



Report of Independent Auditors
in accordance with OMB Circular A-133
and Financial Statements
(with supplementary information) for

**Northwest Power &
Conservation Council**

September 30, 2012

MOSS ADAMS LLP

Certified Public Accountants | Business Consultants

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REPORT OF INDEPENDENT AUDITORS

To the Council Members
Northwest Power and Conservation Council

We have audited the accompanying statement of financial position of the Northwest Power and Conservation Council (the Council) as of September 30, 2012, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Council's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to previously present fairly, in all material respects, the financial position of Northwest Power and Conservation Council as of September 30, 2012 and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 9, 2013 on our consideration of the Council's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Moss Adams LLP

Portland, Oregon
January 9, 2013

NORTHWEST POWER AND CONSERVATION COUNCIL
STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2012

ASSETS

Cash and cash equivalents	\$ 8,736
Restricted cash	<u>1,223,822</u>
Total cash and cash equivalents	<u>1,232,558</u>
Awards receivable	1,405,568
Property and equipment, at cost:	
Furniture and equipment	799,919
Leasehold improvements	<u>140,607</u>
Total property and equipment	940,526
Less accumulated depreciation and amortization	<u>(851,873)</u>
Net property and equipment, at cost	<u>88,653</u>
Total assets	<u><u>\$ 2,726,779</u></u>

LIABILITIES AND FUND BALANCE

Accounts payable	\$ 600,003
Accrued payroll, payroll taxes, and employee benefits	952,667
Deferred project revenue	842,226
Deferred rent payable	<u>10,476</u>
Total liabilities	2,405,372
Fund balance	<u>321,407</u>
Total liabilities and fund balance	<u><u>\$ 2,726,779</u></u>

NORTHWEST POWER AND CONSERVATION COUNCIL
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2012

AWARDS AND REVENUES

Bonneville Power Administration awards	\$ 12,179,518
Interest income	976
Miscellaneous income	<u>100</u>
Total awards and revenues	<u>12,180,594</u>

EXPENSES

Personal service salaries	5,023,645
Professional service contracts	2,719,571
Payroll taxes and benefits	2,407,789
Office supplies and services	653,612
Facilities rent	502,520
Travel	482,197
Equipment rental and maintenance	78,867
Depreciation and amortization	53,975
Publicity	36,019
Education and training	28,028
Miscellaneous expenses	21,498
Employee recruiting	<u>32,559</u>
Total expenses	<u>12,040,280</u>

EXCESS OF AWARDS AND REVENUES OVER EXPENSES	140,314
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FUND BALANCE, beginning of year	<u>181,093</u>
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FUND BALANCE, end of year	<u><u>\$ 321,407</u></u>
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NORTHWEST POWER AND CONSERVATION COUNCIL
STATEMENT OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2012

CASH FLOWS FROM OPERATING ACTIVITIES

Excess of awards and revenues over expenses \$ 140,314

Adjustments to reconcile excess of awards and revenues
over expenses to net cash from operating activities:

Depreciation and amortization 53,975

Deferred project revenue 10,989

Deferred rent payable (1,187)

Changes in assets and liabilities:

Awards receivable (640,774)

Prepaid expenses and other assets 93,493

Accounts payable 109,505

Accrued payroll, payroll taxes, and employee benefits 48,625

Net cash from operating activities (185,060)

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of property and equipment (43,694)

Net cash from investing activities (43,694)

DECREASE IN CASH AND CASH EQUIVALENTS (228,754)

CASH AND CASH EQUIVALENTS, beginning of year 1,461,312

CASH AND CASH EQUIVALENTS, end of year \$ 1,232,558

NORTHWEST POWER AND CONSERVATION COUNCIL

NOTES TO FINANCIAL STATEMENTS

Note 1 – Organization and Summary of Significant Accounting Policies

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

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

The Council has developed the Columbia River Basin Fish and Wildlife Program, which was originally adopted on November 15, 1982, and subsequently amended to include salmon recovery measures. The Council has also developed the Northwest Conservation and Electric Power Plan, which was originally adopted on April 27, 1983. The Council now directs its efforts to the implementation and revision of these programs at both the regional and state levels. The most recent revisions were adopted in 2009 for the Fish and Wildlife Program and in 2010 for the Conservation and Electric Power Plan.

As provided by the Act, the Bonneville Power Administration (Bonneville) pays compensation and other expenses of the Council for the performance of its functions and responsibilities relating to the Act. Bonneville is required to pay the Council expenses not to exceed 0.02 mills per kilowatt-hour (kwh) of forecasted firm power sales for the year to be funded. However, funding may be increased up to 0.10 mills per kwh of forecasted firm power sales in any year upon a showing of need by the Council. Actual Council program expenses funded through Bonneville for the year ended September 30, 2012, were \$9,646,776. On a budgetary basis of accounting, which differs from the accrual method primarily by including capital outlay expenditures and excluding depreciation, expenses were \$9,636,495 with \$2,795,628 allocated for the operations of State Councils.

Cash and cash equivalents – The Council considers all cash on hand, including restricted cash, and investments in money market funds with an original maturity date of three months or less as cash and cash equivalents. Restricted cash represents the amount of funds received from outside sources that are restricted for specific projects as well as funds reserved for employee retirement plan obligations or self-funded insurance claims.

Use of estimates – The preparation of the financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Significant estimates considered in the preparation of the accompanying financial statements pertain to the recognition of accounts payable and accrued liabilities and the useful lives for depreciable assets. Actual results could differ from estimates and assumptions that have been applied.

NORTHWEST POWER AND CONSERVATION COUNCIL

NOTES TO FINANCIAL STATEMENTS

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

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

Property and equipment – The cost of property and equipment is being depreciated over the estimated useful lives of the assets using the straight-line method. Estimated useful lives range from three to five years. New equipment with cost exceeding \$1,500 is capitalized; conversely, expenditures for repairs and maintenance are expensed when incurred.

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

Deferred project revenue – Deferred project revenues represent funds received in fiscal year 2012, related to fiscal year 2013 activities. The deferred balance will be recognized as related program expenditures are incurred during the year ending September 30, 2013.

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

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

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

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

The Council follows generally accepted accounting principles related to uncertain tax positions. In this regard, and if applicable, the Council would recognize the tax benefit from uncertain tax positions only if it is more likely than not that the tax positions would be sustained on examination by tax authorities, based on the technical merits of the position. The tax benefit measurement is based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. The Council recognizes interest and penalties, if any, related to income tax matters in miscellaneous expenses.

NORTHWEST POWER AND CONSERVATION COUNCIL

NOTES TO FINANCIAL STATEMENTS

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

Subsequent events – Subsequent events are events or transactions that occur after the statement of financial position date but before financial statements are issued. The Council recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the statement of financial position, including the estimates inherent in the process of preparing the financial statements. The Council's financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the statement of financial position but arose after the statement of financial position date and before financial statements are available to be issued. The Council has evaluated subsequent events through January 9, 2013, which is the date the financial statements became available for issuance.

Note 2 – Awards Receivable – Bonneville Power Administration Funding

The following represents awards receivable from Bonneville as of September 30, 2012:

Council programs	\$ 1,041,321
Independent Scientific Review Panel	38,755
Independent Scientific Advisory Board	68,065
Other special projects	<u>257,427</u>
Total awards receivable	<u><u>\$ 1,405,568</u></u>

Note 3 – Independent Scientific Review Panel

During 1997, Congress passed the Energy and Water Development Appropriations Act, which added an amendment to the Act. The amendment requires the Council to create an independent panel of scientists and peer review groups to examine projects proposed for funding by Bonneville. Funding for the panel is provided by Bonneville and is separate from the Council's operating budget. Expenses of the Independent Scientific Review Panel for the year ended September 30, 2012, were \$472,337.

Note 4 – Independent Scientific Advisory Board

In 1996, the Council and National Oceanic and Atmospheric Administration (NOAA) Fisheries established the Independent Scientific Advisory Board (ISAB). The ISAB was formed to provide independent advice and recommendations regarding scientific issues posed by representative agencies on matters that relate to their fish and wildlife programs. In 2002, the Columbia River Basin Indian Tribes were added as equal partners in the sponsorship of the ISAB. For the year ended September 30, 2012, ISAB expenses, which are supported through revenue from Bonneville, were \$215,615.

NORTHWEST POWER AND CONSERVATION COUNCIL

NOTES TO FINANCIAL STATEMENTS

Note 5 – Regional Technical Forum Technical Support

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

RTF projects include the assessment of potential energy efficiency technologies, measures, or practices and renewable resources to determine their incremental costs, energy and capacity savings, reliability, and value to the region's bulk power system. RTF work is funded by Bonneville and other utilities and is performed by Council staff and contractors employed by the Council for specific analytical tasks. Expenses of the RTF for the year ended September 30, 2012, were \$1,473,817.

Note 6 – Planning, Tracking, and Reporting

The Planning, Tracking and Reporting (PTR) system was developed to allow utilities to plan, track and report energy efficiency renewable resource activities. PTR enhancement measures include activities such as ease-of-use enhancement, routine system enhancements, testing changes to the system prior to live system changes, and technical support and training to users of the system. The PTR system project is funded by Bonneville for the administration and maintenance of the system that was implemented in 2007. Expenses of the PTR for the year ended September 30, 2012, were \$200,947.

Note 7 – Regional Power Supply Adequacy

The Regional Power Supply Adequacy Project uses both Bonneville and Council contracting funds to study the impacts of wind resources and improve the simulation of current forecasts for Northwest energy demand. This project also supports efforts to improve modeling capabilities in order to assess the sustained peaking capability of the Northwest's hydroelectric system and to provide critical data to assess the region's power supply adequacy. Expenses of the Regional Power Supply Adequacy Project for the year ended September 30, 2012, were \$30,788.

NORTHWEST POWER AND CONSERVATION COUNCIL

NOTES TO FINANCIAL STATEMENTS

Note 8 – Commitments

The Council leases office space and various equipment under operating lease agreements. Future minimum lease payments under these leases for the year ending September 30 are as follows:

2013	\$	422,210
2014		422,210
2015		422,210
2016		422,210
2017		422,210
Thereafter		<u>1,794,394</u>
	\$	<u>3,905,444</u>

Certain leases contain periodic escalation clauses. Total facilities and equipment rental expense, including short-term rentals, maintenance contracts, and leases of less than one year, was \$570,911 for the year ended September 30, 2012.

Note 9 – Deferred Compensation Trust and Pension Plan

The Council has established a state and local government deferred compensation trust for its employees. The trust was established during 2000 to replace the structure of a previous deferred compensation plan. As a result of formation of the trust, all plan assets and related benefit obligations were removed from the books and records of the Council and placed with the trust. Under the deferred compensation trust, pursuant to Section 457 of the Internal Revenue Code, the Council has a contractual relationship with each employee participant to pay his or her deferred compensation balance upon termination. The Council did not contribute to this plan for the year ended September 30, 2012. Employee salary deferrals not yet remitted to the plan, which are recorded within restricted cash and accrued employee benefits until distributed, were \$13,074 for the year ended September 30, 2012.

The Council also has a retirement plan and trust plan, which was adopted on December 31, 1987, under Code Section 401(a) of the Internal Revenue Code. All Council contributions to the retirement plan are held in trust for the benefit of employee participants. During the year ended September 30, 2012, the Council made contributions of \$789,648 to this plan. The Council's contributions recognize the fact that the Council does not participate or contribute to FICA and, therefore, employees do not receive benefits under the Federal Social Security system. Contributions on behalf of employees not yet remitted to the plan, which are recorded within restricted cash and accrued employee benefits until distributed, were \$288,071 for the year ended September 30, 2012.

NORTHWEST POWER AND CONSERVATION COUNCIL

NOTES TO FINANCIAL STATEMENTS

Note 10 – Concentrations of Credit Risk

Financial instruments that potentially subject the Council to concentrations of credit risk consist principally of cash and cash equivalents. The Council places substantially all of its cash and cash equivalents with federally insured financial institutions; however, cash balances may periodically exceed federally insured limits. As of September 30, 2012, management considers the Council to have no undue concentration of credit risk resulting from its cash management and banking practices.

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

**REPORT OF INDEPENDENT AUDITORS ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT
AUDITING STANDARDS***

The Council Members
Northwest Power and Conservation Council

We have audited the financial statements of Northwest Power and Conservation Council (the Council) as of and for the year ended September 30, 2012 and have issued our report thereon dated January 9, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

Management of the Council is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Council's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Council's internal control over financial reporting.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined previously.

**REPORT OF INDEPENDENT AUDITORS ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT
AUDITING STANDARDS* (continued)**

Compliance and Other Matters

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

This report is intended solely for the information and use of management, the Council members, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Moss Adams LLP

Portland, Oregon
January 9, 2013

**REPORT OF INDEPENDENT AUDITORS ON COMPLIANCE WITH REQUIREMENTS THAT
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH
OMB CIRCULAR A-133**

The Council Members
Northwest Power and Conservation Council

Compliance

We have audited the Northwest Power and Conservation Council's (the Council) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Council's major federal programs for the year ended September 30, 2012. The Council's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Council's management. Our responsibility is to express an opinion on the Council's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Council's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Council's compliance with those requirements.

In our opinion, the Council complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2012.

**REPORT OF INDEPENDENT AUDITORS ON COMPLIANCE WITH REQUIREMENTS THAT
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH
OMB CIRCULAR A-133 (continued)**

Internal Control over Compliance

Management of the Council is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Council's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Council's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

The purpose of this report is solely to (1) describe the scope of our testing of internal control over compliance and the results that testing; and (2) express an opinion on compliance based on our audit. This report is an integral part of an audit performed in accordance with OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Portland, Oregon
January 9, 2013

**NORTHWEST POWER AND CONSERVATION COUNCIL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2012**

Section I – Summary of Auditor's Results

Financial statements

The report of independent auditors expresses an unqualified opinion on the financial statements of the Council as of September 30, 2012, and for the year then ended.

Internal control over financial reporting:

- Material weakness(es) identified? ☐ yes ☒ no
- Significant deficiency(ies) identified? ☐ yes ☒ none reported

Noncompliance material to financial
statements noted?

☐ yes ☒ no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? ☐ yes ☒ no
- Significant deficiency(ies) identified? ☐ yes ☒ none reported

The report of independent auditors on compliance with requirements applicable to each major program and on internal control over compliance in accordance with OMB Circular A-133 for the Council expresses an unqualified opinion as of September 30, 2012, and for the year then ended.

Any audit findings disclosed that are
required to be reported in accordance
with Section 510(a) of Circular A-133?

☐ yes ☒ no

**NORTHWEST POWER AND CONSERVATION COUNCIL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2012**

Section I – Summary of Auditor’s Results (continued)

Identification of major programs:

<u>CFDA Number</u>	<u>Grant Number</u>	<u>Name of Federal Program or Cluster</u>
		Pass-Through Programs from Bonneville Power Administration:
81.xxx	00054789/00054790	Independent Scientific Advisory Board/Independent Scientific Review Panel
81.xxx	00053228/00056847	Regional Technical Forum Support/Regional Technical Forum Support 2012-2014

Dollar threshold used to distinguish
between type A and type B programs? \$300,000

Auditee qualified as low-risk auditee? yes ✓ no

Section II – Financial Statement Findings

No matters were reported.

Section III – Federal Award Findings and Questioned Costs

No matters were reported.

SUPPLEMENTARY INFORMATION

NORTHWEST POWER & CONSERVATION COUNCIL
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED SEPTEMBER 30, 2012

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Energy:			
Pass-Through Programs from Bonneville Power Administration:			
Independent Scientific Advisory Board	81.xxx *	00054789	\$ 215,615
Independent Scientific Review Panel	81.xxx *	00054790	<u>472,337</u>
			687,952
Regional Technical Forum Support	81.xxx *	00053228	79,026
Regional Technical Forum Support 2012-2014	81.xxx *	00056847	<u>422,398</u>
			<u>501,424</u>
Total expenditures of federal awards			<u><u>\$ 1,189,376</u></u>

* Federal CFDA number not available.

NORTHWEST POWER & CONSERVATION COUNCIL
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED SEPTEMBER 30, 2012

Note 1 – Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Northwest Power & Conservation Council (the Council) under programs of the federal government for the year ended September 30, 2012. The information in the Schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Government, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of the Council, it is not intended to and does not present the financial position, changes in net assets or cash flows of the Council.

Note 2 – Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-122, *Cost Principles for Non-Profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.