

Report of Independent Auditors

The Board of Directors
Northwest Center

Report on the Audit of the Financial Statements

Opinion

We have audited the consolidated financial statements of Northwest Center, which comprise the consolidated statements of financial position as of December 31, 2021 and 2020, and the related consolidated statements of activities, cash flows and functional expenses for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Northwest Center as of December 31, 2021 and 2020, 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 audit 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 Northwest Center 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 consolidated 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 Northwest Center's ability to continue as a going concern within one year after the date that the financial statements are issued.

Northwest Center

Consolidated Statements of Financial Position

ASSETS	December 31,	
	2021	2020
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,766,013	\$ 868,085
Contractual cash deposits	325,287	325,021
Accounts receivable, net	10,010,023	9,214,449
Inventory, net	279,007	164,942
Other current assets	1,297,021	307,590
Total current assets	13,677,351	10,880,087
INVESTMENTS	20,296,893	12,862,332
PROPERTY and EQUIPMENT, net	1,391,170	3,551,626
GOODWILL, net	5,871,016	6,551,332
Total assets	\$ 41,236,430	\$ 33,845,377
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 1,134,808	\$ 1,138,306
Accrued expenses	3,461,395	2,789,082
Deferred revenue	170,469	94,646
Line of credit	-	1,200,000
Current portion of long-term debt	876,000	908,607
Current portion of Paycheck Protection Program Loan	-	718,774
Current portion of deferred gain on disposal of property	174,473	174,473
Total current liabilities	5,817,145	7,023,888
LONG-TERM LIABILITIES		
Long-term debt, less current portion	2,832,000	4,169,993
Paycheck Protection Program Loan, less current portion	-	2,948,033
Contingent obligations	1,431,414	1,881,414
Deferred gain on disposal of property, less current portion	494,341	668,814
Total long-term liabilities	4,757,755	9,668,254
Total liabilities	10,574,900	16,692,142
NET ASSETS		
Without donor restrictions	30,380,005	13,832,235
Board-designated reserve fund	-	3,321,000
Total without donor restrictions	30,380,005	17,153,235
Total with donor restrictions	281,525	-
Total net assets	30,661,530	17,153,235
Total liabilities and net assets	\$ 41,236,430	\$ 33,845,377

See accompanying notes.

Northwest Center

Consolidated Statements of Activities

	Years Ended December 31,	
	2021	2020
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
Revenues		
Contract revenue	\$ 45,758,826	\$ 35,556,045
Sale of donated merchandise	3,706,468	2,875,503
Government fees for services	7,394,697	6,715,092
Tuition	2,707,657	2,072,367
Contributions	1,362,474	1,441,799
Recycling and other	232,125	399,401
Net assets released from donor restrictions	-	-
Total revenues	<u>61,162,247</u>	<u>49,060,207</u>
Expenses		
Program services		
Social enterprises	37,843,201	28,831,692
Donated merchandise program	3,039,391	4,632,536
Employment services	4,533,280	4,617,679
Child and family services	7,586,138	7,666,533
Total program services	53,002,010	45,748,440
Supporting services	8,488,545	8,333,998
Total expenses	<u>61,490,555</u>	<u>54,082,438</u>
(Decrease) increase in net assets from operations	(328,308)	(5,022,231)
Net Loss from discontinued operations	-	(20,058)
Amortization of Intangibles	(680,316)	(57,780)
Amortization of deferred gain	174,473	172,470
Investment income (loss), net	775,382	793,530
Other income (expense)	100,367	200,642
Paycheck Protection Program Loan forgiveness	8,025,395	-
Provider Relief Fund grant	458,186	-
Gain on Sale of Puget Sound Laundry assets	4,700,248	-
Gain on sale of other assets	1,343	-
Increase (decrease) in net assets without donor restrictions	<u>13,226,770</u>	<u>(3,933,427)</u>
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS		
Contributions	38,025	-
Grant revenue	243,500	-
Total contributions with donor restrictions	281,525	-
Net assets released from donor restrictions	-	-
Increase in net assets with donor restrictions	<u>281,525</u>	<u>-</u>
Increase (decrease) in net assets	<u>13,508,295</u>	<u>(3,933,427)</u>
NET ASSETS, beginning of year	<u>17,153,235</u>	<u>21,086,662</u>
NET ASSETS, end of year	<u>\$ 30,661,530</u>	<u>\$ 17,153,235</u>

