

NORDIC NORTHWEST

Reviewed Financial Statements

For the year ended March 31, 2024



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, 2024, 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.

Report on Summarized Comparative Information

The comparative information as of and for the year ended March 31, 2023 is presented for the purpose of additional analysis and is not a required part of the March 31, 2024 financial statements. The comparative 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. We previously reviewed the 2023 financial statements, and we expressed an unmodified conclusion on those financial statements in our report dated August 23, 2023. The comparative financial information was subjected to the review procedures applied in our review of the 2023 financial statements and we are not aware of any material modifications that should be made to the comparative information for it to be consistent with the reviewed financial statements from which it has been derived. We have not audited the comparative information and do not express an opinion on such information.

McDonald Jacobs, P.C.

Portland, Oregon
August 15, 2024

NORDIC NORTHWEST
STATEMENT OF FINANCIAL POSITION
March 31, 2024
(With comparative totals for 2023)

	2024	2023
ASSETS		
Cash and cash equivalents	\$ 455,737	\$ 734,399
Pledges receivable	141,750	104,750
Accounts receivable	18,580	40,104
Prepaid expenses	10,266	9,186
Cash value of life insurance policy, net	10,630	10,568
Investments	2,861,566	2,408,389
Property and equipment, net	4,803,401	4,836,026
Museum collection and artwork	139,642	13,921
 TOTAL ASSETS	 \$ 8,441,572	 \$ 8,157,343
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	\$ 120,597	\$ 41,091
Deferred revenue	118,383	320,286
Total liabilities	238,980	361,377
Net assets:		
Without donor restrictions:		
Undesignated	1,178,515	868,403
Board designated	1,452,096	1,293,924
Net property and equipment	4,803,401	4,836,026
Total without donor restrictions	7,434,012	6,998,353
With donor restrictions	768,580	797,613
Total net assets	8,202,592	7,795,966
 TOTAL LIABILITIES AND NET ASSETS	 \$ 8,441,572	 \$ 8,157,343

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

NORDIC NORTHWEST
STATEMENT OF ACTIVITIES
For the year ended March 31, 2024
(With comparative totals for 2023)

	2024		2023	
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Support and Revenue:				
Contributions	\$ 332,604	\$ 177,739	\$ 510,343	\$ 330,449
Special events, net of direct expenses of \$27,542 for 2023	-	-	-	95,270
Memberships	106,315	-	106,315	104,233
Government sources	224,850	-	224,850	111,178
Donated assets, materials and services	103,681	-	103,681	24,681
Program fees	250,077	-	250,077	184,658
ScanFair program	180,899	-	180,899	181,994
Rental income	400,760	-	400,760	356,422
Other income	1,823	-	1,823	-
Net assets released from restrictions:				
Satisfaction of purpose restrictions	286,578	(286,578)	-	-
Total support and revenue	1,887,587	(108,839)	1,778,748	1,388,885
Expenses:				
Program services	1,345,570	-	1,345,570	922,944
Management and general	179,820	-	179,820	120,276
Fundraising	131,364	-	131,364	255,653
Total expenses	1,656,754	-	1,656,754	1,298,873
Change in net assets from operations	230,833	(108,839)	121,994	90,012
Nonoperating activities:				
Change in cash value of life insurance policy	-	62	62	49
Investment income and change in value of investments	204,826	79,744	284,570	(39,584)
Change in net assets	435,659	(29,033)	406,626	50,477
Net assets:				
Beginning of year	6,998,353	797,613	7,795,966	7,745,489
End of year	\$ 7,434,012	\$ 768,580	\$ 8,202,592	\$ 7,795,966

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

NORDIC NORTHWEST
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended March 31, 2024
(With comparative totals for 2023)

	2024				2023
	Program Services	Management and General	Fundraising	Total	Total
Salaries and related expenses	\$ 603,805	\$ 101,819	\$ 105,391	\$ 811,015	\$ 623,818
Building and other related expenses	201,115	11,123	5,204	217,442	177,905
Program expenses	70,750	-	275	71,025	82,446
Office expense	129,593	13,118	7,262	149,973	106,837
Insurance	16,745	5,578	-	22,323	19,170
Newsletter	6,331	-	8,834	15,165	2,010
Professional services	35,092	29,458	2,818	67,368	53,142
Marketing and events	12,274	67	269	12,610	25,411
Exhibits	67,845	289	42	68,176	56,549
Depreciation	174,228	9,170	-	183,398	163,089
Other costs	27,792	9,198	1,269	38,259	16,038
	1,345,570	179,820	131,364	1,656,754	1,326,415
Less event expenses netted with revenue on statement of activities:					
Special events	-	-	-	-	(27,542)
Total expenses	\$ 1,345,570	\$ 179,820	\$ 131,364	\$ 1,656,754	\$ 1,298,873

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

NORDIC NORTHWEST
STATEMENT OF CASH FLOWS
For the year ended March 31, 2024
(With comparative totals for 2023)

	2024	2023
Cash flows from operating activities:		
Change in net assets	\$ 406,626	\$ 50,477
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	183,398	163,089
Contributed artwork	(42,615)	-
Change in cash value of life insurance policy	(62)	(49)
Change in value of investments	(218,916)	(57,273)
(Increase) decrease:		
Pledges and accounts receivable	(15,476)	(21,400)
Prepaid expenses	(1,080)	(8,853)
Increase (decrease):		
Accounts payable and accrued expenses	79,506	(15,582)
Deferred revenue	(201,903)	57,545
Net cash flows from operating activities	189,478	167,954
Cash flows from investing activities:		
Proceeds from the sale of investments	930,720	327,720
Purchase of investments	(1,164,981)	(817,194)
Additions to property and equipment and artwork	(233,879)	(28,692)
Net cash flows from investing activities	(468,140)	(518,166)
Net change in cash and cash equivalents	(278,662)	(350,212)
Cash and cash equivalents - beginning of year	734,399	1,084,611
Cash and cash equivalents - end of year	\$ 455,737	\$ 734,399

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

NORDIC NORTHWEST
NOTES TO FINANCIAL STATEMENTS
March 31, 2024

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 Receivable

Pledges 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 statement of activities.

See independent accountant's review report.

NORDIC NORTHWEST
NOTES TO FINANCIAL STATEMENTS, Continued
March 31, 2024

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

Accounts Receivable and Allowance for Credit Losses

Accounts receivable are unsecured, consist of amounts billed for program services and space rental, and are presented net of an allowance for credit losses, which is an estimate of amounts that may not be collectible. The Organization separates accounts receivable into risk pools based on their aging. In determining the amount of the allowance as of the balance sheet date, the Organization develops a loss rate for each risk pool. This loss rate is based on management's historical collection experience, adjusted for management's expectations about current and future economic conditions.

Management believes that the historical loss information it has compiled is a reasonable base on which to determine expected credit losses for trade receivables held at March 31, 2024 and 2023 because the composition of the trade receivables at those dates are consistent with that used in developing the historical credit-loss percentages (i.e., the similar risk characteristics of its customers have not changed significantly over time). Additionally, management has determined that the current and reasonable and supportable forecasted economic conditions are consistent with the economic conditions included in the historical information. As a result, the historical loss rates have not been adjusted for differences in current conditions or forecasted changes. There was no allowance for credit losses established at March 31, 2024 and 2023 as management has determined balances are fully collectible.

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 and Artwork

Museum collection and artwork 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.

See independent accountant's review report.

NORDIC NORTHWEST
NOTES TO FINANCIAL STATEMENTS, Continued
March 31, 2024

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

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.

Memberships: 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 11.

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.

Donated Assets, Materials 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.

See independent accountant's review report.

NORDIC NORTHWEST
NOTES TO FINANCIAL STATEMENTS, Continued
March 31, 2024

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

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.

Adoption of New Accounting Standard

As of April 1, 2023, the Organization adopted Accounting Standards Update (ASU) No. 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which replaces the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss (CECL) methodology. The CECL model is applicable to the measurement of credit losses on financial assets measured at amortized cost. Financial assets held by the Organization that are subject to the guidance in FASB ASC 326 include accounts receivable. CECL requires entities to measure all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. This standard provides financial statement users with more decision-useful information about the expected losses on financial instruments.

The Organization adopted this change in accounting principle as of the first day of 2024 using the modified retrospective method. Accordingly, financial information for periods prior to the date of initial application has not been adjusted. The adoption did not result in any effect on amounts reported in the statement of financial position and statement of activities for 2024.

Summarized Financial Information for 2023

The financial information as of March 31, 2023 and for the year then ended is presented for comparative purposes and is not intended to be a complete financial statement presentation.

See independent accountant's review report.

NORDIC NORTHWEST
NOTES TO FINANCIAL STATEMENTS, Continued
March 31, 2024

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

Reclassifications

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

Subsequent Events

The Organization has evaluated all subsequent events through August 15, 2024, 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, 2024 and 2023:

	2024	2023
Cash and cash equivalents	\$ 455,737	\$ 734,399
Pledges receivable	141,750	104,750
Accounts receivable	18,580	40,104
Investments	2,861,566	2,408,389
	3,477,633	3,287,642
Less amounts unavailable for general expenditure:		
Net assets with donor restrictions	754,659	783,692
Net assets with board designations	1,452,096	1,293,924
Financial assets available for general expenditure	\$ 2,722,974	\$ 2,503,950

The Organization's endowment consists of donor-restricted endowment funds and funds designated by the Board as endowment. See Note 14 regarding endowment. The board-designated endowment may be spent with approval of the Board of Directors. See Note 8 regarding board designated net assets. Also see Note 7 for information on the Organization's line of credit.

See independent accountant's review report.

NORDIC NORTHWEST
NOTES TO FINANCIAL STATEMENTS, Continued
March 31, 2024

3. PLEDGES RECEIVABLE

Pledges receivable at March 31, 2024 and 2023 represent unconditional pledges which are receivable as follows:

	2024	2023
Due within one year	\$ 116,750	\$ 54,750
Due within two to five years	25,000	50,000
Total pledges receivable	\$ 141,750	\$ 104,750

4. CASH VALUE OF LIFE INSURANCE POLICY

The Organization is the beneficiary of a life insurance policy. At March 31, 2024, the remaining policy with a net death benefit of approximately \$12,200, is reflected at the guaranteed cash value of approximately \$10,600, net of an outstanding loan of \$3,200. 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.

At March 31, 2023, the policy had a cash value (net of outstanding loan of \$2,800) of approximately \$10,600.

5. INVESTMENTS

Investments consist of the following at March 31, 2024 and 2023:

	2024	2023
Cash and cash equivalents	\$ 23,584	\$ 48,611
Certificate of deposit	223,913	222,928
U.S. Treasury bills	826,718	604,493
Mutual funds - equity	1,787,351	1,532,357
Total investments	\$ 2,861,566	\$ 2,408,389

Investments are held as follows:

Investments held in endowment (Note 13)	\$ 2,022,821	\$ 1,803,816
Investments available for operations	838,745	604,573
	\$ 2,861,566	\$ 2,408,389

See independent accountant's review report.

NORDIC NORTHWEST
NOTES TO FINANCIAL STATEMENTS, Continued
March 31, 2024

6. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at March 31, 2024 and 2023:

	2024	2023
Land and improvements	\$ 785,469	\$ 785,469
Building	5,094,606	4,963,247
Furniture and equipment	394,074	386,914
Total property and equipment	6,274,149	6,135,630
Less accumulated depreciation	1,470,748	1,299,604
Property and equipment, net	\$ 4,803,401	\$ 4,836,026

7. LINE OF CREDIT

In July 2023, the Organization established a \$200,000 unsecured revolving line-of-credit that expires June 2027. Interest on outstanding advances are payable monthly at the bank's prime rate (8.5% at March 31, 2024) plus 2.35%. There are no advances outstanding at March 31, 2024.

8. 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 14, Endowment.

9. NET ASSET WITH DONOR RESTRICTIONS

Net assets with donor restrictions include the following at March 31, 2024 and 2023:

	2024	2023
Expiring restrictions:		
Programs	\$ 156,304	\$ 251,281
Time restricted	27,630	22,519
Accumulated endowment earnings (Note 13)	70,725	9,892
Total expiring restrictions	254,659	283,692
Perpetual restrictions:		
Museum collection	13,921	13,921
Endowment (Note 13)	500,000	500,000
Total perpetual restrictions	513,921	513,921
Total net assets with donor restrictions	\$ 768,580	\$ 797,613

See independent accountant's review report.

NORDIC NORTHWEST
NOTES TO FINANCIAL STATEMENTS, Continued
March 31, 2024

10. 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.

	<u>2024</u>	<u>2023</u>
Revenue by type:		
Revenue recognized at a point in time:		
Program fees	\$ 250,077	\$ 184,658
ScanFair sponsors	6,132	20,500
ScanFair program fees	174,767	161,494
Rental income	<u>400,760</u>	<u>356,422</u>
Total contract revenue	<u>\$ 831,736</u>	<u>\$ 723,074</u>

The beginning and ending contract balances are as follows:

	<u>March 31,</u>		
	<u>2024</u>	<u>2023</u>	<u>2022</u>
Contract assets:			
Accounts receivable - rental	<u>\$ 18,580</u>	<u>\$ 40,104</u>	<u>\$ 8,839</u>
Contract liability:			
Deferred revenue - program	\$ 12,935	\$ 8,154	\$ 8,924
Deferred revenue - rental	<u>93,307</u>	<u>78,982</u>	<u>128,839</u>
	<u>\$ 106,242</u>	<u>\$ 87,136</u>	<u>\$ 137,763</u>

Revenue recognized during the year ended March 31, 2024 and 2023 that was included in the contract liability balance at the beginning of the year was \$86,836 and \$137,463, respectively.

See independent accountant's review report.

NORDIC NORTHWEST
NOTES TO FINANCIAL STATEMENTS, Continued
March 31, 2024

II. 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.

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 and total \$224,850 at March 31, 2023. The qualifying expenditures were incurred during the year ended March 31, 2024 and the Organization recognized grant revenue of \$224,850.

12. DONATED ASSETS, MATERIALS AND SERVICES

During the years ended March 31, 2024 and 2023, the Organization received the following donated assets, materials and services:

	2024	2023
Programs:		
Advertising services	\$ 5,378	\$ 18,917
Professional fees	34,991	-
Supplies	19,828	4,560
Management and general:		
Supplies	869	1,204
Capital assets - artwork	42,615	-
Total donated assets, materials and services	\$ 103,681	\$ 24,681

See independent accountant's review report.

NORDIC NORTHWEST
NOTES TO FINANCIAL STATEMENTS, Continued
March 31, 2024

13. 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, 2024, participants are eligible for an employer discretionary contribution of 5% of eligible wages through December 2023 and increased to 6% of eligible wages beginning January 1, 2024. During the years ended March 31, 2024 and 2023, the Organization made contributions to the plan totaling \$35,115 and \$18,500, respectively.

14. 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 an endowment. 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, 2024

14. ENDOWMENT, Continued

Endowment net asset composition consists of the following at March 31, 2024 and 2023:

	Without Donor Restrictions	With Donor Restrictions		Total
		Expiring	Perpetual	
March 31, 2024				
Donor-restricted	\$ -	\$ 70,725	\$ 500,000	\$ 570,725
Board-designated	1,452,096	-	-	1,452,096
Endowment total	<u>\$ 1,452,096</u>	<u>\$ 70,725</u>	<u>\$ 500,000</u>	<u>\$ 2,022,821</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, 2024 and 2023 are as follows:

	Without Donor Restrictions	With Donor Restrictions		Total
		Expiring	Perpetual	
Balance, March 31, 2022	\$ 1,313,881	\$ 47,761	\$ 500,000	\$ 1,861,642
Contributions	12,510	-	-	12,510
Investment gain, net of fees	(32,467)	(19,429)	-	(51,896)
Appropriated for expenditure	-	(18,440)	-	(18,440)
Balance, March 31, 2023	1,293,924	9,892	500,000	1,803,816
Contributions	-	-	-	-
Investment gain, net of fees	171,007	79,744	-	250,751
Appropriated for expenditure	(12,835)	(18,911)	-	(31,746)
Balance, March 31, 2024	<u>\$ 1,452,096</u>	<u>\$ 70,725</u>	<u>\$ 500,000</u>	<u>\$ 2,022,821</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 are reported in net assets with donor restrictions. There were no such deficiencies at March 31, 2024 and 2023.

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NORDIC NORTHWEST
NOTES TO FINANCIAL STATEMENTS, Continued
March 31, 2024

14. ENDOWMENT, Continued

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.

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.

15. 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 total approximately \$227,000 and \$126,000 as of March 31, 2024 and 2023, respectively.

16. 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.

See independent accountant's review report.

NORDIC NORTHWEST
NOTES TO FINANCIAL STATEMENTS, Continued
March 31, 2024

16. 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 March 31, 2024 and 2023 are as follows:

March 2024	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>
U.S. Treasury bills	\$ 826,718	\$ 826,718	\$ -
Mutual funds - equity	1,787,351	1,787,351	-
Cash value of life insurance policy	<u>10,630</u>	<u>-</u>	<u>10,630</u>
Total	<u>\$ 2,624,699</u>	<u>\$ 2,614,069</u>	<u>\$ 10,630</u>
March 2023			
U.S. Treasury bills	\$ 604,493	\$ 604,493	\$ -
Mutual funds - equity	1,532,357	1,532,357	-
Cash value of life insurance policy	<u>10,568</u>	<u>-</u>	<u>10,568</u>
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.

17. RELATED PARTY DISCLOSURE

The Organization purchased services from a company owned by a member of the Board approximating \$24,200 and \$17,200 during the years ended March 31, 2024 and 2023, respectively. The Organization, at times, may receive donated services from Board members (See Note 12, Donated Assets, Materials and Services).

See independent accountant’s review report.