



Report of Independent Auditors
and Consolidated Financial Statements
with Supplemental Information for

Northwest Center

December 31, 2016 and 2015

MOSS ADAMS_{LLP}

Certified Public Accountants | Business Consultants

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REPORT OF INDEPENDENT AUDITORS

To the Board of Directors
Northwest Center

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Northwest Center, which comprise the consolidated statements of financial position as of December 31, 2016 and 2015, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

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, 2016 and 2015, 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.

Other Matters

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The consolidating schedules of functional expenses on pages 13 and 14 are presented for purposes of additional analysis and are not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

A handwritten signature in cursive script that reads "Moss Adams LLP".

Seattle, Washington
March 27, 2017

NORTHWEST CENTER
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

ASSETS

	December 31,	
	2016	2015
CURRENT ASSETS		
Cash and cash equivalents	\$ 14,809,721	\$ 13,541,609
Accounts receivable, net	5,796,230	5,257,867
Pledges receivable	40,416	26,967
Inventory, net	509,377	639,127
Other current assets	294,189	405,923
Total current assets	21,449,933	19,871,493
PROPERTY AND EQUIPMENT, net	3,836,450	4,097,293
Total assets	\$ 25,286,383	\$ 23,968,786
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 452,455	\$ 645,376
Accrued expenses	2,569,040	2,243,192
Deferred revenue	11,920	43,484
Current portion of deferred gain on disposal of property	174,473	287,643
Current portion of long-term debt	393,342	381,846
Total current liabilities	3,601,230	3,601,541
LONG-TERM LIABILITIES		
Long-term debt, less current portion	996,725	1,357,814
Deferred gain on disposal of property, less current portion	1,366,706	2,588,786
Total long-term liabilities	2,363,431	3,946,600
Total liabilities	5,964,661	7,548,141
NET ASSETS		
Unrestricted	16,023,889	13,275,378
Unrestricted board-designated reserve fund	3,000,000	3,000,000
Temporarily restricted	297,833	145,267
Total net assets	19,321,722	16,420,645
Total liabilities and net assets	\$ 25,286,383	\$ 23,968,786

NORTHWEST CENTER
CONSOLIDATED STATEMENTS OF ACTIVITIES

	Years Ended December 31,	
	2016	2015
CHANGE IN UNRESTRICTED NET ASSETS		
Revenues		
Contract revenue	\$ 29,680,605	\$ 30,303,530
Sale of donated merchandise	6,479,855	5,702,098
Government fees for services	5,003,073	4,538,664
Tuition	1,942,204	1,722,511
Contributions	657,790	671,514
Recycling and other	29,344	54,343
Net assets released from restrictions	350,267	248,433
Total revenues	44,143,138	43,241,093
Expenses		
Program services		
Northwest Center Industries	25,365,077	26,129,674
Donated merchandise program	4,224,694	3,868,973
Community rehabilitation services	4,193,476	3,555,365
Child and family services	4,559,547	3,904,084
Total program services	38,342,794	37,458,096
Supporting services	4,541,592	4,529,110
Total expenses	42,884,386	41,987,206
Increase in unrestricted net assets from operations	1,258,752	1,253,887
Gain on disposal of property and equipment	1,324,764	2,016,725
Interest rate swap gain in fair market value	-	7,896
Insurance reimbursement	172,661	143,281
Federal income tax refund (taxes paid)	(7,666)	4,923
Increase in unrestricted net assets	2,748,511	3,426,712
CHANGE IN TEMPORARILY RESTRICTED NET ASSETS		
Contributions	502,833	361,333
Net assets released from restrictions	(350,267)	(248,433)
Change in temporarily restricted net assets	152,566	112,900
Increase in net assets	2,901,077	3,539,612
NET ASSETS, beginning of year	16,420,645	12,881,033
NET ASSETS, end of year	<u>\$ 19,321,722</u>	<u>\$ 16,420,645</u>

NORTHWEST CENTER
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31,	
	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	\$ 2,901,077	\$ 3,539,612
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Depreciation and amortization	932,186	1,071,254
Interest rate swap gain in fair market value	-	(7,896)
Loss (gain) on disposal of property and equipment	10,486	(4,901,050)
Changes in operating assets and liabilities		
Accounts and pledges receivable, net	(551,812)	(277,339)
Inventory, net	129,750	71,349
Other assets	111,734	(88,469)
Accounts payable	(192,921)	(108,563)
Accrued expenses and liabilities	325,848	163,971
Deferred revenue	(31,564)	(18,583)
Deferred gain on sale of building	(1,335,250)	2,876,429
Net cash provided by operating activities	2,299,534	2,320,715
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(683,029)	(1,259,521)
Proceeds from sale of property and equipment	1,200	10,928,750
Net cash provided by (used in) investing activities	(681,829)	9,669,229
CASH FLOWS FROM FINANCING ACTIVITIES		
Debt proceeds	-	733,403
Net change in long-term debt obligations	(349,593)	(3,685,396)
Net cash used in financing activities	(349,593)	(2,951,993)
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,268,112	9,037,951
CASH AND CASH EQUIVALENTS		
Beginning of year	13,541,609	4,503,658
End of year	\$ 14,809,721	\$ 13,541,609
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for interest	\$ 50,425	\$ 165,821

NORTHWEST CENTER

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 - Organization and Summary of Significant Accounting Policies

Principles of consolidation - The accompanying consolidated financial statements include the accounts of Northwest Center (NWC) and its wholly owned subsidiaries, Electronetics LLC, Northwest Center Services LLC, and Argus Janitorial LLC, which are collectively referred to as the Organization. All significant intercompany transactions and accounts have been eliminated in consolidation.

Organization - Since 1965, Northwest Center has been a leader in advancing equal opportunities for children and adults with developmental disabilities. NWC's mission is to promote the growth, development, and independence of people with developmental disabilities through education, rehabilitation, and work opportunity.

NWC seeks to create and support an inclusive community where people of all abilities can fully participate by learning and working together. NWC's programs address the growing and unmet needs of children and adults with disabilities such as access to quality child care, early intervention therapy, family support resources, and barriers to employment.

NWC's award-winning services for children provide early intervention, inclusive early childhood education, and after-school programs. Services for adults include supported employment, job training, and placement services.

NWC's unique social enterprise model thrives through a sustainable combination of core business revenue, philanthropy, profits from its own inclusive businesses, government fees for services, and donated merchandise.

Basis of presentation - The consolidated financial statements of the Organization have been prepared on the accrual basis of accounting.

Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations. Included in this balance are board-designated funds that have been reserved for future use as determined by the Board of Directors. Board-designated funds included in unrestricted net assets totaled \$3,000,000 at December 31, 2016 and 2015.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met by actions of the Organization and/or the passage of time. These amounts principally consist of funds designated for specific mission programs.

Revenues are reported as increases in unrestricted net assets unless the use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law.

NORTHWEST CENTER NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

Contributions - Contributions, which include unconditional promises to give, are recognized as revenues in the period received. Donor-restricted contributions for which restrictions are met in the same reporting period are reported as unrestricted support. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) result in the reclassification of temporarily restricted net assets to unrestricted net assets and are reported in the consolidated statements of activities as net assets released from restrictions. Temporary restrictions on gifts to acquire long-lived assets are considered fulfilled in the period in which the assets are acquired or placed in service. Contributions of noncash assets are recognized at their estimated fair market value on the date of contribution. Contributions to be collected in future years are recorded at fair value when the promise is made based on a discounted cash flow model. Amortization of discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions.

A number of volunteers donate time in the furtherance of the Organization's objectives. However, in accordance with United States Generally Accepted Accounting Principles (GAAP), the value of these services is not recognized in these consolidated financial statements because they do not meet certain specific criteria.

Cash - The Organization maintains its cash with financial institutions and, at times, balances may exceed federally insured limits.

Accounts receivable - Accounts receivable are primarily due from corporations and governmental agencies. The Organization considers accounts over 30 days old to be past due. The Organization provides for estimated uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Uncollectible amounts are written off against the allowance when management has exhausted collection efforts. The Organization typically does not require collateral for its accounts receivable. The allowance for doubtful accounts was \$63,170 and \$61,719 at December 31, 2016 and 2015, respectively.

Inventory - Inventory is stated at the lower of average cost or market.

Property and equipment, depreciation - Property and equipment are stated at cost, if purchased, or at fair market value at the date of receipt, if donated, unless the estimated future undiscounted cash flows expected to result from either the use of the asset or its eventual disposition is less than its carrying amount (in which case an impairment loss is recognized based on the fair value of the asset). The Organization's policy is to capitalize assets with a cost or donated value greater than \$3,500 and a useful life in excess of one year. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Leasehold improvements are depreciated either over the anticipated term of the lease or the estimated life of the improvement, whichever is shorter.

Revenue recognition - Revenues for products, including applicable shipping and handling charged to customers, are recognized net of sales taxes upon shipment or delivery of products, depending on the related customer agreement. Services revenues are recognized in the period that services are performed.

NORTHWEST CENTER

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

Advertising costs - The Organization expenses advertising costs as incurred. Advertising expense for 2016 and 2015 was \$64,392 and \$554,904, respectively.

Income taxes - The Internal Revenue Service has determined that Northwest Center is exempt from federal income taxes under the provisions of Section 501(a) of the Internal Revenue Code because NWC qualifies as an organization included within Section 501(c)(3) of the Internal Revenue Code. NWC did incur net unrelated business income tax for the years ended December 31, 2016 and 2015. However, the Organization has net operating losses of approximately \$2,800,000 to offset future net unrelated business income. As a result, no provision has been made for federal income tax in the accompanying consolidated financial statements.

NWC follows authoritative guidance relating to accounting for uncertain tax positions, which has no consolidated financial statement impact to NWC. NWC 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. NWC recognizes interest and penalties related to income tax matters in income tax expense. As of December 31, 2016 and 2015, NWC had no uncertain tax positions requiring accrual. NWC files an exempt organization and unrelated business income tax return with the Internal Revenue Service.

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

Reclassification of prior year presentation - Certain prior year amounts have been reclassified for consistency with the current period presentation. These reclassifications had no effect on the reported results of activities.

Contingencies - At any time, NWC may be involved in legal proceedings or other claims and assessments arising in the normal course of business. The Organization's policy is to routinely assess the likelihood of any adverse judgments or outcomes related to these matters, as well as ranges of probable losses. A determination of the amount of the reserves required, if any, for these contingencies is based on historical experience and/or after analysis of each known issue. Reserves related to these matters are recorded where it is probable that a loss has been incurred and the range of such loss can be estimated. With respect to other matters, management has concluded that a loss is only reasonably possible or remote and, therefore, no liability is recorded. Management discloses the facts regarding material matters assessed as reasonably possible and potential exposure, if determinable. Costs incurred defending claims are expensed as incurred.

NORTHWEST CENTER
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

Subsequent events - Subsequent events are events or transactions that occur after the consolidated statement of financial position date but before the consolidated financial statements are issued. The Organization recognizes in the consolidated financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the consolidated statement of financial position, including the estimates inherent in the process of preparing the consolidated financial statements. The Organization's consolidated financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the consolidated statement of financial position but arose after the consolidated statement of financial position date and before the consolidated financial statements are issued.

The Organization has evaluated subsequent events through March 27, 2017, which is the date the consolidated financial statements were issued (See Note 9).

Note 2 - Inventory

Inventory consisted of the following at December 31:

	<u>2016</u>	<u>2015</u>
Finished goods	\$ 46,900	\$ 119,094
Work-in-process	20,386	3,828
Raw materials	660,432	708,132
Reserve for slow-moving inventory	<u>(218,341)</u>	<u>(191,927)</u>
	<u>\$ 509,377</u>	<u>\$ 639,127</u>

Note 3 - Property and Equipment

In October 2015, Northwest Center sold its land and building located at 7272 West Marginal Way S, Seattle, Washington, for \$11,500,000. Proceeds from the sale were used to extinguish the term loan and terminate the related swap interest agreement (Note 4). The total gain associated with the sale of the building was \$4,862,945. Building, land, improvements, and related assets were removed from the consolidated statements of financial position.

In a related transaction, NWC entered into an agreement with the building purchaser to lease back that portion of the building currently housing administrative offices. The lease has a 10-year term and requires monthly payments of \$17,171 that increase annually. The transaction has been accounted for as a sale lease-back in accordance with the provisions of ASC 840. As part of the transaction, NWC recorded a deferred gain of \$2,876,429, which will be amortized using the straight-line method over the term of the lease agreement. Changes to the deferred gain calculation during 2016 resulted in the recognition of a larger share of the deferred gain in 2016 than the amount reported as the current portion at December 31, 2015. For the year December 31, 2016, NWC recognized \$1,335,250 of the deferred gain as a gain on disposal of property and equipment in the Consolidated Statements of Activities.

NORTHWEST CENTER
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 3 - Property and Equipment (continued)

Property and equipment consisted of the following at December 31:

	<u>2016</u>	<u>2015</u>
Buildings and improvements	\$ 381,508	\$ 381,508
Furniture and equipment	8,273,953	8,399,972
Leasehold improvements	3,688,012	3,665,374
Vehicles	<u>302,997</u>	<u>321,403</u>
	12,646,470	12,768,257
Less accumulated depreciation	<u>(8,810,020)</u>	<u>(8,670,964)</u>
	<u>\$ 3,836,450</u>	<u>\$ 4,097,293</u>

Note 4 - Long-Term Debt

Long-term debt consisted of the following at December 31:

	<u>2016</u>	<u>2015</u>
Fixed-rate 5-year \$1,988,001 term loan, matures in April 2020, payable monthly in equal installments, based on a 60-month amortization at a 2.97% annual interest rate.	\$ 1,390,067	\$ 1,739,660
Less current portion	<u>(393,342)</u>	<u>(381,846)</u>
	<u>\$ 996,725</u>	<u>\$ 1,357,814</u>

In April 2015, NWC entered into a bridge funding agreement with Wells Fargo Bank for washing and ironing equipment at NWC's commercial laundry operation, Puget Sound Laundry Services (PSLS). The loan is collateralized by the washing and ironing equipment shown under property and equipment on the Consolidated Statements of Financial Position.

In October 2015, commensurate with the sale of its building and related assets (refer to Note 3), NWC extinguished its variable rate term debt in the amount of \$3,116,666, including the underlying interest rate swap agreement. At the time of termination, liability on the swap totaled \$162,492 resulting in a gain of \$7,896.

Interest expense was \$43,225 and \$165,821 for the years ended December 31, 2016 and 2015, respectively.

NORTHWEST CENTER
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 4 - Long-Term Debt (continued)

Principal maturities on the long-term debt are as follows for the years ending December 31:

2017	\$ 393,342
2018	404,184
2019	416,353
2020	<u>176,188</u>
	<u>\$ 1,390,067</u>

Note 5 - Commitments and Contingencies

Lease Commitments

The Organization leases real estate and equipment under operating lease agreements through 2029. Future minimum rental payments required under these operating leases are as follows for the years ending December 31:

2017	\$ 1,602,544
2018	1,101,422
2019	844,195
2020	596,585
2021	355,514
Thereafter	<u>1,047,771</u>
	<u>\$ 5,548,031</u>

Rent expense related to the operating lease agreements, including leases on a month-to-month term and variable charges related to these operating lease agreements, was \$2,237,052 and \$1,702,180 during 2016 and 2015, respectively.

Legal Matters

From time to time, NWC is involved in unresolved legal actions that arise in the normal course of business. The most prevalent of these unresolved actions involve disputes related to contracts or employment issues. The aggregate range of reasonably possible losses in excess of accrued liabilities, if any, associated with these unresolved legal actions is not material. In some cases, the Organization cannot reasonably estimate a range of loss because there is insufficient information regarding the matter. However, management believes there is no more than a remote chance that any liability arising from these matters would be material. Although it is not possible to predict with certainty the outcome of these unresolved legal actions, management believes that these actions will not individually or in the aggregate have a material adverse effect on its consolidated statement of activities, financial position or liquidity.

NORTHWEST CENTER

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 6 - Net Assets

Temporarily restricted net assets consist of contributions restricted for programs and capital additions as follows:

	<u>2015</u>	<u>2014</u>
Various foundations or donors	<u>\$ 297,833</u>	<u>\$ 145,267</u>

Note 7 - Benefit Plans

NWC has a 401(k) benefit plan for employees who meet eligibility requirements set forth in the plan. NWC's matching contributions totaled \$205,349 and \$143,787 for the years ended December 31, 2016 and 2015, respectively.

NWC has a 403(b) benefit plan for employees who meet eligibility requirements set forth in the plan. Employees can contribute up to the statutory limits with no NWC match.

Note 8 - Concentrations

One customer represented 17% and 14% of total revenues for the years ended December 31, 2016 and 2015, respectively, and 24% and 11% of corresponding accounts receivable as of December 31, 2016 and 2015, respectively. A second customer represented 15% and 13% of total revenues for the years ended December 31, 2016 and 2015 and 10% of corresponding accounts receivable as of December 31, 2016 and 2015.

Note 9 - Subsequent Events

In January 2017, NWC transferred \$10 million from its cash account to fund an investment account which will be comprised of fixed income and equity instruments aligned with the Organization's investment objectives.

In February 2017, NWC was notified by the purchaser of its American Data Guard business of some dispute related to the transaction. NWC believes that the case is without merit and plans to contest any claims brought forward.

SUPPLEMENTAL INFORMATION

NORTHWEST CENTER
CONSOLIDATING SCHEDULE OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2016

	Program Services				Supporting Services				
	Social Enterprises	Donated Merchandise Program	Community Rehabilitation Services	Child and Family Services	Total Program Services	Administration	Fundraising	Total Supporting Services	Total Expenses
Salaries	\$ 13,864,491	\$ 2,181,251	\$ 2,919,961	\$ 3,085,913	\$ 22,051,616	\$ 2,380,249	\$ 247,659	\$ 2,627,908	\$ 24,679,524
Payroll taxes and employee benefits	3,050,609	566,752	669,975	679,986	4,967,322	369,722	33,717	403,439	5,370,761
Total personnel expenses	16,915,100	2,748,003	3,589,936	3,765,899	27,018,938	2,749,971	281,376	3,031,347	30,050,285
Supplies	3,100,663	258,657	34,345	169,577	3,563,242	69,894	87,574	157,468	3,720,710
Rents and leases	718,632	670,733	104,262	138,537	1,632,164	604,888	-	604,888	2,237,052
Professional fees and contract services	1,612,444	66,116	43,398	49,436	1,771,394	420,008	63,897	483,905	2,255,299
Utilities	780,258	50,712	47,789	41,873	920,632	175,374	-	175,374	1,096,006
Sales expense	297,514	37,205	12,444	140,930	488,093	29,337	78,169	107,506	595,599
Licenses, fees, and taxes	126,342	18,383	13,848	6,185	164,758	150,900	11,503	162,403	327,161
Insurance	181,944	72,936	28,524	46,644	330,048	46,740	5,148	51,888	381,936
Maintenance and repairs	305,446	77,672	2,894	17,392	403,404	24,036	-	24,036	427,440
Computer software and equipment rental	56,134	3,270	12,671	28,053	100,128	203,779	5,378	209,157	309,285
Other	113,039	37,162	190,877	84,601	425,679	82,143	380	82,523	508,202
Total nonpersonnel expenses	7,292,416	1,292,846	491,052	723,228	9,799,542	1,807,099	252,049	2,059,148	11,858,690
Total expenses before interest expense and depreciation and amortization	24,207,516	4,040,849	4,080,988	4,489,127	36,818,480	4,557,070	533,425	5,090,495	41,908,975
Interest expense	43,057	-	125	-	43,182	43	-	43	43,225
Depreciation and amortization	711,676	102,017	5,167	55,444	874,304	57,882	-	57,882	932,186
Allocated property expenses	402,828	81,828	107,196	14,976	606,828	(617,592)	10,764	(606,828)	-
Total functional expenses	\$ 25,365,077	\$ 4,224,694	\$ 4,193,476	\$ 4,559,547	\$ 38,342,794	\$ 3,997,403	\$ 544,189	\$ 4,541,592	\$ 42,884,386

NORTHWEST CENTER
CONSOLIDATING SCHEDULE OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2015

	Program Services				Supporting Services			Total Expenses	
	Social Enterprises	Donated Merchandise Program	Community Rehabilitation Services	Child and Family Services	Total Program Services	Administration	Fundraising		Total Supporting Services
Salaries	\$ 13,137,450	\$ 1,733,233	\$ 2,468,962	\$ 2,706,979	\$ 20,046,624	\$ 2,095,138	\$ 363,635	\$ 2,458,773	\$ 22,505,397
Payroll taxes and employee benefits	2,798,013	542,693	557,321	585,877	4,483,904	313,932	56,990	370,922	4,854,826
Total personnel expenses	15,935,463	2,275,926	3,026,283	3,292,856	24,530,528	2,409,070	420,625	2,829,695	27,360,223
Supplies	4,961,354	283,013	27,944	149,111	5,421,422	55,139	94,715	149,854	5,571,276
Rents and leases	770,724	551,604	85,535	131,763	1,539,626	162,554	-	162,554	1,702,180
Professional fees and contract services	1,211,940	49,716	13,911	39,871	1,315,438	592,203	33,288	625,491	1,940,929
Utilities	794,542	57,933	33,729	26,365	912,569	169,899	-	169,899	1,082,468
Sales expense	382,151	244,589	7,775	73,307	707,822	292,851	92,172	385,023	1,092,845
Licenses, fees, and taxes	216,417	28,637	1,268	5,436	251,758	86,634	18,423	105,057	356,815
Insurance	172,273	56,969	22,891	35,315	287,448	84,853	4,500	89,353	376,801
Maintenance and repairs	295,368	103,789	6,190	17,707	423,054	63,479	-	63,479	486,533
Computer software and equipment rental	52,956	825	2,455	23,269	79,505	155,012	528	155,540	235,045
Other	125,790	43,005	155,196	57,763	381,754	138,487	24,775	163,262	545,016
Total nonpersonnel expenses	8,983,515	1,420,080	356,894	559,907	11,320,396	1,801,111	268,401	2,069,512	13,389,908
Total expenses before interest expense and depreciation and amortization	24,918,978	3,696,006	3,383,177	3,852,763	35,850,924	4,210,181	689,026	4,899,207	40,750,131
Interest expense	47,251	-	-	-	47,251	118,570	-	118,570	165,821
Depreciation and amortization	650,310	118,552	4,544	44,681	818,087	253,167	-	253,167	1,071,254
Allocated property expenses	513,135	54,415	167,644	6,640	741,834	(751,895)	10,061	(741,834)	-
Total functional expenses	\$ 26,129,674	\$ 3,868,973	\$ 3,555,365	\$ 3,904,084	\$ 37,458,096	\$ 3,830,023	\$ 699,087	\$ 4,529,110	\$ 41,987,206