Reports of Independent Auditors
and Financial Statements
with Supplementary Information

Northwest Power & Conservation Council

September 30, 2025 and 2024

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Report of Independent Auditors

The Council Members
Northwest Power & Conservation Council

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Northwest Power & Conservation Council (the Council), which comprise the statements of financial position as of September 30, 2025 and 2024, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Council as of September 30, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States *(Government Auditing Standards*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Council and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Council's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Council's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 27, 2026, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Council's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Council's internal control over financial reporting and compliance.

Baker Tilly US, LLP

Portland, Oregon
February 27, 2026

Financial Statements

Northwest Power & Conservation Council
Statements of Financial Position
September 30, 2025 and 2024

	2025	2024
ASSETS		
Cash and cash equivalents	$ 6,650,659	$ 5,391,297
Restricted cash	929,482	1,228,342
Total cash and cash equivalents and restricted cash	7,580,141	6,619,639
Awards receivable	79,890	146,926
Prepaid expenses and other assets	596,128	541,133
Operating right-of-use assets, net	3,510,619	4,625,705
Property and equipment, at cost:		
Furniture and equipment	770,169	707,871
Leasehold improvements	116,608	116,608
Total property and equipment	886,777	824,479
Less accumulated depreciation and amortization	(740,037)	(680,041)
Net property and equipment, at cost	146,740	144,438
Total assets	$ 11,913,518	$ 12,077,841
LIABILITIES AND NET ASSETS		
Accounts payable	$ 280,496	$ 485,161
Refundable advances - Bonneville Power Administration	6,134,393	4,792,076
Accrued payroll, payroll taxes, and employee benefits	689,589	593,176
Deferred project revenue	693,257	896,152
Operating lease liabilities	3,773,867	4,887,605
Total liabilities	11,571,602	11,654,170
Net assets		
Without donor restrictions	341,916	423,671
Total liabilities and net assets	$ 11,913,518	$ 12,077,841

See accompanying notes.

Northwest Power & Conservation Council
Statements of Activities
Years Ended September 30, 2025 and 2024

	2025	2024
AWARDS AND REVENUES		
Bonneville Power Administration awards	$ 13,463,011	$ 12,635,573
Investment return, net	182,075	227,488
Other income	20,555	55,649
Total awards and revenues	13,665,641	12,918,710
EXPENSES		
Power division	2,979,345	3,267,609
Fish & wildlife division	1,413,505	1,286,913
State councils	3,231,682	2,872,686
Central council	3,452,751	3,113,353
Special projects	2,670,113	2,309,007
Total expenses	13,747,396	12,849,568
(DECREASE) INCREASE IN NET ASSETS	(81,755)	69,142
NET ASSETS WITHOUT DONOR RESTRICTIONS, beginning of year	423,671	354,529
NET ASSETS WITHOUT DONOR RESTRICTIONS, end of year	$ 341,916	$ 423,671

See accompanying notes.

Northwest Power & Conservation Council
Statement of Functional Expenses
Year Ended September 30, 2025

	Power Division	Fish & Wildlife Division	State Councils	Central Council	Special Projects	Total
Personnel service salaries	$ 1,613,612	$ 892,104	$ 1,966,353	$ 1,416,168	$ 252,542	$ 6,140,779
Professional service contracts	583,523	109,095	28,762	166,319	2,275,622	3,163,321
Payroll taxes and benefits	651,755	382,843	894,959	628,240	99,123	2,656,920
Other operating expenses	88,618	4,441	142,407	1,099,365	41,253	1,376,084
Travel	41,837	25,022	199,201	77,140	1,573	344,773
Depreciation and amortization	-	-	-	65,519	-	65,519
Total expenses	$ 2,979,345	$ 1,413,505	$ 3,231,682	$ 3,452,751	$ 2,670,113	$ 13,747,396

See accompanying notes.

Northwest Power & Conservation Council
Statement of Functional Expenses
Year Ended September 30, 2024

	Power Division	Fish & Wildlife Division	State Councils	Central Council	Special Projects	Total
Personnel service salaries	$ 1,470,069	$ 769,616	$ 1,771,826	$ 1,425,438	$ 238,374	$ 5,675,323
Professional service contracts	1,058,507	118,797	26,228	245,981	1,955,513	3,405,026
Payroll taxes and benefits	596,633	356,865	777,570	644,226	94,404	2,469,698
Other operating expenses	89,277	11,926	124,824	717,114	18,109	961,250
Travel	53,123	29,709	172,238	37,641	2,607	295,318
Depreciation and amortization	-	-	-	42,953	-	42,953
Total expenses	$ 3,267,609	$ 1,286,913	$ 2,872,686	$ 3,113,353	$ 2,309,007	$ 12,849,568

See accompanying notes.

Northwest Power & Conservation Council
Statements of Cash Flows
Years Ended September 30, 2025 and 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ (81,755)	$ 69,142
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation and amortization	65,519	42,953
Non-cash operating lease expense	1,348	36,529
Changes in assets and liabilities:		
Awards receivable	67,036	146,870
Prepaid expenses and other assets	(54,995)	(20,969)
Accounts payable	(204,665)	76,323
Refundable advance – BPA	1,342,317	(55,479)
Accrued payroll, payroll taxes, and employee benefits	96,413	68,779
Deferred project revenue	(202,895)	(124,497)
Net cash from operating activities	1,028,323	239,651
CASH FLOWS USED IN INVESTING ACTIVITIES		
Purchases of property and equipment	(67,821)	(173,743)
Net cash used in investing activities	(67,821)	(173,743)
INCREASE IN CASH AND CASH EQUIVALENTS AND RESTRICTED CASH	960,502	65,908
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH, beginning of year	6,619,639	6,553,731
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH, end of year	$ 7,580,141	$ 6,619,639
SUPPLEMENTAL DISCLOSURES OF NON-CASH FLOW INFORMATION		
Reduction of right-of-use asset and liability as a result of modification of lease during the year	$ (748,323)	$ -

See accompanying notes.

Note 1 – Organization and Summary of Significant Accounting Policies

Organization – Northwest Power & 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 charged with developing a program to protect, mitigate, and enhance fish and wildlife affected by the development, operation, and management of hydroelectric projects on the Columbia River and its tributaries.

The Council developed the Columbia River Basin Fish and Wildlife Program, which was adopted on November 15, 1982. The Council also developed the Northwest Conservation and Electric Power Plan, which was adopted on April 27, 1983. The Council reviews the program and plan every five years and updates and adopts revisions to the plan and program in separate comprehensive public processes. The most recent revisions were adopted in 2020 for the Fish and Wildlife Program, and in 2022 for the Northwest Power Plan.

As provided by the Act, the Bonneville Power Administration (Bonneville) pays compensation and other expenses of the Council for the performance of its functions and responsibilities relating to the Act. Bonneville is required to pay the Council for expenses not to exceed 0.02 mills per kilowatt-hour (kwh) of forecasted firm power sales for the year to be funded. However, funding may be increased up to 0.10 mills per kwh of forecasted firm power sales in any year upon a showing of need by the Council. Actual Council program expenses funded through Bonneville for the years ended September 30, 2025 and 2024, were $11,098,018 and $10,540,561, respectively. On a budgetary basis of accounting, which differs from the accrual method primarily by including capital outlay expenditures and excluding depreciation and amortization, expenses were $11,032,499 with $3,231,682 allocated for the operations of State Councils for the year ended September 30, 2025. Expenses were $10,497,608 with $2,872,686 allocated for the operations of State Councils for the year ended September 30, 2024.

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

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

Net assets with donor restrictions – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Council and/or the passage of time. When a restriction is met, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Also included in this category are net assets subject to donor-imposed stipulations which must be maintained in perpetuity by the Council. Generally, the donors of these assets permit the use of all or a part of the income earned on any related investments for general or specific purposes. There were no net assets under this category as of September 30, 2025 and 2024.

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

Use of estimates – The preparation of the financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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

Restricted cash – Restricted cash represents the amount of funds received from outside sources that are restricted for specific projects at September 30, 2025 and 2024 as well as funds reserved for employee retirement plan obligations at September 30, 2024. Restricted cash balances generally cannot be used for any reason other than their intended purpose.

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

Prepaid expenses – Prepaids expenses consist of expenses paid in advance but not yet incurred.

Leases – The Council determines if an arrangement is a lease, or contains a lease, at the inception of the arrangement and reassesses that conclusion, if the arrangement is modified. When the Council determines the arrangement is a lease, or contains a lease, at lease inception, a determination is made as to whether the lease is an operating lease or a finance lease. Operating and finance leases result in the Council's recording a right-of-use (ROU) asset and lease liability on its statements of financial position. ROU assets represent the Council's right to use an underlying asset for the lease term and lease liabilities represent its obligation to make lease payments arising from the lease. Operating and finance lease ROU assets and liabilities are initially recognized based on the present value of lease payments over the lease term. In determining the present value of lease payments, the Council uses the implicit interest rate in the lease, if readily determinable, or when the implicit interest rate is not readily determinable, the Council has elected the practical expedient that permits use of a risk-free discount rate, determined using a period comparable with that of the lease term. Rent expense from operating leases is recognized on a straight-line basis over the term of the leases. For finance leases, interest expense is recognized, using the effective interest-rate method over the term of the leases, and ROU assets are depreciated on a straight-line basis over the term of the leases.

The Council elected the following practical expedients upon implementation of Accounting Standards Codification (ASC) 842, *Leases*:

- Practical expedient on not separating lease components from non-lease components for classes of underlying assets. This was elected for the Council's real estate leases.

- Package of practical expedients, which must be elected as a package, to leases that commenced before October 1, 2022, which permit an entity to (1) not reassess whether any expired or existing contracts are or contain leases (2) not reassess the lease classification and (3) reassess initial direct costs.

- Practical expedient to not recognize ROU assets and lease liabilities that arise from short-term (12 months or less) leases for any class of underlying asset.

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

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

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

Revenue and revenue recognition – All funding is considered available for general use unless specifically restricted by the donor.

A portion of the Council's revenue is derived from cost-reimbursable contracts and grants, which are conditioned upon certain performance requirements and/or incurring allowable qualifying expenses. Amounts received are recognized as revenue as the Council has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances and deferred project revenue in the statements of financial position.

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

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

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

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

The Council follows generally accepted accounting principles related to uncertain tax positions. In this regard, and if applicable, the Council would recognize the tax benefit from uncertain tax positions only if it is more likely than not that the tax positions would be sustained upon examination by tax authorities, based on the technical merits of the position. The tax benefit measurement is based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. As of September 30, 2025 and 2024, the Council has not identified any uncertain tax positions requiring accrual or disclosure. The Council recognizes interest and penalties, if any, related to income tax matters in miscellaneous expenses. During the years ended September 30, 2025 and 2024, no interest or penalties were recognized.

Subsequent events – Subsequent events are events or transactions that occur after the statement of financial position date but before financial statements are available to be issued. The Council recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the statement of financial position, including the estimates inherent in the process of preparing the financial statements. The Council's financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the statement of financial position but arose after the statement of financial position date and before financial statements are available to be issued. The Council has evaluated subsequent events through February 27, 2026, which is the date the financial statements were available to be issued.

Note 2 – Liquidity and Availability

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

	2025	2024
Cash and cash equivalents, unrestricted	$ 6,650,659	$ 5,391,297
Awards receivable	79,890	146,926
	$ 6,730,549	$ 5,538,223

Note 3 – Restricted Cash

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

	2025	2024
Nature of restriction		
Special projects funded by utilities	$ 929,482	$ 1,167,601
Council retirement funds	-	46,358
Deferred compensation funds	-	14,383
	$ 929,482	$ 1,228,342

Note 4 – Awards Receivable – Bonneville Power Administration Funding

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

	2025	2024
Council Programs	$ 9,510	$ 9,274
Regional Technical Forum Support	-	49,717
Independent Scientific Review Panel	31,812	47,682
Independent Scientific Advisory Board	38,568	40,253
Total awards receivable	$ 79,890	$ 146,926

Note 5 – Independent Scientific Review Panel

In 1997, Congress passed the Energy and Water Development Appropriations Act, which added an amendment to the Act. The amendment requires the Council to create an independent panel of scientists and peer review groups to examine projects proposed for funding by Bonneville. Funding for the panel is provided by Bonneville and is separate from the Council's operating budget. Expenses of the Independent Scientific Review Panel for the years ended September 30, 2025 and 2024, were $340,251 and $165,952, respectively.

Note 6 – Independent Scientific Advisory Board

In 1996, the Council and the National Oceanic and Atmospheric Administration (NOAA) Fisheries established the Independent Scientific Advisory Board (ISAB). The ISAB was formed to provide independent advice and recommendations regarding scientific issues posed by representative agencies on matters that relate to their fish and wildlife programs. In 2002, the Columbia River Basin Indian Tribes were added as equal partners in the sponsorship of the ISAB. For the years ended September 30, 2025 and 2024, ISAB expenses, which are supported through revenue from Bonneville, were $221,630 and $243,084, respectively.

Note 7 – Regional Technical Forum Support

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

RTF projects include the assessment of potential energy efficiency technologies, measures, practices and renewable resources to determine their incremental costs, energy and capacity savings, reliability, and value to the region's bulk power system. RTF work is funded by Bonneville and other utilities and is performed by Council staff and contractors employed by the Council for specific analytical tasks. Expenses of the RTF for the years ended September 30, 2025 and 2024, were $2,087,497 and $1,899,971, respectively.

Note 8 – Operating Leases

The Council leases office space through operating leases that expire at various times through 2034. The leases are classified as operating leases under ASC 842 for the year ended September 30, 2025 and 2024. The operating leases do not require any contingent rental payments, impose any financial restrictions, or contain any residual value guarantees.

For the years ended September 30, 2025 and 2024, the weighted average remaining lease term for operating leases were 7.93 and 12.02 years, respectively. For the years ended September 30, 2025 and 2024, the weighted average discount rate for operating leases was 4.18% and 3.90%, respectively.

The aggregate minimum rental commitments under the operating leases are as follows for the years ending September 30:

2026	$ 556,474
2027	570,021
2028	581,764
2029	547,855
2030	535,357
Thereafter	1,656,822
Total future lease payments	4,448,293
Less imputed interest	(674,426)
Present value of lease liabilities	$ 3,773,867

The Council incurred operating lease expenses of $543,671 and $307,052 during the years ended September 30, 2025 and 2024, respectively, which was recorded within other operating expenses on the statements of functional expenses.

Note 9 – Deferred Compensation Trust and Pension Plan

The Council has established a state and local government deferred compensation trust for its employees. The trust was established during 2000 to replace the structure of a previous deferred compensation plan. As a result of formation of the trust, all plan assets and related benefit obligations were removed from the books and records of the Council and placed with the trust. Under the deferred compensation trust, pursuant to Section 457 of the Internal Revenue Code, the Council has a contractual relationship with each employee participant to pay his or her deferred compensation balance upon termination. The Council did not contribute to this plan for the years ended September 30, 2025 and 2024. Employee salary deferrals not yet remitted to the plan, which are recorded within restricted cash and accrued employee benefits until distributed, were $11,883 for the year ended September 30, 2024. During 2025, the Council transitioned the administration of the plan to a third-party.

The Council also has a retirement plan and trust plan, which was adopted on December 31, 1987, under Code Section 401(a) of the Internal Revenue Code. All Council contributions to the retirement plan are held in a trust for the benefit of employee participants. During the years ended September 30, 2025 and 2024, the Council made contributions of $980,781 and $906,348, respectively, 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 $46,358 for the year ended September 30, 2024. During 2025, the Council transitioned the administration of the plan to a third-party.

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, 2025 and 2024, 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 & Conservation Council

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of Northwest Power & Conservation Council (the Council), which comprise the statement of financial position as of September 30, 2025, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 27, 2026.

Report on Internal Control Over Financial Reporting

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

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

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

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Report on Compliance and Other Matters

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

Purpose of this Report

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

Baker Tilly US, LLP

Portland, Oregon
February 27, 2026

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

The Council Members
Northwest Power & Conservation Council

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Northwest Power & Conservation Council's (the Council) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the Council's major federal program for the year ended September 30, 2025. The Council's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Council complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended September 30, 2025.

Basis for Opinion on the Major Federal Program

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

We are required to be independent of the Council and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the Council's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

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Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

Baker Tilly US, LLP

Portland, Oregon
February 27, 2026

Northwest Power & Conservation Council
Schedule of Findings and Questioned Costs
Year Ended September 30, 2025

Section I – Summary of Auditor's Results

Financial Statements

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

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? ☐ Yes ☒ No

Federal Awards

Internal control over major federal programs:

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

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

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

Federal Assistance Listing Number	*Name of Federal Program or Cluster*	*Type of Auditor's Report Issued on Compliance for Major Federal Program*
81.U01	Independent Scientific Advisory Board /Independent Scientific Review Panel	*Unmodified*

Dollar threshold used to distinguish between type A and type B programs: $1,000,000

Auditee qualified as low-risk auditee? ☒ Yes ☐ No

Section II – Financial Statement Findings

None reported.

Section III – Federal Award Findings and Questioned Costs

None reported.

FINDING 2024-001 – Reporting – Significant Deficiency in Internal Controls over Compliance

Current year status – Resolved.

Supplementary Information

Northwest Power & Conservation Council
Schedule of Expenditures of Federal Awards
Year Ended September 30, 2025

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
U.S. Department of Energy				
Pass-Through Programs From Bonneville Power Association:				
Independent Scientific Advisory Board	81.U01	00093179	$ -	$ 221,589
Independent Scientific Review Panel	81.U01	00093174	-	340,191
			-	561,780
Regional Technical Forum Support 2020-2024	81.U02	00083607	-	608,569
			-	608,569
Total Expenditures of Federal Awards			$ -	$ 1,170,349

See notes to the schedule of expenditures of federal awards.

Note 1 – Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Northwest Power & Conservation Council (the Council) under programs of the federal government for the year ended September 30, 2025. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations (CFR)* Part 200*, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Council, it is not intended to and does not present the financial position, changes in net assets, functional expenses, or cash flows of the Council.

Note 2 – Summary of Significant Accounting Policies

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

Note 3 – Indirect Cost Rate

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

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