\$ 11,630,365	\$ 12,519,288
Investment return	606	171
Other income	2,998	807
	<u>11,633,969</u>	<u>12,520,266</u>
EXPENSES		
Power division	2,428,331	2,540,855
Fish & wildlife division	1,195,557	1,058,216
State councils	2,805,964	3,033,395
Central council	3,081,692	3,412,809
Special projects	2,293,837	2,245,109
	<u>11,805,381</u>	<u>12,290,384</u>
(DECREASE) INCREASE IN NET ASSETS	(171,412)	229,882
NET ASSETS WITHOUT DONOR RESTRICTIONS, beginning of year	<u>343,183</u>	<u>113,301</u>
NET ASSETS WITHOUT DONOR RESTRICTIONS, end of year	<u>\$ 171,771</u>	<u>\$ 343,183</u>

Northwest Power and Conservation Council
Statement of Functional Expenses
Year Ended September 30, 2022

	Power Division	Fish & Wildlife Division	State Councils	Central Council	Special Projects	Total
Personnel service salaries	\$ 1,436,253	\$ 726,221	\$ 1,737,951	\$ 1,416,361	\$ 236,643	\$ 5,553,429
Payroll taxes and benefits	592,353	348,469	794,771	610,971	120,610	2,467,174
Professional service contracts	297,179	92,720	55,183	51,910	1,936,084	2,433,076
Facilities rent	-	-	110,384	433,472	-	543,856
Office supplies and services	22,717	16,116	26,116	401,840	500	467,289
Travel	19,559	6,886	78,711	35,757	-	140,913
Equipment rental and maintenance	28,097	4,935	1,300	68,235	-	102,567
Miscellaneous expenses	1,307	-	-	43,414	-	44,721
Sponsorships	24,077	-	-	9,200	-	33,277
Education and training	6,789	210	1,548	4,304	-	12,851
Depreciation and amortization	-	-	-	6,228	-	6,228
Total expenses	\$ 2,428,331	\$ 1,195,557	\$ 2,805,964	\$ 3,081,692	\$ 2,293,837	\$ 11,805,381

Northwest Power and Conservation Council
Statement of Functional Expenses
Year Ended September 30, 2021

	Power Division	Fish & Wildlife Division	State Councils	Central Council	Special Projects	Total
Personnel service salaries	\$ 1,386,887	\$ 641,654	\$ 1,881,845	\$ 1,524,816	\$ 234,796	\$ 5,669,998
Payroll taxes and benefits	631,498	312,572	869,308	666,553	114,224	2,594,155
Professional service contracts	531,527	114,023	87,967	115,223	1,896,089	2,699,056
Facilities rent	-	-	128,722	416,078	-	544,800
Office supplies and services	10,479	1,865	22,154	447,961	-	528,232
Travel	-	-	30,173	11,126	-	41,299
Equipment rental and maintenance	10,081	-	11,301	120,864	-	142,246
Miscellaneous expenses	-	1,250	-	3,102	-	4,352
Sponsorships	-	-	-	11,936	-	11,936
Education and training	1,213	469	1,925	7,628	-	11,235
Depreciation and amortization	-	605	-	42,470	-	43,075
	<u>\$ 2,571,685</u>	<u>\$ 1,072,438</u>	<u>\$ 3,033,395</u>	<u>\$ 3,367,757</u>	<u>\$ 2,245,109</u>	<u>\$ 12,290,384</u>
Total expenses	<u>\$ 2,571,685</u>	<u>\$ 1,072,438</u>	<u>\$ 3,033,395</u>	<u>\$ 3,367,757</u>	<u>\$ 2,245,109</u>	<u>\$ 12,290,384</u>

Northwest Power and Conservation Council Statements of Cash Flows

	Years Ended September 30,	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (171,412)	\$ 229,882
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation and amortization	6,228	43,075
Changes in assets and liabilities:		
Awards receivable	96,154	46,322
Prepaid expenses	(48,090)	(112,400)
Accounts payable	2,682,852	401,309
Accrued payroll, payroll taxes, and employee benefits	(445,842)	77,346
Deferred project revenue	(16,656)	176,162
Deferred rent payable/receivable	203,650	(47,599)
Net cash from operating activities	<u>2,306,884</u>	<u>814,097</u>
CASH FLOWS USED IN INVESTING ACTIVITIES		
Purchases of property and equipment	<u>(18,896)</u>	<u>-</u>
Net cash used in investing activities	<u>(18,896)</u>	<u>-</u>
INCREASE IN CASH AND CASH EQUIVALENTS AND RESTRICTED CASH	2,287,988	814,097
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH, beginning of year	<u>2,493,471</u>	<u>1,679,374</u>
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH, end of year	<u><u>\$ 4,781,459</u></u>	<u><u>\$ 2,493,471</u></u>

Northwest Power and Conservation Council

Notes to Financial Statements

Note 1 – Organization and Summary of Significant Accounting Policies

Organization

Northwest Power and Conservation Council (the Council) was established by the Pacific Northwest Electric Power Planning and Conservation Act (the Act), as enacted by Congress of the United States, on December 5, 1980.

The Council, which consists of two representatives from each of the four states of Oregon, Washington, Idaho, and Montana, is charged with developing a comprehensive long-range plan for meeting the electric energy needs of the four-state region. The Council is also specifically charged with establishing a program to protect and enhance the fishery resources of the Columbia River System, as well as balancing the energy needs and resources of the region with environmental considerations.

The Council has developed the Columbia River Basin Fish and Wildlife Program, which was originally adopted on November 15, 1982, and subsequently amended to include salmon recovery measures. The Council has also developed the Northwest Conservation and Electric Power Plan, which was originally adopted on April 27, 1983. The Council now directs its efforts to the implementation and revision of these programs at both the regional and state levels. The most recent revisions were adopted in 2020 for the Fish and Wildlife Program and in 2022 for the Northwest Power Plan.

As provided by the Act, the Bonneville Power Administration (Bonneville) pays compensation and other expenses of the Council for the performance of its functions and responsibilities relating to the Act. Bonneville is required to pay the Council for expenses not to exceed 0.02 mills per kilowatt-hour (kwh) of forecasted firm power sales for the year to be funded. However, funding may be increased up to 0.10 mills per kwh of forecasted firm power sales in any year upon a showing of need by the Council. Actual Council program expenses funded through Bonneville for the years ended September 30, 2022 and 2021 were \$9,511,544 and \$10,045,275, respectively. On a budgetary basis of accounting, which differs from the accrual method primarily by including capital outlay expenditures and excluding depreciation, expenses were \$9,505,316 with \$2,805,964 allocated for the operations of State Councils for the year ended September 30, 2022. Expenses were \$10,034,149 with \$3,033,395 allocated for the operations of State Councils for the year ended September 30, 2021.

Financial statement presentation

Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. The definitions used to classify and report net assets are as follows:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed stipulations.

Net assets with donor restrictions – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Council and/or the passage of time. When a restriction is met, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Also included in this category are net assets subject to donor-imposed stipulations which must be maintained in perpetuity by the Council. Generally, the donors of these assets permit the use of all or a part of the income earned on any related investments for general or specific purposes. There were no net assets under this category as of September 30, 2022 or 2021.

Northwest Power and Conservation Council

Notes to Financial Statements

Note 1 – Organization and Summary of Significant Accounting Policies (continued)

Basis of accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Accordingly, revenues are recognized when earned, and expenses are recognized when incurred.

Use of estimates

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

Cash and cash equivalents

The Council considers all cash on hand, including restricted cash, and investments in money market funds with an original maturity date of three months or less, as cash and cash equivalents.

Restricted cash

Restricted cash represents the amount of funds received from outside sources that are restricted for specific projects as well as funds reserved for employee retirement plan obligations. Restricted cash balances generally cannot be used for any reason other than their intended purpose.

Awards receivable

Awards receivable are reported at their outstanding principal amount. Awards receivable are considered by management to be fully collectible within one year and, accordingly, no allowance for doubtful accounts is considered necessary.

Deferred rent receivable/payable

The Council records lease expense over the lease term on a straight-line basis for leases with fixed escalation clauses. Accordingly, the Council recognizes deferred rent to the extent that the straight-line recognition of lease expense exceeds required lease rental payments. Deferred rents are reduced when lease payment requirements exceed the recognized amount of expense.

Property and equipment

The cost of property and equipment is being depreciated over the estimated useful lives of the assets using the straight-line method. Estimated useful lives range from three to five years. New equipment with costs exceeding \$5,000 is capitalized; expenditures for repairs and maintenance are expensed when incurred.

The cost of leasehold improvements is capitalized and amortized over the shorter of the term of the applicable leases or their estimated useful lives, which range from one to five years.

Deferred project revenue

Deferred project revenue represents funds received in the current fiscal year which relate to the following fiscal year's activities. The deferred project revenue balance is recognized as related program expenditures are incurred.

Northwest Power and Conservation Council

Notes to Financial Statements

Note 1 – Organization and Summary of Significant Accounting Policies (continued)

Revenue and revenue recognition

All funding is considered available for general use unless specifically restricted by the donor.

A portion of the Council's revenue is derived from cost-reimbursable contracts and grants, which are conditioned upon certain performance requirements and/or incurring allowable qualifying expenses. Amounts received are recognized as revenue as the Council 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 statements of financial position. Amounts reported as refundable advances, recorded as deferred project revenue, totaled \$827,592 and \$844,248 as of September 30, 2022 and 2021, respectively.

Professional service contracts

As provided by the Act, the Council contracts with independent third parties to conduct studies or provide specific services in conjunction with the development of long-range plans. Liabilities and expenses for contractual services are recognized when incurred.

Travel expenses

Travel expenses of individuals paid directly by the Council are subject to its travel regulations. Travel expenses of Council members paid directly by member states are also subject to Council travel regulations.

Functional allocation of expenses

The costs of providing the various programs and supporting services have been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited on a reasonable basis that is consistently applied. All expenses are allocated on the basis of estimates of time and effort or directly to the programs benefited.

Income taxes

Under current federal and state income tax regulations, the Council is exempt from income taxes under a Federal Act of Congress and has no requirements to file exempt organization tax returns.

The Council follows generally accepted accounting principles related to uncertain tax positions. In this regard, and if applicable, the Council would recognize the tax benefit from uncertain tax positions only if it is more likely than not that the tax positions would be sustained upon examination by tax authorities, based on the technical merits of the position. The tax benefit measurement is based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. As of September 30, 2022 and 2021, the Council has not identified any uncertain tax positions requiring accrual or disclosure. The Council recognizes interest and penalties, if any, related to income tax matters in miscellaneous expenses. During the years ended September 30, 2022 and 2021, no interest or penalties were recognized.

Northwest Power and Conservation Council

Notes to Financial Statements

Note 1 – Organization and Summary of Significant Accounting Policies (continued)

Reclassifications

Certain account reclassifications have been made to the financial statements of the prior year in order to conform to the current year presentation. These reclassifications have no impact on the total net assets or change in net assets for the year ended September 30, 2022.

Subsequent events

Subsequent events are events or transactions that occur after the statement of financial position date but before financial statements are available to be issued. The Council recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the statement of financial position, including the estimates inherent in the process of preparing the financial statements. The Council's financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the statement of financial position but arose after the statement of financial position date and before financial statements are available to be issued. The Council has evaluated subsequent events through December 20, 2022, which is the date the financial statements were available to be issued.

Note 2 – Liquidity and Availability

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following for the years ended September 30:

	2022	2021
Cash and cash equivalents	\$ 3,672,845	\$ 1,212,256
Awards receivable	259,326	355,480
	\$ 3,932,171	\$ 1,567,736

Note 3 – Restricted Cash

Restricted cash balances consisted of the following as of September 30:

	2022	2021
Nature of restriction		
Special projects funded by utilities	\$ 1,054,434	\$ 963,828
Council retirement funds	35,831	280,213
Deferred compensation funds	18,349	37,174
	\$ 1,108,614	\$ 1,281,215

Northwest Power and Conservation Council

Notes to Financial Statements

Note 4 – Awards Receivable – Bonneville Power Administration Funding

The following represents awards receivable from Bonneville as of September 30:

	<u>2022</u>	<u>2021</u>
Council Programs	\$ 141,922	\$ 252,984
Regional Technical Forum Support	47,325	90,083
Independent Scientific Review Panel	23,131	36,319
Independent Scientific Advisory Board	<u>46,948</u>	<u>22,416</u>
Total awards receivable	<u>\$ 259,326</u>	<u>\$ 401,802</u>

Note 5 – Independent Scientific Review Panel

In 1997, Congress passed the Energy and Water Development Appropriations Act, which added an amendment to the Act. The amendment requires the Council to create an independent panel of scientists and peer review groups to examine projects proposed for funding by Bonneville. Funding for the panel is provided by Bonneville and is separate from the Council's operating budget. Expenses of the Independent Scientific Review Panel for the years ended September 30, 2022 and 2021 were \$216,324 and \$377,480, respectively.

Note 6 – Independent Scientific Advisory Board

In 1996, the Council and the National Oceanic and Atmospheric Administration (NOAA) Fisheries established the Independent Scientific Advisory Board (ISAB). The ISAB was formed to provide independent advice and recommendations regarding scientific issues posed by representative agencies on matters that relate to their fish and wildlife programs. In 2002, the Columbia River Basin Indian Tribes were added as equal partners in the sponsorship of the ISAB. For the years ended September 30, 2022 and 2021, ISAB expenses, which are supported through revenue from Bonneville, were \$171,232 and \$202,166, respectively.

Note 7 – Regional Technical Forum Support

The Regional Technical Forum Support (RTF) is an advisory committee established in 1999 to develop standards to verify and evaluate conservation savings. Members are appointed by the Council and include individuals experienced in conservation program planning, implementation, and evaluation. The RTF is also responsible for developing a conservation and renewable resources rate discount (C&RD) for Bonneville. The C&RD program awards rate discounts to customers who have implemented effective energy conservation measures.

Northwest Power and Conservation Council Notes to Financial Statements

Note 7 – Regional Technical Forum Support (continued)

RTF projects include the assessment of potential energy efficiency technologies, measures, practices and renewable resources to determine their incremental costs, energy and capacity savings, reliability, and value to the region's bulk power system. RTF work is funded by Bonneville and other utilities and is performed by Council staff and contractors employed by the Council for specific analytical tasks. Expenses of the RTF for the years ended September 30, 2022 and 2021 were \$1,906,281 and \$1,665,463, respectively.

Note 8 – Commitments

At September 30, 2022, the Council leased office space and various equipment under operating lease agreements through January 2027. Future minimum lease payments, including the subsequent amendments under these leases for the years ending September 30, are as follows:

2023	\$ 512,931
2024	495,155
2025	493,923
2026	506,482
2027	<u>132,877</u>
	<u><u>\$ 2,141,368</u></u>

Certain leases contain periodic escalation clauses. Total facilities and equipment rental expense, including short-term rentals, maintenance contracts, and leases of less than one year was \$522,393 and \$481,768 for the years ended September 30, 2022 and 2021, respectively.

Note 9 – Deferred Compensation Trust and Pension Plan

The Council has established a state and local government deferred compensation trust for its employees. The trust was established during 2000 to replace the structure of a previous deferred compensation plan. As a result of formation of the trust, all plan assets and related benefit obligations were removed from the books and records of the Council and placed with the trust. Under the deferred compensation trust, pursuant to Section 457 of the Internal Revenue Code, the Council has a contractual relationship with each employee participant to pay his or her deferred compensation balance upon termination. The Council did not contribute to this plan for the years ended September 30, 2022 or 2021. Employee salary deferrals not yet remitted to the plan, which are recorded within restricted cash and accrued employee benefits until distributed, were \$18,349 and \$37,174 for the years ended September 30, 2022 and 2021, respectively.

The Council also has a retirement plan and trust plan, which was adopted on December 31, 1987, under Code Section 401(a) of the Internal Revenue Code. All Council contributions to the retirement plan are held in a trust for the benefit of employee participants. During the years ended September 30, 2022 and 2021, the Council made contributions of \$881,388 and \$912,174, respectively, to this plan.

Northwest Power and Conservation Council

Notes to Financial Statements

Note 9 – Deferred Compensation Trust and Pension Plan (continued)

The Council's contributions recognize the fact that the Council does not participate or contribute to FICA and, therefore, employees do not receive benefits under the Federal Social Security system. Contributions on behalf of employees not yet remitted to the plan, which are recorded within restricted cash and accrued employee benefits until distributed, were \$35,831 and \$280,213 for the years ended September 30, 2022 and 2021, respectively.

Note 10 – Concentrations of Credit Risk

Financial instruments that potentially subject the Council to concentrations of credit risk consist principally of cash and cash equivalents. The Council places substantially all of its cash and cash equivalents with federally insured financial institutions; however, cash balances may periodically exceed federally insured limits. As of September 30, 2022 and 2021, management considers the Council to have no undue concentration of credit risk resulting from its cash management and banking practices.

As discussed in Note 1, the Council was established on December 5, 1980 by the Pacific Northwest Electric Power Planning and Conservation Act (the Act), as enacted by the Congress of the United States. The Council receives essentially all of its revenues from the Bonneville Power Administration. Should Bonneville Power Administration cease to exist or discontinue funding the Council for any reason, the Council's source of funding would be uncertain.

Supplementary Information

Report of Independent Auditors Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

The Council Members
Northwest Power and Conservation Council

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Northwest Power and Conservation Council (the Council), which comprise the statement of financial position as of September 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, and have issued our report thereon dated December 20, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Council's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control. Accordingly, we do not express an opinion on the effectiveness of the Council's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Council's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Moss Adams LLP".

Portland, Oregon
December 20, 2022

Report of Independent Auditors on Compliance for the Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

The Council Members
Northwest Power and Conservation Council

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Northwest Power and Conservation Council's (the Council) compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on the Council's major federal program for the year ended September 30, 2022. The Council's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Council complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended September 30, 2022.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Council and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for the major federal program. Our audit does not provide a legal determination of the Council's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Council's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Council's compliance based on our audit. 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 GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Council's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Council's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Council's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Moss Adams LLP".

Portland, Oregon
December 20, 2022

Northwest Power and Conservation Council
Schedule of Findings and Questioned Costs
Year Ended September 30, 2022

Section I – Summary of Auditor’s Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: *Unmodified*

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None reported
- Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None reported

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes No

Identification of major federal programs and type of auditor’s report issued on compliance for major federal programs:

<i>Assistance Listing Number</i>	<i>Name of Federal Program or Cluster</i>	<i>Type of Auditor’s Report Issued on Compliance for Major Federal Programs</i>
81.U02	Regional Technical Forum Support 2020-2024	<i>Unmodified</i>

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? Yes No

**Northwest Power and Conservation Council
Schedule of Findings and Questioned Costs
Year Ended September 30, 2022**

Section II – Financial Statement Findings

None reported.

Section III – Federal Award Findings and Questioned Costs

None reported.

**Northwest Power and Conservation Council
Summary Schedule of Prior Audit Findings
Year Ended September 30, 2022**

No prior year findings identified.

Northwest Power and Conservation Council
Schedule of Expenditures of Federal Awards
Year Ended September 30, 2022

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
Department of Energy Pass-Through Programs From:				
Bonneville Power Administration –				
Independent Scientific Advisory Board	81.U01	00086012	\$ -	\$ 171,232
Bonneville Power Administration –				
Independent Scientific Review Panel	81.U01	00086123	-	216,324
			-	387,556
Bonneville Power Administration –				
Regional Technical Forum Support 2020-2024	81.U02	Grant 83607	-	564,425
			-	564,425
Total Expenditures of Federal Awards			\$ -	\$ 951,981

Northwest Power and Conservation Council

Notes to Schedule of Expenditures of Federal Awards

Year Ended September 30, 2022

Note 1 – Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Northwest Power & Conservation Council (the Council) under programs of the federal government for the year ended September 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Council, it is not intended to and does not present the financial position, changes in net assets or cash flows of the Council.

Note 2 – Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the schedule, if any, represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

Note 3 – Indirect Cost Rate

The Council has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.



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