Report of Independent Auditors
and Financial Statements

Energy Trust of Oregon, Inc.

December 31, 2023 and 2022

MOSSADAMS

Table of Contents

Report of Independent Auditors

The Board of Directors
Energy Trust of Oregon, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Energy Trust of Oregon, Inc., which comprise the statements of financial position as of December 31, 2023 and 2022, 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 Energy Trust of Oregon, Inc., as of December 31, 2023 and 2022, and the results of its operations 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). 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 Energy Trust of Oregon, Inc., and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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 Energy Trust of Oregon, Inc.'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 GAAS 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, 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 Energy Trust of Oregon, Inc.'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 Energy Trust of Oregon, Inc.'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.

Moss Adams LLP

Portland, Oregon
April 2, 2024

Financial Statements

Energy Trust of Oregon, Inc.
Statements of Financial Position
December 31, 2023 and 2022

	2023	2022
ASSETS		
Cash and cash equivalents	$ 120,487,305	$ 113,276,676
Other receivables	473,768	218,587
Notes receivable, net of allowance	1,288,151	1,282,331
Advances paid to contractor	2,230,377	2,035,297
Prepaid expenses	577,633	580,131
Property and equipment, net	416,632	660,287
Right of use lease asset - operating	1,534,640	2,350,647
Other assets	1,511,998	1,478,013
Total assets	$ 128,520,504	$ 121,881,969
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	$ 36,131,569	$ 25,344,637
Accrued payroll and related expenses	2,088,322	2,183,757
Deferred revenue	1,532,447	1,858,825
Lease liability - operating	2,123,041	3,184,561
Total liabilities	41,875,379	32,571,780
COMMITMENTS AND CONTINGENCIES (NOTE 11)		
NET ASSETS		
Without donor restrictions		
Undesignated	75,857,471	78,969,922
Designated	10,787,654	10,340,267
Total net assets	86,645,125	89,310,189
Total liabilities and net assets	$ 128,520,504	$ 121,881,969

See accompanying notes.

Energy Trust of Oregon, Inc.
Statements of Activities
Years Ended December 31, 2023 and 2022

	2023	2022
Funding revenue		
OPUC grant agreement	$ 214,839,674	$ 202,296,131
NW Natural for Washington	3,160,185	3,150,874
Contracts and grants	1,469,565	1,309,626
Other revenue	19,449	-
Total funding revenue	219,488,873	206,756,631
Interest income and investment returns		
Interest and dividend income, net of amortization	3,210,718	406,363
Interest on notes receivable	13,000	13,750
Unrealized gain (loss) on deferred compensation assets	(197)	233
Total interest income and investment returns	3,223,521	420,346
Total revenues	222,712,394	207,176,977
Expenses		
Program expenses		
OPUC energy efficiency programs	191,770,139	149,270,003
OPUC renewable resources programs	16,461,115	18,033,094
Washington program	2,804,206	3,116,023
Contracts and grants	1,379,507	849,216
Total program expenses	212,414,967	171,268,336
Administrative expenses		
Management and general	7,417,386	6,256,678
Communication and general outreach	5,309,649	4,704,999
Total administrative expenses	12,727,035	10,961,677
Fund development expenses	235,456	20,574
Total expenses	225,377,458	182,250,587
CHANGE IN NET ASSETS	(2,665,064)	24,926,390
NET ASSETS, beginning of year	89,310,189	64,383,799
NET ASSETS, end of year	$ 86,645,125	$ 89,310,189

See accompanying notes.

Energy Trust of Oregon, Inc.
Statement of Functional Expenses
Year Ended December 31, 2023

	OPUC Energy Efficiency Programs	OPUC Renewable Resources Programs	Washington Program	Contracts and Grants	Total Program Expenses	Management and General	Communication and General Outreach	Total Administrative Expenses	Fund Development	Total Expenses
EXPENSES										
Incentives	$ 110,834,095	$ 10,773,561	$ 1,318,194	$ 196,745	$ 123,122,595	$ -	$ -	$ -	$ -	$ 123,122,595
Program delivery subcontracts	64,869,202	1,562,755	905,830	96,949	67,434,736	-	-	-	-	67,434,736
Employee salaries and fringe benefits	8,437,091	2,466,713	412,281	690,442	12,006,527	5,423,371	3,327,500	8,750,871	214,441	20,971,839
Agency contractor services	237,153	140,750	6,016	83,000	466,919	571,473	14,951	586,424	771	1,054,114
Planning and evaluation services	2,025,059	13,469	17,786	1,373	2,057,687	981	12,160	13,141	-	2,070,828
Advertising and marketing services	1,880,719	263,554	203	29,784	2,174,260	-	1,420,918	1,420,918	-	3,595,178
Other professional services	2,128,538	705,200	37,192	199,100	3,070,030	775,140	98,378	873,518	1,317	3,944,865
Travel, meetings, trainings, and conferences	139,516	47,394	7,285	3,027	197,222	124,314	85,077	209,391	891	407,504
Dues, licenses, and fees	94,258	11,845	60,230	675	167,008	21,665	45,331	66,996	3	234,007
Software and hardware	459,650	297,287	10,471	21,414	788,822	131,520	82,816	214,336	4,180	1,007,338
Depreciation and amortization	184,515	32,127	5,109	10,353	232,104	67,106	42,081	109,187	2,198	343,489
Office rent and equipment	444,067	138,530	22,347	44,142	649,086	268,650	168,796	437,446	8,681	1,095,213
Materials, postage, and telephone	25,550	7,930	1,262	2,503	37,245	21,999	11,641	33,640	2,974	73,859
Miscellaneous expenses	10,726	-	-	-	10,726	11,167	-	11,167	-	21,893
Total expenses	$ 191,770,139	$ 16,461,115	$ 2,804,206	$ 1,379,507	$ 212,414,967	$ 7,417,386	$ 5,309,649	$ 12,727,035	$ 235,456	$ 225,377,458

See accompanying notes.

Energy Trust of Oregon, Inc.
Statement of Functional Expenses
Year Ended December 31, 2022

	OPUC Energy Efficiency Programs	OPUC Renewable Resources Programs	Washington Program	Contracts and Grants	Total Program Expenses	Management and General	Communication and General Outreach	Total Administrative Expenses	Fund Development	Total Expenses
EXPENSES										
Incentives	$ 79,099,765	$ 12,854,120	$ 1,956,939	$ 141,764	$ 94,052,588	$ -	$ -	$ -	$ -	$ 94,052,588
Program delivery subcontracts	54,511,533	754,866	703,349	105,515	56,075,263	-	-	-	-	56,075,263
Employee salaries and fringe benefits	7,540,335	2,038,255	290,468	427,159	10,296,217	4,754,054	2,767,644	7,521,698	20,574	17,838,489
Agency contractor services	620,828	292,074	4,895	85,938	1,003,735	303,385	109,643	413,028	-	1,416,763
Planning and evaluation services	3,127,604	94,490	22,869	-	3,244,963	1,204	33,702	34,906	-	3,279,869
Advertising and marketing services	1,522,400	252,435	2,500	833	1,778,168	1,000	1,347,468	1,348,468	-	3,126,636
Other professional services	1,787,616	1,225,209	42,714	34,862	3,090,401	664,470	94,918	759,388	-	3,849,789
Travel, meetings, trainings, and conferences	79,576	27,600	4,035	3,597	114,808	45,074	45,359	90,433	-	205,241
Dues, licenses, and fees	119,105	18,180	60,809	28	198,122	31,185	40,193	71,378	-	269,500
Software and hardware	173,406	296,873	4,963	9,546	484,788	80,742	48,719	129,461	-	614,249
Depreciation and amortization	152,532	38,742	4,972	8,842	205,088	84,488	50,678	135,166	-	340,254
Office rent and equipment	499,103	133,603	16,665	29,629	679,000	260,412	156,773	417,185	-	1,096,185
Materials, postage, and telephone	27,992	6,647	845	1,503	36,987	20,693	9,902	30,595	-	67,582
Miscellaneous expenses	8,208	-	-	-	8,208	9,971	-	9,971	-	18,179
Total expenses	$ 149,270,003	$ 18,033,094	$ 3,116,023	$ 849,216	$ 171,268,336	$ 6,256,678	$ 4,704,999	$ 10,961,677	$ 20,574	$ 182,250,587

See accompanying notes.

Energy Trust of Oregon, Inc.
Statements of Cash Flows
Years Ended December 31, 2023 and 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from OPUC grant agreement	$ 214,839,674	$ 202,296,131
Cash received from NW Natural for Washington	3,160,185	3,150,874
Interest received	3,223,718	420,113
Cash received from other sources	1,489,014	1,309,626
Cash paid to contractors, suppliers, and employees	(215,312,955)	(169,026,513)
Net cash from operating activities	7,399,636	38,150,231
CASH FLOWS (USED IN) FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	(189,007)	(348,990)
Net cash (used in) from investing activities	(189,007)	(348,990)
INCREASE IN CASH AND CASH EQUIVALENTS	7,210,629	37,801,241
CASH AND CASH EQUIVALENTS, beginning of year	113,276,676	75,475,435
CASH AND CASH EQUIVALENTS, end of year	$ 120,487,305	$ 113,276,676
RECONCILIATION OF INCREASE (DECREASE) IN NET ASSETS TO NET CASH FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	$ (2,665,064)	$ 24,926,390
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation and amortization	343,489	340,254
Noncash operating lease expense	816,007	-
Loss on disposal of property and equipment	89,173	-
Unrealized gain on deferred compensation assets	197	(233)
Allowance for notes receivable	(5,820)	-
Net changes in		
Other receivables	(255,181)	3,738,535
Advances paid to contractor	(195,080)	136,371
Prepaid expenses	2,498	(118,763)
Other assets	(34,182)	262,023
Accounts payable and accrued expenses	10,786,932	7,488,386
Accrued payroll and related expenses	(95,435)	(268,489)
Right of use lease asset	-	(2,350,647)
Right of use lease liability	(1,061,520)	3,184,561
Deferred revenue	(326,378)	1,858,825
Deferred rent liability	-	(1,046,982)
Net cash from operating activities	$ 7,399,636	$ 38,150,231

See accompanying notes.

Note 1 – Organization

Energy Trust of Oregon, Inc. (Energy Trust), a nonprofit 501(c)(3) organization, began collecting public purpose revenues in 2001. By the terms of its grant agreement with the Oregon Public Utility Commission (OPUC), it is charged with investing in cost-effective energy conservation, funding above-market costs of small-scale renewable energy resources, and encouraging energy efficiency market transformation efforts in Oregon.

All Energy Trust funds originally came from a 1999 energy restructuring law which required Oregon's two largest investor-owned electric utilities, Portland General Electric (PGE) and Pacific Power, to collect a three percent public purpose charge (PPC) from their customers. Energy Trust launched its electric energy efficiency and renewable energy programs in 2002 for the benefit of PGE and Pacific Power customers.

In 2007, the PPC legislation was amended to allow electric utilities to increase rates for retail electricity customers of less than one average megawatt for amounts necessary to pursue additional cost-effective energy conservation opportunities not reachable with PPC funds only. This additional tariff-based funding was used for conservation efforts in addition to activity funded by the PPC charge, but it was not available to serve some larger commercial and industrial customers. In 2021, the Oregon Legislature extended and modernized the PPC legislation, by (i) updating and expanding the public purposes for PPC funding to include support for renewable energy to low- and moderate-income customers and "distribution system-connected technologies," primarily solar installation battery storage; and (ii) moving the entire funding mechanism for conservation programs from PPC to utility tariffs approved by the OPUC.

In addition to its electric energy efficiency work, Energy Trust administers natural gas conservation programs for residential and commercial customers of NW Natural. Under the terms of the 2003 agreement with the OPUC, NW Natural collects and transfers to Energy Trust a surcharge of the total monthly amount billed to non-industrial customers. Energy Trust uses these funds for energy efficiency efforts to benefit NW Natural's Oregon residential and commercial customers. In 2009, Energy Trust began administering energy efficiency programs for qualified industrial customers of NW Natural.

In 2006 and 2017, respectively, Energy Trust began administering natural gas conservation programs for residential and commercial customers of Cascade Natural Gas Corporation-Oregon and Avista Oregon, each under similar public purpose charge funding agreements. In 2009, Energy Trust began serving NW Natural customers in Southwest Washington as well.

Current PPC funding is set to expire January 1, 2036, and electric and natural gas energy efficiency tariffs do not have a legislatively required sunset.

Note 2 – Summary of Significant Accounting Policies

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.

Basis of presentation – 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-imposed stipulations. The Board of Directors has designated, from net assets without donor restrictions, amounts for various purposes. These designations can be released at any time with Board approval. See Note 8.

Net assets with donor restrictions – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of Energy Trust 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 statement 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 Energy Trust. Generally, the donors of these assets permit the use of all, or part of the income earned on any related investments for general or specific purposes. There were no net assets under this category as of December 31, 2023 or 2022.

Concentrations of credit risk – Energy Trust's cash and cash equivalents may subject Energy Trust to concentrations of credit risk, as the fair value of securities is dependent on the ability of the issuer to honor its contractual commitments. Energy Trust's noninterest-bearing cash balances may exceed federally insured limits of $250,000 per account. Energy Trust has not experienced any losses in such accounts to date.

Cash and cash equivalents – For purposes of financial statement classification, Energy Trust considers all unrestricted, highly-liquid investments with an initial maturity of three months or less to be cash and cash equivalents.

Interest income and investment returns – Interest income is recognized from notes receivable and from funds available on demand that are held with Umpqua Bank and First Interstate Bank. Investments are measured at fair value in the statements of financial position. Investment return includes realized and unrealized gains and losses, interest and dividends, net of investment expenses, and is included in the statements of activities as increases or decreases in net assets without donor restrictions unless the income or loss is restricted by donor or law. Energy Trust did not have any funds considered investments at December 31, 2023 and 2022, other than mutual funds associated with the deferred compensation asset which are disclosed in Note 6.

Property and equipment – Property and equipment are stated at cost less accumulated depreciation and are depreciated using the straight-line method over their estimated useful lives, which generally range from three to eight years. It is Energy Trust's policy to capitalize property and equipment over $5,000.

Leases – Effective as of January 1, 2022, the Company adopted Financial Accounting Standards Board (FASB) Accounting Standards Codification Topic 842, Leases (Topic 842). Under Topic 842, Energy Trust determines whether the arrangement is or contains a lease at inception. Operating and finance leases will be recognized on the balance sheets as Right of Use (ROU) assets and lease liabilities. ROU assets represent Energy Trust's right to use an underlying asset for the lease term and lease liabilities represent the Energy Trust's obligation to make lease payments arising from the lease. Lease liabilities and their corresponding ROU assets are recorded based on the present value of lease payments over the expected remaining lease term. For this purpose, the Energy Trust considers only payments that are fixed and determinable at the time of commencement. The lease ROU assets also include any lease payments made and adjustments for prepayments and lease incentives. Energy Trust has elected the private company alternative to use the risk-free rate as the discount rate in determining the present value of future payments.

Adoption of new accounting standards – Energy Trust adopted Accounting Standards Update (ASU) 2016-13 *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which replaces the incurred loss methodology with an expected loss methodology that is referred to as the current loss (CECL) methodology. The measurement of expected credit losses under the CECL methodology is applicable to financial assets measured at amortized cost, including trade receivables and held-to-maturity debt securities. Additionally, Accounting Standards Codification (ASC) Topic 326 made changes to the accounting for available-for-sale debt securities. One such change is to require credit losses to be presented as an allowance rather than as a write-down on available-for-sale debt securities management does not intend to sell or believes that it is more likely than not they will not be required to sell. Energy Trust adopted the standard on January 1, 2023, utilizing the modified retrospective transition approach. This standard did not have a material impact on the financial statements.

Revenue and revenue recognition – All funding is considered available for general use unless specifically restricted by the donor. Funding revenue is recognized when funds are received from the funding source.

A portion of Energy Trust's revenue is derived from cost-reimbursable contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when Energy Trust has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as deferred revenue in the statements of financial position. There was $1,532,447 and $1,858,825 reported as deferred revenue in the statement of financial position at December 31, 2023 and 2022, respectively.

Energy Trust accounts for grants and contributions under ASU 2018-08 *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 605)* as management believes the standard improves the usefulness and understandability of Energy Trust's financial reporting.

Expense allocation – The costs of Energy Trust's 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. Depreciation and amortization of property and equipment is allocated on a square footage basis or directly according to the program it supports. All other expenses are allocated on the basis of estimates of time and effort or directly to the programs benefited.

Advertising – Energy Trust expenses advertising costs as incurred. Advertising costs include activities to create or stimulate a desire to use Energy Trust's services that are provided without charge. Advertising expense amounted to $1,680,671 and $1,866,048 for the years ended December 31, 2023 and 2022, respectively.

Income taxes – Energy Trust is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code. No provision for income taxes is made in the accompanying financial statements, as Energy Trust has no activities subject to unrelated business income tax. Energy Trust is not a private foundation.

Energy Trust recognizes the tax benefit from uncertain tax positions only if it is more likely than not that the tax positions will be sustained on examination by the tax authorities, based on the technical merits of the position. The tax benefit is measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. Energy Trust recognizes interest and penalties related to income tax matters, if any, in management and general expense.

Energy Trust had no unrecognized tax benefits at December 31, 2023 or 2022. No interest and penalties were accrued for the years ended December 31, 2023 or 2022. Energy Trust files an exempt organization return in the U.S. federal jurisdiction.

Renewable energy certificates – In the process of funding above-market costs of renewable energy resources, Energy Trust negotiates the contractual ownerships of Renewable Energy Certificates (REC) with funding recipients. However, Energy Trust does not hold ownership of the RECs, and as such, no value has been reported at December 31, 2023 or 2022.

Use of estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires that management 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 – Subsequent events are events or transactions that occur after the statement of financial position date, but before the financial statements are available to be issued. Energy Trust 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. Energy Trust'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 the financial statements are available to be issued.

Energy Trust has evaluated subsequent events through April 2, 2024, which is the date the financial statements were available to be issued.

Note 3 – Liquidity and Availability

Financial assets available for general expenditure, 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 December 31:

	2023	2022
Cash and cash equivalents	$ 120,487,305	$ 113,276,676
Less: restricted cash	(14,000,000)	-
Other receivables	473,768	218,587
Deferred compensation asset	1,243,689	1,209,704
	$ 108,204,762	$ 114,704,967

Energy Trust is required to maintain an aggregate deposit balance of no less than $14,000,000 at First Interstate Bank.

Note 4 – Property and Equipment

Property and equipment consist of the following at December 31:

	2023	2022
Computer equipment and software	$ 5,053,081	$ 4,785,443
Office equipment and furniture	803,492	803,782
Leasehold improvements	654,214	654,214
	6,510,787	6,243,439
Less accumulated depreciation	6,094,155	5,750,957
	416,632	492,482
Work in process	-	167,805
	$ 416,632	$ 660,287

At December 31, 2022, work in process consisted of various software development projects.

Note 5 – Right of Use (ROU) Lease

Energy Trust has entered into a facility lease for a Portland, OR building which qualifies as an operating lease under GAAP. The building lease has terms extending through 2025. Energy Trust determines if contracts with vendors represent a lease or have a lease component under GAAP at contract inception. For purposes of calculating lease liabilities, lease terms include options to extend or terminate the lease when it is reasonably certain that Energy Trust will exercise such options.

ROU assets and lease liabilities by lease type, and the associated statements of financial position classification are as follows:

	Statements of Financial Position Classification	2023	2022
Right-of-use assets:			
Operating lease	Right of use lease asset	$ 1,534,640	$ 2,350,647
Lease liabilities:			
Operating lease	Lease liability	$ 2,123,041	$ 3,184,561

Effects on the statement of cash flows are as follows:

	2023	2022
Operating cash flows - operating leases	$ 1,104,255	$ 1,071,801
Noncash operating lease expense	$ 816,007	$ -
Right-of-use assets obtained in exchange for operating lease liabilities	$ -	$ 2,350,647

Future undiscounted fixed lease payments for the operating lease as of December 31, 2023 are as follows:

Years Ending December 31,	Operating Lease
2024	$ 1,136,707
2025	1,169,160
Total future lease payments	2,305,867
Less imputed interest	182,826
Present value of lease liability	$ 2,123,041

The remaining term and the discount rate on the operating lease as of December 31, 2023 is as follows:

	2023	2022
Operating lease remaining term (years)	2.00	3.00
Operating lease discount rate	4.43%	4.50%

Energy Trust incurred operating lease expenses of $899,092 and $904,064 during the years ended December 31, 2023 and 2022 which were recorded within office rent and equipment on the statement of functional expenses.

Note 6 – Fair Value Measurements

Accounting literature defines fair value as the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date. Energy Trust determines fair value based on quoted prices when available or through the use of alternative approaches, such as matrix or model pricing, when market quotes are not readily accessible or available. The valuation techniques used are based on observable and unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect Energy Trust's market assumptions. These two types of inputs create the following fair value hierarchy:

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active.

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the asset or liability. Unobservable inputs are used to measure fair value to the extent that observable inputs are not available. Energy Trust's own data used to develop unobservable inputs is adjusted for market consideration when reasonably available.

Energy Trust used the following methods and significant assumptions to estimate fair value for its assets measured and carried at fair value in the financial statements:

Deferred compensation assets – Deferred compensation assets are comprised of U.S. mutual funds for which the fair value is obtained from an independent pricing service. The fair value measurements consider observable data that may include dealer quotes, cash flows, or the U.S. Treasury yield curve. Deferred compensation assets are recorded in other assets within the statements of financial position.

There were no changes in the valuation methodologies or assumptions used by Energy Trust for the years ended December 31, 2023 or 2022.

It is Energy Trust's policy to recognize transfers of investments between levels in the fair value hierarchy on December 31st of each year.

The following tables present the fair value measurements of assets recognized in the accompanying statements of financial position measured at fair value on a recurring basis, and indicates the fair value hierarchy of the valuation techniques utilized by Energy Trust to determine such fair value:

	Fair Value Measurements at Report Date Using:			
	Fair Value at December 31, 2023	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Deferred compensation assets				
U.S. mutual funds	$ 1,243,689	$ 1,243,689	$ -	$ -
Total deferred compensation assets	$ 1,243,689	$ 1,243,689	$ -	$ -

	Fair Value Measurements at Report Date Using:			
	Fair Value at December 31, 2022	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Deferred compensation assets				
U.S. mutual funds	$ 1,209,704	$ 1,209,704	$ -	$ -
Total deferred compensation assets	$ 1,209,704	$ 1,209,704	$ -	$ -

Assets are to be classified in the table above by recurring or nonrecurring measurement status. Recurring assets are initially measured at fair value and are required to be remeasured at fair value in the financial statements at each reporting date. There were no assets measured on a nonrecurring basis at December 31, 2023 or 2022.

As of December 31, 2023 and 2022, Energy Trust does not have any liabilities that are required to be measured in accordance with fair value standards.

Note 7 – Notes Receivable

Energy Trust has entered into agreements with Craft3 to loan up to $1,300,000 in support of the Savings Within Reach Loan Program. At December 31, 2023 and 2022, Energy Trust had loaned $1,300,000, which accrues interest at 1% and is payable quarterly. On June 30, 2025, $800,000 is due and payable and on December 31, 2031, $500,000 is due and payable.

In 2018, Energy Trust entered into a second agreement with Craft3 to loan up to $1,000,000 in support of the Manufactured Home Loan Pilot. At December 31, 2023 and 2022, no amounts were outstanding in connection with this agreement. Effective January 1, 2024, the maximum loan amount was reduced to $200,000.

Energy Trust's exposure to uncollectible accounts is limited by its contract with Craft3. Craft3 monitors loan performance and establishes a reserve for loans meeting certain criteria, which is reported to Energy Trust. Energy Trust records this amount as a reserve and pays Craft3 for loans written off. Energy Trust has no obligation to Craft3 beyond the then-outstanding reserve fund balance. Balances are written off only when they are deemed to be uncollectible. The allowance for credit losses was $11,849 and $17,669 for the years ended December 31, 2023 and 2022, respectively.

Note 8 – Designated Net Assets Without Donor Restrictions

The following funds have been designated by the Board of Directors at December 31:

	2023	2022
Emergency contingency reserve	$ 3,000,000	$ 3,000,000
Operational contingency reserve	5,487,654	5,040,267
Loans made or reserved (see Note 7)	2,300,000	2,300,000
	$ 10,787,654	$ 10,340,267

Note 9 – Funding Revenue

Funding revenue recognized is as follows for the years ended December 31:

	2023	2022
OPUC grant agreement		
Portland General Electric		
Energy efficiency	$ 88,414,166	$ 84,529,304
Renewable resources	11,818,372	10,773,985
	100,232,538	95,303,289
PacifiCorp		
Energy efficiency	59,491,999	58,202,362
Renewable resources	7,940,198	6,870,486
	67,432,197	65,072,848
Cascade		
Energy efficiency	3,726,872	4,106,257
Avista		
Energy efficiency	2,753,290	4,943,292
Northwest Natural – Oregon		
Energy efficiency	40,694,777	32,870,445
Total OPUC grant agreement	$ 214,839,674	$ 202,296,131
Northwest Natural – Washington		
Energy efficiency	$ 3,160,185	$ 3,150,874

	2023	2022
Contracts and grants		
Northwest Natural – TLM		
Contract	$ -	$ 429,464
Oregon Community Solar Program		
Contract	472,414	433,898
Portland General Electric		
Smart Battery Pilot Contract	118,712	119,168
Smart Inverter Pilot Contract	30,852	21,284
Flex Feeder Contract	111,403	-
	260,967	140,452
SALMON		
US DOE Grant	288,500	73,128
Solar Ambassadors		
NREL Grant	111,970	88,000
Solar with Justice		
US DOE Grant	9,336	3,509
Landlord Provided Cooling		
ODOE Grant	326,378	141,175
Total contracts and grants	$ 1,469,565	$ 1,309,626
Other revenue	$ 19,449	$ -
Total funding revenue	$ 219,488,873	$ 206,756,631

Note 10 – Retirement Plans

Retirement plan – Energy Trust provides all employees with a qualified profit sharing retirement plan as prescribed under Section 401(k) of the Internal Revenue Code. Generally, employees who have completed at least three consecutive months of work may elect to make voluntary contributions to the plan on a pre-tax basis, up to the limits allowed by law. Employees select from various investment options. On a discretionary basis, as determined annually by the Board of Directors, Energy Trust may make contributions to the plan. For each of the years ended December 31, 2023 and 2022, Energy Trust contributed to the plan an amount equal to 6% of the compensation earned by each eligible employee during the period. Employees are immediately vested in all contributions to the plan. Retirement plan expense recorded by Energy Trust was $979,299 and $877,069 for the years ended December 31, 2023 and 2022, respectively.

Deferred compensation plan – Energy Trust sponsors a nonqualified deferred compensation plan for selected employees. Investments are owned by Energy Trust and managed individually by each participant. At the time an employer contribution is made, the Board of Directors will, in its sole discretion, determine whether the employer contribution will be initially fully vested or will become vested in accordance with vesting terms designated by the Board of Directors. Until paid to participants, plan assets are subject to the claims of Energy Trust's creditors.

Energy Trust did not make discretionary contributions to the plan during the years ended December 31, 2023 or 2022. Energy Trust recorded an asset and a liability in the amount of $1,243,689 and $1,209,704 and $1,246,093 and $1,211,910 as of December 31, 2023 and 2022, respectively.

The deferred compensation asset and liability are recorded in other assets and accrued payroll and related expenses, respectively, in the statements of financial position.

Note 11 – Contractual Commitments

Energy Trust enters into contract commitments for various goods and services. As of December 31, 2023, Energy Trust expects to pay approximately $68,200,000 in future periods under these commitments. Expenditures for these commitments are recorded in the period in which they are incurred.

Energy Trust entered into incentive funding agreements for energy efficiency and renewable resource projects not completed as of December 31, 2023 totaling no more than $50,300,000. These amounts will be paid in the period in which they are completed.

Energy Trust also has projects and incentive payment requests in progress that did not meet its recognition criteria at both December 31, 2023 and 2022. These amounts are unquantifiable and, as such, not disclosed in the notes to the financial statements.

Note 12 – Related Party Transactions

Energy Trust, along with a number of other northwest regional utilities, provides funding to Northwest Energy Efficiency Alliance (NEEA). Energy Trust benefits from the arrangement by achieving low cost, long lasting electric energy savings through NEEA's regional market transformation activities. In 2023 and 2022, Energy Trust's executive director served as chair on the NEEA's board of directors. Total payments to NEEA were approximately $7,401,000 and $7,752,000 for the years ended December 31, 2023 and 2022, respectively.

MOSSADAMS