

NORDIC NORTHWEST

Reviewed Financial Statements

For the year ended March 31, 2023



McDONALD JACOBS

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors
Nordic Northwest

We have reviewed the accompanying financial statements of Nordic Northwest (a nonprofit organization), which comprise the statement of financial position as of March 31, 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. A review includes primarily applying analytical procedures to management's financial data and making inquiries of entity management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

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

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of Nordic Northwest and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

McDonald Jacobz, P.C.

Portland, Oregon
August 23, 2023

NORDIC NORTHWEST
STATEMENT OF FINANCIAL POSITION
March 31, 2023

ASSETS

Cash and cash equivalents	\$ 734,399
Pledges receivable	104,750
Accounts receivable	40,104
Prepaid expenses	9,186
Cash value of life insurance policy, net	10,568
Investments	2,408,389
Property and equipment, net	4,836,026
Museum collection	<u>13,921</u>
 TOTAL ASSETS	 <u><u>\$ 8,157,343</u></u>

LIABILITIES AND NET ASSETS

Liabilities:	
Accounts payable and accrued expenses	\$ 41,391
Deferred revenue	<u>319,986</u>
Total liabilities	<u>361,377</u>
 Net assets:	
Without donor restrictions:	
Undesignated	868,403
Board designated	1,293,924
Net property and equipment	<u>4,836,026</u>
Total without donor restrictions	6,998,353
With donor restrictions	<u>797,613</u>
Total net assets	<u>7,795,966</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u><u>\$ 8,157,343</u></u>

See independent accountant's review report and notes to the financial statements.

NORDIC NORTHWEST
STATEMENT OF ACTIVITIES
For the year ended March 31, 2023

	Without Donor	With Donor	Total
Support and Revenue:	<u>Restrictions</u>	<u>Restrictions</u>	<u>Total</u>
Contributions	\$ 295,449	\$ 35,000	\$ 330,449
Special events, net of direct expenses of \$27,542 for 2023	137,733	-	137,733
Membership	104,233	-	104,233
Government sources	111,178	-	111,178
Donated materials and services	24,681	-	24,681
Program fees	142,195	-	142,195
ScanFair program	181,994	-	181,994
Rental income	356,422	-	356,422
Net assets released from restrictions:			
Satisfaction of purpose restrictions	51,389	(51,389)	-
Total support and revenue	<u>1,405,274</u>	<u>(16,389)</u>	<u>1,388,885</u>
Expenses:			
Program services	922,944	-	922,944
Management and general	120,276	-	120,276
Fundraising	255,653	-	255,653
Total expenses	<u>1,298,873</u>	<u>-</u>	<u>1,298,873</u>
Change in net assets from operations	106,401	(16,389)	90,012
Nonoperating activities:			
Change in cash values of life insurance policies	-	49	49
Investment earnings	17,689	-	17,689
Change in value of investments	(37,844)	(19,429)	(57,273)
Change in net assets	86,246	(35,769)	50,477
Net assets:			
Beginning of year	<u>6,912,107</u>	<u>833,382</u>	<u>7,745,489</u>
End of year	<u>\$ 6,998,353</u>	<u>\$ 797,613</u>	<u>\$ 7,795,966</u>

See independent accountant's review report and notes to the financial statements.

NORDIC NORTHWEST
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended March 31, 2023

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and related expenses	\$ 406,295	\$ 63,437	\$ 154,086	\$ 623,818
Building and other related expenses	124,334	5,381	48,190	177,905
Program expenses	78,716	-	3,730	82,446
Office expense	62,611	8,902	35,324	106,837
Insurance	14,378	4,792	-	19,170
Newsletter	-	894	1,116	2,010
Professional services	19,052	18,900	15,190	53,142
Marketing and events	22,398	1,496	1,517	25,411
Exhibits	34,094	1,277	21,178	56,549
Depreciation	154,935	8,154	-	163,089
Other costs	6,131	7,043	2,864	16,038
	<u>922,944</u>	<u>120,276</u>	<u>283,195</u>	<u>1,326,415</u>
Less event expenses netted with revenue on statement of activities:				
Special events	<u>-</u>	<u>-</u>	<u>(27,542)</u>	<u>(27,542)</u>
Total expenses	<u>\$ 922,944</u>	<u>\$ 120,276</u>	<u>\$ 255,653</u>	<u>\$ 1,298,873</u>

See independent accountant's review report and notes to the financial statements.

NORDIC NORTHWEST
STATEMENT OF CASH FLOWS
For the year ended March 31, 2023

Cash flows from operating activities:	
Change in net assets	\$ 50,477
Adjustments to reconcile change in net assets to net cash flows from operating activities:	
Depreciation	163,089
Change in cash values of life insurance policies	(49)
Change in value of investments	(57,273)
(Increase) decrease:	
Pledges and accounts receivable	(21,400)
Prepaid expenses	(8,853)
Increase (decrease):	
Accounts payable and accrued expenses	(15,582)
Deferred revenue	57,545
Net cash flows from operating activities	<u>167,954</u>
Cash flows from investing activities:	
Proceeds from the sale of investments	327,720
Purchase of investments	(817,194)
Additions to property and equipment	<u>(28,692)</u>
Net cash flows from investing activities	<u>(518,166)</u>
Net change in cash and cash equivalents	(350,212)
Cash and cash equivalents - beginning of year	<u>1,084,611</u>
Cash and cash equivalents - end of year	<u>\$ 734,399</u>

See independent accountant's review report and notes to the financial statements.

NORDIC NORTHWEST
NOTES TO FINANCIAL STATEMENTS
March 31, 2023

I. DESCRIPTION OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nordic Northwest (the Organization) was incorporated under the laws of the State of Oregon on June 4, 1985 as a nonprofit corporation. The Organization is organized and operated exclusively for its tax exempt purpose, which is to highlight, honor, educate, communicate, promote and celebrate Nordic culture and traditions, ancestral, modern and contemporary; and to provide value and serve members by developing and making available and accessible Nordic cultural and educational programming that is rich, authentic and forward looking. The Organization is accomplishing this purpose with its cultural center and by sponsoring an educational outreach program and Nordic cultural events, as well as various functions such as lectures and performances. The Organization is supported by contributions, program services, rental income and memberships.

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.
- *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 available for current use with maturities of three months or less at the time of purchase to be cash equivalents. Cash equivalents included in investments are considered investments.

Pledges and Accounts Receivable

Pledges and accounts receivable are reported at the amount management expects to collect on balances outstanding at year-end. Management believes receivables are fully collectible; therefore, no allowance for uncollectible amounts is reflected. Unconditional promises to give expected to be collected in future years, if material to the financial statements, are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statements of activities.

See independent accountant's review report.

NORDIC NORTHWEST
NOTES TO FINANCIAL STATEMENTS, Continued
March 31, 2023

I. DESCRIPTION OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Investments

Investments are carried at fair value. Investment income earned on donor-restricted endowment is reported as an increase in net assets with donor restrictions until appropriated for expenditure by the Board of Directors and released to net assets without donor restrictions.

Property and Equipment

Additions to property and equipment greater than \$1,000 are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the various assets.

Museum Collection Items

Museum collection items are recorded at cost if purchased and at appraised or fair value at date of accession if donated. Gains and losses from deaccessions are reported as changes in net assets based on the absence or existence and nature of donor-imposed restrictions.

Revenue Recognition

Revenues from various sources are recognized as follows:

Contributions: Contributions, 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.

Special Events: 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.

Membership: Membership payments are considered equivalent to contributions without donor restrictions and are recognized as revenue when received.

Government Sources: The Organization received funds from the Shuttered Venue Operator Grants which are reported as revenue when the conditions of the program are satisfied. See Note 10.

Program Fees, ScanFair and Rental Income: Program fees, ScanFair and rental income are recognized as revenue in the period that services are provided. Advance payments are recorded as deferred revenue and are recognized when the service or rental is provided.

See independent accountant's review report.

NORDIC NORTHWEST
NOTES TO FINANCIAL STATEMENTS, Continued
March 31, 2023

I. DESCRIPTION OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Revenue Recognition, Continued

Donated Assets and Services: Donations of property, equipment, materials and other assets are recorded as support at their estimated fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose.

The Organization recognizes donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Functional Expenses

The costs of providing various programs and other 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 salaries and related costs, building expenses, insurance, depreciation and office expenses, which are allocated on the basis of estimates of time and effort.

Income Tax Status

The Organization 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. No provision for income taxes is made in the accompanying financial statements, as 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.

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.

See independent accountant's review report.

NORDIC NORTHWEST
NOTES TO FINANCIAL STATEMENTS, Continued
March 31, 2023

1. DESCRIPTION OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Change in Accounting Standards

The Organizations have implemented Accounting Standards Update 2020-07, *Presentation and Disclosures by Non-Profit Entities for Contributed Nonfinancial Assets* (ASU 2020- 07) for the year ended March 31, 2023 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 impact on the Organizations' financial position and change in net assets upon adoption.

Subsequent Events

The Organization has evaluated all subsequent events through August 23, 2023, the date the financial statements were available to be issued.

2. 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 March 31, 2023:

Cash and cash equivalents	\$ 734,399
Pledges receivable	104,750
Accounts receivable	40,104
Investments	<u>2,408,389</u>
	3,287,642
Less amounts unavailable for general expenditure:	
Net assets with donor restrictions	783,692
Net assets with board designations	<u>1,293,924</u>
Financial assets available for general expenditure	<u>\$ 2,503,950</u>

The Organization's endowment consists of donor-restricted endowment funds and funds designated by the Board as endowment. The board-designated endowment may be spent with approval of the Board of Directors. See Note 7 regarding board designated net assets. See Note 13 regarding endowment.

See independent accountant's review report.

NORDIC NORTHWEST
 NOTES TO FINANCIAL STATEMENTS, Continued
 March 31, 2023

3. PLEDGES RECEIVABLE

Pledges receivable at March 31, 2023 represent unconditional pledges which are receivable as follows:

Due within one year	\$ 54,750
Due within two to five years	<u>50,000</u>
Total pledges receivable	<u><u>\$ 104,750</u></u>

4. CASH VALUE OF LIFE INSURANCE POLICY

The Organization is the beneficiary of a life insurance policy. At March 31, 2023, the remaining policy with a net death benefit of approximately \$12,500, is reflected at the guaranteed cash value of approximately \$10,600, net of an outstanding loan of \$2,800. The proceeds from the net cash value or death benefits under this policy will be available for use in accordance with restrictions stipulated by the donor. Changes in the cash value of the policy are reflected in the statement of activities.

5. INVESTMENTS

Investments consist of the following at March 31, 2023:

Cash and cash equivalents	\$ 48,611
Certificate of deposit	222,928
U.S. Treasury bills	604,493
Mutual funds - equity	<u>1,532,357</u>
Total investments	<u><u>\$ 2,408,389</u></u>

Investments are held as follows:

Investments held in endowment (Note 13)	\$ 1,803,816
Investments available for operations	<u>604,573</u>
	<u><u>\$ 2,408,389</u></u>

See independent accountant's review report.

NORDIC NORTHWEST
NOTES TO FINANCIAL STATEMENTS, Continued
March 31, 2023

6. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at March 31, 2023:

Land and improvements	\$ 785,469
Building	4,963,247
Furniture and equipment	<u>386,914</u>
Total property and equipment	6,135,630
Less accumulated depreciation	<u>1,299,604</u>
Property and equipment, net	<u>\$ 4,836,026</u>

7. BOARD-DESIGNATED NET ASSETS

The Organization's board-designated net assets consist of net assets without donor restrictions designated to be treated as an endowment to support long-term operations. See Note 13, Endowment.

8. NET ASSET WITH DONOR RESTRICTIONS

Net assets with donor restrictions include the following at March 31, 2023:

Expiring restrictions:	
Programs	\$ 251,281
Time restricted	22,519
Accumulated endowment earnings (Note 13)	<u>9,892</u>
Total expiring restrictions	<u>283,692</u>
Perpetual restrictions:	
Museum collection	13,921
Endowment (Note 13)	<u>500,000</u>
Total perpetual restrictions	<u>513,921</u>
Total net assets with donor restrictions	<u>\$ 797,613</u>

See independent accountant's review report.

NORDIC NORTHWEST
NOTES TO FINANCIAL STATEMENTS, Continued
March 31, 2023

9. REVENUE FROM CONTRACTS WITH CUSTOMERS

For revenue from contracts with customers, the timing of revenue recognition, billings, and cash collections may result in billed accounts receivable and unbilled receivables (contract assets) and customer advances and deposits (contract liabilities) on the balance sheet.

Revenue from customers is recognized at the time services are performed.

Revenue by type:

Revenue recognized at a point in time:

Program fees	\$ 142,195
ScanFair sponsors	20,500
ScanFair program fees	161,494
Rental income	356,422
Total contract revenue	<u>\$ 680,611</u>

The beginning and ending contract balances are as follows:

	<u>2023</u>	<u>2022</u>
Contract assets:		
Accounts receivable - rental	<u>\$ 40,104</u>	<u>\$ 8,839</u>
Contract liability:		
Deferred revenue - program	\$ 8,154	\$ 8,924
Deferred revenue - rental	78,682	128,539
	<u>\$ 86,836</u>	<u>\$ 137,463</u>

Revenue recognized during the year ended March 31, 2023 that was included in the contract liability balance at the beginning of the year was \$137,463.

10. REVENUE FROM GOVERNMENT SOURCES

Shuttered Venue Operators Grant: In 2022, the Organization was awarded a Shuttered Venue Operators Grant (SVOG) of \$257,813 by the Small Business Administration (SBA). The SVOG is 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 provisions. Amounts received prior to incurring qualifying expenditures are reported as a refundable advance and included in deferred revenue on the statement of financial position. Qualifying expenses incurred through March 31, 2022 totaled \$146,635. The remaining qualifying expenditures were incurred during the year ended March 31, 2023 and the Organization recognized grant revenue of \$111,178.

See independent accountant's review report.

NORDIC NORTHWEST
NOTES TO FINANCIAL STATEMENTS, Continued
March 31, 2023

10. REVENUE FROM GOVERNMENT SOURCES

Oregon Live Events Venue Operator Grant: In June 2022, the Organization was awarded a grant from the State of Oregon of \$224,850. The grant is 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 provisions. Amounts received prior to incurring qualifying expenditures are reported as a refundable advance and included in deferred revenue on the statement of financial position. Management expects to incur the qualifying expenditures, and recognize the advance of \$224,850 as revenue during the year ending March 31, 2024.

11. DONATED MATERIALS AND SERVICES

During the year ended March 31, 2023, the Organization received the following donated materials and services:

Programs:		
Advertising services	\$	18,917
Supplies		4,560
Management and general:		
Supplies		1,204
Total donated material and services	\$	<u>24,681</u>

12. RETIREMENT PLAN

The Organization has a defined contribution 403(b) plan (the Plan) that is available to substantially all employees. Employee contributions to the plan are voluntary. The employer contribution is established annually by the Board of Directors. During the year ended March 31, 2023, participants are eligible for an employer discretionary contribution of 5% of eligible wages. During the year ended March 31, 2023 the Organization made contributions of \$18,500 to the plan.

Prior to the year ended March 31, 2023, the Organization had a SIMPLE IRA plan available to substantially all employees. Participants were eligible for an employer match of their contribution up to 3% of their gross wages or a nonelective employer contribution of 2% of gross compensation for employees with at least \$5,000 in compensation. The employer contribution was established annually by the Board of Directors. Employee contributions to the plan are voluntary. This plan was replaced by the 401(b) plan described above.

See independent accountant's review report.

NORDIC NORTHWEST
NOTES TO FINANCIAL STATEMENTS, Continued
March 31, 2023

13. ENDOWMENT

Nordic Northwest's endowment funds consists of funds established for long-term support of the Organization. Its endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by U.S. generally accepted accounting principles (GAAP), net assets associated with endowment funds, including funds designated by the Board of Directors to function as an endowment, are classified and reported based on the existence or absence of donor-imposed restrictions or board designations.

Interpretation of Relevant Law

The Board of Directors of the Organization has interpreted Oregon's 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 permanent endowment (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent 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) Organization and the donor-restricted endowment fund purposes
- (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

See independent accountant's review report.

NORDIC NORTHWEST
NOTES TO FINANCIAL STATEMENTS, Continued
March 31, 2023

13. ENDOWMENT, Continued

Endowment net asset composition consists of the following at March 31, 2023:

	Without Donor Restrictions	With Donor Restrictions		Total
		<u>Expiring</u>	<u>Perpetual</u>	<u>Total</u>
March 31, 2023				
Donor-restricted	\$ -	\$ 9,892	\$ 500,000	\$ 509,892
Board-designated	1,293,924	-	-	1,293,924
Endowment total	<u>\$ 1,293,924</u>	<u>\$ 9,892</u>	<u>\$ 500,000</u>	<u>\$ 1,803,816</u>

Changes in endowment net assets for the year ended March 31, 2023 are as follows:

	Without Donor Restrictions	With Donor Restrictions		Total
		<u>Expiring</u>	<u>Perpetual</u>	<u>Total</u>
Balance, March 31, 2022	\$ 1,313,881	\$ 47,761	\$ 500,000	\$ 1,861,642
Contributions	12,510	-	-	12,510
Investment loss, net of fees	(32,467)	(19,429)	-	(51,896)
Appropriated for expenditure	-	(18,440)	-	(18,440)
Balance, March 31, 2023	<u>\$ 1,293,924</u>	<u>\$ 9,892</u>	<u>\$ 500,000</u>	<u>\$ 1,803,816</u>

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or the Act requires the Foundation to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature that are reported in net assets with donor restrictions. There were no such deficiencies at March 31, 2023.

Return Objectives and Risk Parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results while assuming a moderate level of investment risk.

See independent accountant's review report.

NORDIC NORTHWEST
NOTES TO FINANCIAL STATEMENTS, Continued
March 31, 2023

13. ENDOWMENT, Continued

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy

The Organization's spending policy states that distributions will be permitted to the extent that such distributions do not exceed a level that would erode the Fund's real assets over time.

14. CONCENTRATIONS OF CASH BALANCES ARISING FROM DEPOSITS IN EXCESS OF INSURED LIMITS

The Organization maintains its cash balances in a financial institution located in Portland. Balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Uninsured balances totaled approximately \$126,000 March 31, 2023.

15. FAIR VALUE MEASUREMENTS

Assets and liabilities recorded at fair value in the statement of financial position are categorized based upon the level of judgment associated with the inputs used to measure their fair value. Level inputs are defined 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.

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.

See independent accountant's review report.

NORDIC NORTHWEST
NOTES TO FINANCIAL STATEMENTS, Continued
March 31, 2023

15. FAIR VALUE MEASUREMENTS, Continued

Fair values of assets measured on a recurring basis at March 31, 2023 are as follows:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>
U.S. Treasury bills	\$ 604,493	\$ 604,493	\$ -
Mutual funds - equity	1,532,357	1,532,357	-
Cash value of life insurance policy	10,568	-	10,568
Total	<u>\$ 2,147,418</u>	<u>\$ 2,136,850</u>	<u>\$ 10,568</u>

Fair values for treasury securities and mutual funds are determined by reference to quoted market prices and other relevant information generated by market transactions.

Fair values of life insurance policies are determined using an income approach in accordance with contract terms using published life expectancy tables and applicable discount rates and net of outstanding loans.

16. RELATED PARTY DISCLOSURE

The Organization purchased services from a company owned by a member of the Board approximating \$17,200 during the year ended March 31, 2023. The Organization, at times, may receive donated services from Board members (See Note 1, Donated Assets and Services).

See independent accountant's review report.