



Oregon Citizens' Utility Board

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Portland, OR 97205

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August 1, 2022

Chair Megan Decker
Commissioner Mark Thompson
Commissioner Letha Tawney
Oregon Public Utility Commission
P.O. Box 1088
Salem, OR 97308-1088

Re: UM 1929 and UM 2126 - CUB Intervenor Funding Report for 2021

Dear Commissioners,

According to the Fourth Amended and Restated Intervenor Funding Agreement (“IFA”), approved by the Commission in OPUC Order No. 18-017 (UM 1929) and the Intervenor Funding Agreement between CUB and Idaho Power (UM 2126) (“Idaho Power IFA”), approved by the Commission in OPUC Order No.20-493, each August 1st during the term of the agreement, CUB must file with the Commission a statement setting forth the manner in which the CUB Fund Grant was spent, including information sufficient to show that the funds were spent in a manner consistent with the terms of Article 4 of each respective intervenor funding agreement. This report covers both Intervenor Funding Agreements and is divided into two sections: 1) CUB Fund expenditures for 2021; 2) Compliance with the restrictions of Article 4.

1) CUB Fund Expenditures For 2022

In 2021, CUB received \$387,875 from the CUB Fund under the Fourth Amended and Restated Intervenor Funding Agreement, and an additional \$33,000 from the Idaho Power Intervenor Funding Agreement. The total CUB Fund income was \$420,375.

Article 4.2.1 of the IFA and Article 4.2.1. of the Idaho Power IFA allow CUB to use the CUB Funds for “expenses, including but not limited to, general operations, overhead, or the hiring of personnel or consultants.” Both agreements prohibit spending CUB Funds on political activities or fundraising. In addition, Section 4.1 of both the IFA and the Idaho Power IFA contain a general prohibition against using Intervenor Funding grants for the purposes of initiating a complaint or for participating in proceedings involving telecommunications utilities, water or wastewater utilities. In addition, CUB removes expenses associated with supporting CUB’s membership, work on City of Portland water issues and expenses related to the annual CUB Policy Conference.

Our audited financial statement shows that CUB had expenses of \$916,712 in 2021. Our costs associated with ineligible activities are provided in the following table:

<u>CUB Expense Category</u>	
Fundraising and Membership	119,480
Lobbying	6,189
Telecom	8,683
CUB Policy Conference	2,252
Total Ineligible Expenses	136,602

This table shows that the expenses that are ineligible to be paid for with CUB Fund monies during 2021 were \$136,602. This leaves \$780,110 in eligible expenses. This exceeds the amount of CUB Fund monies received, \$420,375.

For the most part, these expenses are typical for a small non-profit of CUB's size. Not surprisingly, the largest expense is staff costs, which has been the primary cost of our involvement in PUC proceedings. CUB staff costs include direct participation in PUC proceedings, related programmatic staff costs, and administrative costs such as bookkeeping.

2) Compliance With the Restrictions of Article 4

There are two general restrictions in Article 4 of both intervenor funding agreements. The first is the general restriction contained in Section 4.1 of the Fourth Amended and Restated Intervenor Funding Agreement and Section 4.1 of the Idaho Power Intervenor Funding Agreement, which provides that intervenor funding grants may not be used in a complaint proceeding by an intervenor that has initiated, or caused to be initiated, the complaint proceeding. Additionally, Intervenor Funding Grants will not be made available for proceedings involving telecommunications utilities, water utilities, or wastewater utilities unless the proceedings relate to one or more of the Participating Public Utilities.

The second restriction is found in Section 4.2.1 of both the Fourth Amended and Restated Intervenor Funding Agreement and the Idaho Power Intervenor Funding Agreement, which provides that the CUB funds will be established for use by CUB for expenses, including but not limited to general operations, overhead, or the hiring of personnel or consultants. CUB may not use grants from the CUB Fund for political activities or fund raising.

In 2003, CUB set up a system to identify and track activities not eligible for Intervenor Funding expenditures in order to prevent intervenor funds from being used for those activities.

First, we identified what activities are restricted, including adding some restrictions that were not set out in the Agreement, but which logically follow from the Agreement, such as work as a consumer advocate for City of Portland customers, membership support, and the CUB Policy Conference.

Finally, the limitation on political activities was interpreted to include lobbying, as well as electoral work. Traditional non-profit restrictions are based on either electoral activities or lobbying. CUB does not get involved in electoral activities which relate to candidate elections. But the CUB statute does authorize CUB to represent customers before the Oregon legislature.

Once we identified the ineligible areas, we set up a system to track and allocate overhead costs. Staff members are expected to monitor their time on eligible activities. Staff members who work on activities that are eligible for intervenor funding have software that allows them to track their time and assign it to various categories. How staff time is divided between eligible and ineligible activities is reviewed on a regular basis. Overhead is allocated based on staff time. This means that, while the Agreement says that CUB can use the funds for general operations and overhead, we believe that we should not use it for overhead that supports ineligible activities, and we allocate our overhead between eligible and ineligible activities to prevent indirect subsidies of ineligible activities. The Idaho Power Intervenor Funding Agreement is treated the same.

3) Results of 2021 CUB Audit

Each year, CUB undergoes an audit by an independent auditor. An audit of a non-profit organization typically includes a review of grant income and compliance with grant restrictions, including the restrictions associated with Intervenor Funding. Our 2021 audited financial statements are attached.

We would be happy to respond to any questions the Commission or Commission Staff may have regarding CUB's use of CUB Fund monies in 2021.



Bob Jenks
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OREGON CITIZENS' UTILITY BOARD

Audited Financial Statements

For the Year Ended December 31, 2021



McDONALD JACOBS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Oregon Citizens' Utility Board

Opinion

We have audited the accompanying financial statements of Oregon Citizens' Utility Board (Oregon CUB) (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Oregon Citizens' Utility Board (Oregon CUB) as of December 31, 2021, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of Oregon Citizens' Utility Board (Oregon CUB) 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 Oregon Citizens' Utility Board (Oregon CUB)'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Oregon Citizens' Utility Board (Oregon CUB)'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 Oregon Citizens' Utility Board (Oregon CUB)'s ability to continue as a going concern for a reasonable period of time.

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

Report on Summarized Comparative Information

We have previously audited Oregon Citizens' Utility Board (Oregon CUB) 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 28, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

McDonald Jacoby, P.C.

Portland, Oregon
July 6, 2022

OREGON CITIZENS' UTILITY BOARD (OREGON CUB)
STATEMENT OF FINANCIAL POSITION
December 31, 2021
(With comparative totals for 2020)

	2021	2020
ASSETS		
Cash and cash equivalents	\$ 365,422	\$ 379,043
Investments	83,595	66,268
Grants and intervenor receivables	175,743	110,000
Prepaid expenses	11,681	12,156
Property and equipment, net	7,166	6,112
 TOTAL ASSETS	 \$ 643,607	 \$ 573,579
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	\$ 4,981	\$ 3,379
Accrued personnel expenses	46,806	56,352
Deferred revenue	28,950	28,950
Total liabilities	80,737	88,681
Net assets:		
Without donor restrictions:		
Undesignated	226,725	163,262
Board designated	164,858	174,825
Total without donor restrictions	391,583	338,087
With donor restrictions	171,287	146,811
Total net assets	562,870	484,898
 TOTAL LIABILITIES AND NET ASSETS	 \$ 643,607	 \$ 573,579

See notes to financial statements.

OREGON CITIZENS' UTILITY BOARD (OREGON CUB)
STATEMENT OF ACTIVITIES
For the year ended December 31, 2021
(With comparative totals for 2020)

	2021			2020 Total
	Without Donor Restrictions	With Donor Restrictions	Total	
Support and revenue:				
Contributions and bequests	\$ 148,325	\$ -	\$ 148,325	\$ 106,927
Foundation grants	-	175,000	175,000	187,500
Intervenor funding	601,163	-	601,163	696,181
Special event revenue, net of direct benefit expenses	62,176	-	62,176	54,498
Investment income	130	228	358	1,325
Net realized/unrealized gains	383	4,791	5,174	6,531
Other income	2,488	-	2,488	1,442
Net assets released from restriction:				
Satisfaction of purpose restrictions	155,543	(155,543)	-	-
Total support and revenue	<u>970,208</u>	<u>24,476</u>	<u>994,684</u>	<u>1,054,404</u>
Expenses:				
Program	716,193	-	716,193	711,281
Management and general	81,039	-	81,039	93,581
Fundraising	119,480	-	119,480	122,704
Total expenses	<u>916,712</u>	<u>-</u>	<u>916,712</u>	<u>927,566</u>
Change in net assets	53,496	24,476	77,972	126,838
Net assets:				
Beginning of year	<u>338,087</u>	<u>146,811</u>	<u>484,898</u>	<u>358,060</u>
End of year	<u>\$ 391,583</u>	<u>\$ 171,287</u>	<u>\$ 562,870</u>	<u>\$ 484,898</u>

See notes to financial statements.

OREGON CITIZENS' UTILITY BOARD (OREGON CUB)
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended December 31, 2021

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Payroll and related expenses	\$ 637,809	\$ 43,984	\$ 74,565	\$ 756,358
Professional fees	10,178	23,091	-	33,269
Membership expenses	-	-	26,910	26,910
Regulatory expense	-	-	-	-
Conferences and meetings	2,641	606	154	3,401
Office expense	15,619	4,873	280	20,772
Telephone and internet	7,088	417	834	8,339
Rent	38,926	4,561	7,541	51,028
Insurance	1,352	3,419	141	4,912
Miscellaneous	3,417	88	9,055	12,560
Depreciation	1,416	-	-	1,416
	<u>718,446</u>	<u>81,039</u>	<u>119,480</u>	<u>918,965</u>
Direct benefit expenses netted with special event revenue	<u>(2,253)</u>	<u>-</u>	<u>-</u>	<u>(2,253)</u>
Total expenses	<u>\$ 716,193</u>	<u>\$ 81,039</u>	<u>\$ 119,480</u>	<u>\$ 916,712</u>

See notes to financial statements.

OREGON CITIZENS' UTILITY BOARD (OREGON CUB)
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended December 31, 2020

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Payroll and related expenses	\$ 632,056	\$ 61,765	\$ 78,262	\$ 772,083
Professional fees	11,669	21,696	-	33,365
Membership expenses	2,223	810	26,809	29,842
Regulatory expense	1,382	-	-	1,382
Conferences and meetings	1,739	3	4,362	6,104
Office expense	11,599	2,025	86	13,710
Telephone and internet	8,296	810	1,013	10,119
Rent	38,695	4,020	7,538	50,253
Insurance	3,287	242	416	3,945
Miscellaneous	335	1,654	8,580	10,569
Depreciation	-	556	-	556
	<u>711,281</u>	<u>93,581</u>	<u>127,066</u>	<u>931,928</u>
Direct benefit expenses netted with special event revenue	<u>-</u>	<u>-</u>	<u>(4,362)</u>	<u>(4,362)</u>
Total expenses	<u>\$ 711,281</u>	<u>\$ 93,581</u>	<u>\$ 122,704</u>	<u>\$ 927,566</u>

See notes to financial statements.

OREGON CITIZENS' UTILITY BOARD (OREGON CUB)
STATEMENT OF CASH FLOWS
For the year ended December 31, 2021

	2021	2020
Cash flows from operating activities:		
Change in net assets	\$ 77,972	\$ 126,838
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	1,416	556
Net realized/unrealized gains on investments	(5,174)	(6,531)
(Increase) decrease in:		
Grants and intervenor receivables	(65,743)	(32,677)
Prepaid expenses	475	(2,896)
Increase (decrease) in:		
Accounts payable	1,602	(36,605)
Accrued personnel expenses	(9,546)	20,233
Deferred revenue	-	28,950
Net cash flows from operating activities	1,002	97,868
 Cash flows from investing activities:		
Purchase of property and equipment	(2,470)	(6,668)
Proceeds from investments	12,308	-
Purchase of investments	(24,461)	(416)
Net cash flows from investing activities	(14,623)	(7,084)
 Net change in cash and cash equivalents	(13,621)	90,784
 Cash and cash equivalents - beginning of year	379,043	288,259
 Cash and cash equivalents - end of year	\$ 365,422	\$ 379,043

See notes to financial statements.

OREGON CITIZENS' UTILITY BOARD (OREGON CUB)
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

1. NATURE OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

Oregon Citizens' Utility Board (Oregon CUB or the Organization) is an Oregon private nonprofit organization founded in 1984, dedicated to representing the concerns and interests of residential utility consumers of the State of Oregon and to act on their behalf concerning all matters of regulation, legislation and public policy affecting their health, welfare and economic well-being. The Organization is funded primarily by contributions and grants.

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.

Investments

Investments are carried at fair value. Donor-restricted investment income earned on net assets with perpetual donor restrictions is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the investment income is recognized. All other donor-restricted investment income is reported as an increase in net assets with donor restrictions and classified according to the nature of the restriction.

OREGON CITIZENS' UTILITY BOARD (OREGON CUB)
NOTES TO FINANCIAL STATEMENTS, CONTINUED
December 31, 2021

1. NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *Continued*

Property and Equipment

Acquisitions of property and equipment in excess of \$1,000 are capitalized. Property and equipment purchased are recorded at cost. Donated assets are reflected as contributions at their estimated values on the date received.

Depreciation

Depreciation of property and equipment is calculated using the straight-line method over the estimated useful lives of the assets which range from 3 to 5 years.

Income Tax Status

Oregon Citizens' Utility Board (Oregon CUB) is a nonprofit corporation exempt from 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.

Revenue Recognition

Contributions, Bequests, and Foundation Grants: Contributions, bequests, and foundation grants, which include unconditional promises to give (pledges), are recognized as revenues in the period the Organization is notified of the commitment. Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. Bequests are recorded as revenue at the time the Organization has an established right to the bequest and the proceeds are measurable.

Intervenor Funding: A portion of the Organization's intervenor funding revenue is derived from funding allocated annually by utility companies, which is conditional upon incurring allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific funding provisions. Amounts received prior to incurring qualifying expenditures are reported as deferred revenue in the statement of financial position. The Organization is allocated approximately \$300,000 annually under agreements and is able to continue to apply for funding through December 2025. Other funding is provided annually based on contractual agreements.

OREGON CITIZENS' UTILITY BOARD (OREGON CUB)
NOTES TO FINANCIAL STATEMENTS, CONTINUED
December 31, 2021

1. NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *Continued*

Revenue Recognition, Continued:

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. The portion of sponsorship revenue that relates to commensurate value the sponsor received in return is recognized when the related events are held and performance obligations are met.

Expense Allocation

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 rent, telephone, and internet, which are allocated on a square footage basis, as well as payroll and related expenses, professional fees, office expenses, insurance, and miscellaneous, which are allocated on the basis of estimates of time and effort.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles 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.

Subsequent Events

The Organization has evaluated all subsequent events through July 6, 2022, the date the financial statements were available to be issued.

Summarized Financial Information for 2020

The financial information as of December 31, 2020 and for the year then ended is presented for comparative purposes and is not intended to be a complete financial statement presentation.

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.

OREGON CITIZENS' UTILITY BOARD (OREGON CUB)
NOTES TO FINANCIAL STATEMENTS, CONTINUED
December 31, 2021

2. AVAILABLE RESOURCES AND LIQUIDITY, Continued

Financial assets consist of the following at December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 365,422	\$ 379,043
Investments	83,595	66,268
Grants and intervenor receivables	<u>175,743</u>	<u>110,000</u>
	624,760	555,311
Less amounts unavailable for general expenditure:		
Net assets with donor restrictions	171,287	66,268
Board designations	<u>164,858</u>	<u>174,825</u>
Financial assets available for general expenditure	<u>\$ 288,615</u>	<u>\$ 314,218</u>

The board designated operating reserve is available for spending when approved by the Board of Directors. See Note 6 regarding board-designated net assets.

3. INVESTMENTS

Investments consist of the following at December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Money market accounts	\$ 27,676	\$ 14,988
Mutual funds	<u>55,919</u>	<u>51,280</u>
Total investments	<u>\$ 83,595</u>	<u>\$ 66,268</u>

Investments are restricted to the endowment. See Notes 7 and 11.

4. PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Furniture and equipment	\$ 14,156	\$ 12,736
Computers	<u>7,590</u>	<u>7,590</u>
	21,746	20,326
Accumulated depreciation	<u>(14,580)</u>	<u>(14,214)</u>
Property and equipment, net	<u>\$ 7,166</u>	<u>\$ 6,112</u>

OREGON CITIZENS' UTILITY BOARD (OREGON CUB)
NOTES TO FINANCIAL STATEMENTS, CONTINUED
December 31, 2021

5. LEASE COMMITMENTS

The Organization leases its office equipment and administrative office under operating leases which expire December 2023 and December 2025, respectively. Total monthly rent approximates \$4,200 with annual escalations. Rent expense for the above leases totaled approximately \$49,800 for the years ended December 31, 2021 and 2020.

Approximate future lease payments are as follows:

Year ending December 31, 2022	\$ 52,000
2023	54,400
2024	51,600
2025	<u>54,200</u>
Total	<u><u>\$ 212,200</u></u>

6. BOARD DESIGNATED NET ASSETS

Board designated net assets consists of funds set aside by the board as an operating reserve.

7. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at December 31, 2021 and 2020:

	2021	2020
With expiring restrictions:		
Earnings on endowment (Note II)	\$ 31,881	\$ 26,862
Advocacy support	-	19,822
Protecting utility customers	-	60,721
Capacity building	100,000	-
With perpetual restrictions:		
Endowment (Note II)	<u>39,406</u>	<u>39,406</u>
Total net assets with donor restrictions	<u><u>\$ 171,287</u></u>	<u><u>\$ 146,811</u></u>

Endowed net assets are held for the Eric Shaich Endowment Fund. The principal portion of the endowment is restricted in perpetuity and income on the principal is restricted to funding interns to work on telecommunications and energy policy projects. See Note II.

OREGON CITIZENS' UTILITY BOARD (OREGON CUB)
NOTES TO FINANCIAL STATEMENTS, CONTINUED
December 31, 2021

8. 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 (contract assets) and advances and deposits (contract liabilities) on the statement of financial position.

- Revenue from special events related to sponsorship revenue and ticket sales for events is recognized when the event occurs.

Total revenue by contract type included in the special event revenue on the statement of activities for December 31, 2020 was \$5,500. There was no sponsorship revenue during the year ending December 31, 2021.

The beginning and ending contract balances are as follows:

	2021	2020	2019
Accounts receivable (contract assets):			
Grant and intervenor receivable	\$ 175,743	\$ 110,000	\$ 77,323
Deferred revenue (contract liabilities):			
Intervenor deferred revenue	\$ 28,950	\$ 28,950	\$ -

9. RETIREMENT PLAN

The Organization offers a 401(k) plan. Oregon CUB's per employee contribution is \$2,400 per year. Employer contributions to the plans totaled approximately \$22,000 and \$21,000 for the year ending December 31, 2021 and 2020, respectively. Employee contributions to the plans are discretionary.

10. CONCENTRATION OF CREDIT RISK

The Organization maintains its cash balances in one financial institution. Balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The balances, at times, may exceed the federally insured limit. Balances in excess of insured limits were approximately \$112,900 and \$129,600 as of December 31, 2021 and 2020, respectively.

The Organization's revenues are concentrated with 43% and 56% of total revenues coming from three sources for the years ended December 31, 2021 and 2020, respectively. The Organization's credit risk for accounts receivable is concentrated with 97% of the balances coming from three sources at December 31, 2021 and 100% of the balance coming from two sources at December 31, 2020.

OREGON CITIZENS' UTILITY BOARD (OREGON CUB)
NOTES TO FINANCIAL STATEMENTS, CONTINUED
December 31, 2021

II. ENDOWMENT FUND

Oregon Citizens' Utility Board's endowment consists of donor-restricted funds. 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 fund 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 consider the following factors in making a determination to appropriate or accumulate donor-restricted endowment fund:

- (1) The duration and preservation of the fund
- (2) The purposes of the Organization and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Organization
- (7) The investment policies of the Organization

OREGON CITIZENS' UTILITY BOARD (OREGON CUB)
 NOTES TO FINANCIAL STATEMENTS, CONTINUED
 December 31, 2021

II. ENDOWMENT FUND, Continued

Investment Return Objectives, Risk Parameters and Strategies

The Organization has adopted investment and spending policies, approved by the Board of Directors, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk.

Endowment assets are invested in a diversified asset mix, which includes cash equivalents and equity securities. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk using the "prudent person" standard.

Spending Policy

Annually, the Organization budgets expenditures from the endowment fund, consistent with donor stipulations, not to exceed the previous accumulated earnings of the endowment fund. This is consistent with the Organization's objective to maintain the purchasing power of the endowment assets.

Endowment net asset composition by type of fund is as follows at December 31, 2021 and 2020:

	<u>With Donor Restrictions</u>		<u>Total</u>
	<u>Expiring</u>	<u>Perpetual</u>	
December 31, 2021			
Donor-restricted	<u>\$ 31,881</u>	<u>\$ 39,406</u>	<u>\$ 71,287</u>
December 31, 2020			
Donor-restricted	<u>\$ 26,862</u>	<u>\$ 39,406</u>	<u>\$ 66,268</u>

OREGON CITIZENS' UTILITY BOARD (OREGON CUB)
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December 31, 2021

11. ENDOWMENT FUND, Continued

Changes in endowment net assets for the years ended December 31, 2021 and 2020 are as follows:

	<u>With Donor Restrictions</u>		<u>Total</u>
	<u>Expiring</u>	<u>Perpetual</u>	
Endowment net assets -			
December 31, 2019	\$ 19,915	\$ 39,406	\$ 59,321
Investment return:			
Investment income	416	-	416
Net appreciation	<u>6,531</u>	<u>-</u>	<u>6,531</u>
Endowment net assets -			
December 31, 2020	26,862	39,406	66,268
Investment return:			
Investment income	228	-	228
Net appreciation	<u>4,791</u>	<u>-</u>	<u>4,791</u>
Endowment net assets -			
December 31, 2021	<u>\$ 31,881</u>	<u>\$ 39,406</u>	<u>\$ 71,287</u>

12. FAIR VALUE MEASUREMENTS

Assets and liabilities recorded at fair value in the statements 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.

OREGON CITIZENS' UTILITY BOARD (OREGON CUB)
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12. 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.

Investments measured at fair value consist of the following Level 1 investments at December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Mutual funds - equity funds	\$ 55,919	\$ 51,280

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