Northeast Power Coordinating Council, Inc.

Financial Statements
December 31, 2021 and 2020

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Report of Independent Auditors

To the Board of Directors and the Members of Northeast Power Coordinating Council, Inc.

Opinion

We have audited the accompanying financial statements of Northeast Power Coordinating Council, Inc. (the "Company"), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities and cash flows for the years then ended, including the related notes (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, 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 audit in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company 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 Company's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Auditors' 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 auditors' 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 US 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 US 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 the Company'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 Company'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.

PricewaterhouseCoopers LLP

New York, New York
April 29, 2022

Northeast Power Coordinating Council, Inc.
Statements of Financial Position
December 31, 2021 and 2020

	2021	2020
Assets		
Cash	$ 9,821,202	$ 3,371,323
Restricted cash	1,178,427	919,159
Investments	718,303	6,860,058
Prepaid expenses	627,413	479,177
Other assets	603,785	308,257
Equipment and leasehold improvements, less accumulated depreciation and amortization of $2,907,629 and $2,697,595, respectively	531,391	553,791
Total assets	$ 13,480,521	$ 12,491,765
Liabilities and Net Assets		
Accrued expenses and other liabilities	$ 4,714,638	$ 4,066,584
Deferred revenue	261,888	314,881
Deferred rent	237,143	338,787
Total liabilities	5,213,669	4,720,252
Net assets		
Without donor restrictions:		
Available for operations	8,266,852	7,069,490
Board designated for future use	-	702,023
Total without donor restrictions	8,266,852	7,771,513
Total net assets	8,266,852	7,771,513
Total liabilities and net assets	$ 13,480,521	$ 12,491,765

The accompanying notes are an integral part of these financial statements.

Northeast Power Coordinating Council, Inc.
Statements of Activities
Years Ended December 31, 2021 and 2020

	2021	2020
Operating		
Revenue		
Criteria Services assessments	$ 671,754	$ 1,065,203
Regional Entity assessments	15,154,584	15,338,737
Penalty sanctions	460,000	615,069
Total revenue	16,286,338	17,019,009
Expenses		
Salaries and employee benefits	11,745,340	10,834,587
Administrative and consultant fees	1,368,779	2,273,825
Professional fees	758,736	734,320
Meetings and travel	13,997	133,095
Telephone and telecommunications	182,365	176,279
Office supplies and expense	773,270	625,514
Equipment leases	90,175	141,764
Rent expense	594,748	652,204
Insurance expense	44,930	42,113
Miscellaneous	40,519	12,018
Depreciation and amortization	210,034	195,474
Total expenses	15,822,893	15,821,193
Change in net assets from operating activities without donor restrictions	463,445	1,197,816
Non-operating		
Interest and dividend income	2,787	18,768
Other components of net periodic benefit costs	29,107	16,837
Change in net assets without donor restrictions	495,339	1,233,421
Net assets		
Beginning of year	7,771,513	6,538,092
End of year	$ 8,266,852	$ 7,771,513

The accompanying notes are an integral part of these financial statements.

Northeast Power Coordinating Council, Inc.
Statements of Cash Flows
Years Ended December 31, 2021 and 2020

	2021	2020
Cash flows from operating activities		
Change in net assets	$ 495,339	$ 1,233,421
Depreciation and amortization	210,034	195,474
(Increase) in prepaid expenses	(148,236)	(22,144)
(Increase) decrease in other assets	(295,528)	24,577
Increase in accrued expenses and other liabilities	648,054	102,866
(Decrease) in deferred revenue	(52,993)	(409,821)
(Decrease) in deferred rent	(101,644)	(101,644)
Net cash provided by operating activities	755,026	1,022,729
Cash flows from investing activities		
Purchases of equipment and leasehold improvements	(187,634)	(216,422)
Sales (purchases) of investments	6,141,755	(1,563,851)
Net cash provided by (used for) investing activities	5,954,121	(1,780,273)
Net increase (decrease) in cash and restricted cash	6,709,147	(757,544)
Cash and restricted cash		
Beginning of year	4,290,482	5,048,026
End of year	$ 10,999,629	$ 4,290,482

Reconciliation of cash and restricted cash reported in the statement of financial position		
Cash	$ 9,821,202	$ 3,371,323
Restricted cash	1,178,427	919,159
Total cash and restricted cash	$ 10,999,629	$ 4,290,482

The accompanying notes are an integral part of these financial statements.

1. Background

Northeast Power Coordinating Council, Inc. ("NPCC" or the "Company") is a New York State not-for-profit corporation whose purpose is to promote and enhance the reliable and efficient operation of the international, interconnected bulk power system in Northeastern North America through its Regional Entity and Criteria Services divisions. The Company's Regional Entity division is responsible for the development of regional reliability standards and compliance assessment and enforcement of continent-wide and regional reliability standards, coordination of system planning, design and operations, and assessment of reliability. These responsibilities are pursuant to an agreement with the North American Electric Reliability Corporation ("NERC"), an Electric Reliability Organization ("ERO"), under authority of the U.S. Federal Energy Regulatory Commission ("FERC"), and by Memoranda of Understanding with applicable Canadian Provincial regulatory and/or governmental authorities. The Company's Criteria Services division establishes Regionally-specific criteria, and monitors and enforces compliance with such criteria.

The Company is primarily funded through the NERC based on the Regional Entity division annual business plan and budget submitted to and approved by the NERC and the FERC. The Company's Criteria Services division is funded by Regional independent system operators or balancing authority areas based upon a "Net Energy for Load" formula.

2. Summary of Significant Accounting Policies

Basis of Accounting

The Company uses the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America ("US GAAP").

The Company reports information regarding its financial position and change in net assets in accordance with Accounting Standards Update ("ASU") 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities.* ASU No. 2016-14 includes specific disclosure requirements intended to improve a financial statement user's ability to assess an entity's available financial resources, along with its management of liquidity and liquidity risk.

Net assets and revenue are classified based on the existence or absence of donor-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 restrictions.
>
> *Net Assets With Donor Restrictions* - Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that such resources be maintained in perpetuity. NPCC did not have any net assets with donor restrictions at December 31, 2021 and December 31, 2020.

Recent Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, *(Topic 842): Leases*, which establishes a right of use model ("ROU") that requires a lessee to record a ROU asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. For lessors, the new standard requires a lessor to classify leases as either sales-type, finance or operating. A lease will be treated as a sale if it transfers all the risks and rewards, as well as control of the underlying asset, to the lessee. If risks and rewards are conveyed without the transfer of control, the lease is treated as financing. If the lessor does not convey risks and rewards or control, then the lease would be classified as an operating lease. The new standard requires a modified retrospective approach to adoption. The Company is currently evaluating the impact Topic 842 will have on its financial statements. The new standard is effective for annual periods beginning after December 15, 2021.

Cash
The Company's cash balance consists of its operating checking account, as well as a savings account. At times, cash balances may be in excess of depository insurance limits.

Investments and Fair Value Measurement
Investments are reported at fair value based upon quoted market values. Fair value measurements are based on 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. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy prioritizes observable and unobservable inputs used to measure fair value into three levels as follows:

> Level 1: Valuations based on quoted prices (unadjusted) in an active market that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs. Level 1 valuations are obtained from real-time quotes for transactions in active exchange markets involving identical assets.
>
> Level 2: Valuations based on observable inputs other that Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in inactive markets; or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data.
>
> Level 3: Valuations based on unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Leve 3 inputs.

Restricted Cash
Restricted cash represents amounts in deposit accounts funded with penalties levied and received for noncompliance within NPCC U.S., which are required to be used for statutory activities in years subsequent to which the penalty was received, and amounts in deposit accounts for collateralizing a letter of credit as security for NPCC's office lease. At times, cash balances may be in excess of depository insurance limits.

Equipment and Leasehold Improvements
Equipment and leasehold improvements are stated at cost less accumulated depreciation and amortization. Depreciation of furniture and computer equipment is computed on the straight-line basis over the estimated useful lives of the applicable assets. Amortization of leasehold improvements is computed on the straight-line basis over the estimated useful lives of the applicable assets, or over the remaining term of the related lease, whichever is less.

Revenue Recognition
The Company recognizes revenue consistent with ASU 2014-09, *Revenue from Contracts with Customers (Topic 606),* which the Company adopted effective January 1, 2018.

The majority of the Company's revenue is recognized over time, with performance obligations that are satisfied within the same fiscal year. The majority of the Company's contracts do not contain variable consideration and contract modifications are generally minimal.

For the Criteria Services division, membership in the Company is on a calendar year basis. There are no fees assessed to full members other than those members that are Independent System Operators or Balancing Authority Areas. Criteria Services assessments received are recorded as income in the year to which the membership applies irrespective of when billed or collected. Criteria Services assessments collected prior to the membership year are recorded as deferred revenue. For the Regional Entity division, membership in the Company is on a calendar year basis. There are no fees assessed to general members. Funding mechanisms provided through U.S. regulatory and Canadian governmental and/or regulatory agreements provide for quarterly remittances through the North American Electric Reliability Corporation. Regional Entity assessments received are recorded as income in the year to which they were applied within the NPCC Business Plan and Budget irrespective of when billed or collected. The Company recognizes revenue as the performance obligations for Criteria Services and Regional Entity are satisfied throughout a membership year. The amount of revenue recognized reflects the consideration the Company expects to receive from members in connection with the Company's activities. The Company uses the input method to recognize revenue on the basis of the Company's efforts to satisfy the performance obligations evenly throughout the membership year. Penalty sanctions are recorded as income when levied and the appeals process has been waived or is concluded.

Rent Expense
The Company's office lease which commenced in 2009 contains predetermined increases and decreases in the rentals payable during the lease term. Rent expense is recognized on a straight-line basis over the lease term. The difference between the rent expense charged to operations during the year and the amount payable under the lease during that year is recorded as "Deferred rent" on the Statements of Financial Position. Deferred rent also includes the landlord's contribution toward the cost of leasehold improvements, which is being amortized over the lease term. The unamortized balance of the landlord's contribution at December 31, 2021 and 2020 was approximately $84,000 and $120,000, respectively.

Income Taxes and Taxes Other Than Income Taxes
The Company has been classified as exempt from federal income taxes under Section 501(c) (6) of the Internal Revenue Code.

The Company follows standards in Accounting Standards Codification (ASC) 740, "Income Taxes", in establishing and classifying any tax provisions for uncertain tax positions and in recognizing any interest and penalties.

Use of Estimates
The Company uses estimates and assumptions in preparing these financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets, liabilities, revenues and expenses. Actual results could vary from the estimates that are used.

3. Revision of 2020 Financial Statements

In preparing the financial statements as of and for the year ended December 31, 2021, the Company identified an error related to a deferred compensation plan, the related trust, and a retiree medical plan which were not recorded in the previously issued financial statements. The Company has evaluated the effect of these misstatements, both qualitatively and quantitatively, and concluded that they are not material to any previously issued financial statements. For comparative purposes, the Company has revised the following previously reported amounts within its 2021 financial statements:

Statement of Financial Position

	As Previously Reported December 31, 2020	Adjustment	As Revised December 31, 2020
Assets			
Investments	$ 6,241,778	$ 618,280	$ 6,860,058
Total assets	$ 11,873,485	$ 618,280	$ 12,491,765
Liabilities and Net Assets			
Accrued expenses and other liabilities	$ 2,965,155	$ 1,101,429	$ 4,066,584
Total liabilities	3,618,823	1,101,429	4,720,252
Net assets			
Without donor restrictions:			
Available for operations			
Total without donor restrictions	8,254,662	(483,149)	7,771,513
Total net assets	8,254,662	(483,149)	7,771,513
Total liabilities and net assets	$ 11,873,485	$ 618,280	$ 12,491,765

Statement of Activities

	As Previously Reported For the Year Ended December 31, 2020	Adjustment	As Revised For the Year Ended December 31, 2020
Operating Expenses			
Salaries and employee benefits	$ 10,850,903	$ (16,316)	$ 10,834,587
Total expenses	15,837,509	(16,316)	15,821,193
Change in net assets from operating activities without donor restrictions	1,181,500	16,316	1,197,816
Non-operating income			
Other components of net periodic benefit costs	-	16,837	16,837
Change in net assets without donor restrictions	1,200,268	33,153	1,233,421
Net assets			
Beginning of year	7,054,394	(516,302)	6,538,092
End of year	$ 8,254,662	$ (483,149)	$ 7,771,513

Statement of Cash Flows

	As Previously Reported For the Year Ended December 31, 2020	Adjustment	As Revised For the Year Ended December 31, 2020
Cash flows from operating activities			
Change in net assets	$ 1,200,268	$ 33,153	$ 1,233,421
Increase in accrued expenses and other liabilities	90,024	12,842	102,866
Net cash provided by operating activities	976,734	45,995	1,022,729
Cash flows from investing activities			
Purchases of investments	(1,517,856)	(45,995)	(1,563,851)
Net cash (used for) investing actities	(1,734,278)	(45,995)	(1,780,273)

4. Investments

The Company's primary banking relationship is with JP Morgan Chase. Regional Entity and Criteria Services revenues are invested from time-to-time in a JPMorgan 100% U.S. Treasury Securities Money Market Fund (the "Fund"). The Fund aims to provide current income while maintaining liquidity and safety of principal. The Fund invests primarily in debt securities of the U.S. Treasury, but is not insured or guaranteed. The Fund has historically maintained a net asset value of $1.00 per share. Management has determined that the likelihood of sustaining losses from the Fund to be remote. In 2021 and 2020, the funds earned average yields of less than 1%. Investment income earned on the Fund is reinvested into units of the Fund on a monthly basis. The fair value of the assets in this Fund at December 31 are classified as Level 1 in the table below.

The Company has entered into fixed annuity contracts with Metropolitan Life Insurance Company ("MetLife"). The annuity contracts are included in the statement of financial position at contract value as reported by MetLife, which approximates fair value. The fair value of the assets of the annuity contracts at December 31 are classified as Level 2 in the table below.

	2021	2020
Investments		
U.S. Treasury securities (Level 1)	$ 41,997	$ 6,241,778
MetLife annuity contracts (Level 2)	676,306	618,280
Total assets at fair value	$ 718,303	$ 6,860,058

5. Equipment and Leasehold Improvements

Equipment and leasehold improvements at December 31, 2021 and 2020 consist of the following:

	Depreciable Life	2021	2020
Furniture	10 years	$ 204,968	$ 204,968
Computer equipment	3 years	623,626	591,883
Website	3 years	232,000	232,000
Software	3 years	1,247,844	1,082,724
Leasehold improvements	15 years (see Note 2)	974,691	974,691
		3,283,129	3,086,266
Less: Accumulated depreciation and amortization		(2,907,629)	(2,697,595)
		375,500	388,671
Assets not yet in service		155,891	165,120
		$ 531,391	$ 553,791

Depreciation and amortization expense totaled $210,034 and $195,474 in 2021 and 2020, respectively.

6. Net Assets Without Donor Restrictions

Effective in 2018, NPCC's Board of Directors designated $1,000,000 of Net Assets to serve as a Business Continuity Reserve ("BCR"). The BCR serves to fund varying financial impacts over several years beginning in 2020, in connection with succession initiatives for the office of President and CEO and additionally in the event of multiple coincident staff retirements. During the years 2021 and 2020 the Company used $232,714 and $297,977, respectively of the BCR for the designated expenditures. The remaining balance of $469,309 was released to assets available for operations at December 31, 2021.

7. Savings and Supplemental Plans

The Company maintains a 401(k) plan which provides for safe harbor matching contributions. All employees are immediately eligible for the plan upon hire. Within this plan, an employee can contribute 2% or greater of his or her compensation up to the IRS limit set for this plan. The Company's policy is to contribute on the employee's behalf 100% of the employee's contribution of the first 3% of his or her compensation, and 50% of his or her contribution for the next 2% of compensation. Company contributions to the 401(k) plan were $273,719 and $236,931 for 2021 and 2020, respectively. Additionally, upon completion of a full calendar year of service, the Company's employees become eligible for a discretionary contribution to be considered annually by the Board of Directors. The discretionary contribution for 2021 and 2020 was 8% of base compensation and totaled $538,256 and $463,960, respectively.

The Company also maintains a deferred compensation plan for employees who were not eligible to receive the same percentage level of retirement benefits as other employees under the 401(k) plan due to IRS annual compensation limits. The assets of the plan are held in trust for the participants and consist of fixed interest annuity contracts, as described in Note 4. The deferred compensation accounts are shown as both assets and liabilities on the statement of financial position and the assets are available to creditors in the event of the Company's liquidation. The fair value of the trusts' assets was $676,306 and $618,280 as of December 31, 2021 and 2020, respectively. The Company contributed $58,500 and $39,000 to this deferred compensation plan for 2021 and 2020, respectively. In February of 2022, distributions totaling $339,506 were paid to two plan participants whose employment with Company ended in 2021.

Additionally, the Company maintained a 457(f) plan for its outgoing President and CEO. The assets of the plan were held in a designated account and are shown as both assets and liabilities on the statement of financial position. Plan assets were invested in bond funds. The fair value of the assets of this 457(f) plan were $0 and $265,192 as of December 31, 2021 and 2020, respectively. Plan assets were distributed in full to the plan participant in January 2021 in accordance with the plan's vesting schedule. The Company contributed $35,000 to this plan for 2020. Additionally, the Company established a new 457(f) plan in 2021 for its incoming President and CEO. The 2021 contribution of $20,500 to this plan was accrued at December 31, 2021 and is included in the accompanying statement of activities for 2021.

8. Postretirement Benefits Other Than Pension

The Company sponsors a retiree medical plan ("RMP") for the benefit of eligible employees. An employee, hired prior to February 6, 2007, is eligible to participate in the plan, at the same cost as an active employee, if he or she has completed at least 30 years of service with the Company and has attained age 55 at the time of retirement. Employees hired after February 6, 2007 are not eligible. Once a covered retiree attains age 65, only reimbursement of supplemental medical coverage will be provided. The reimbursement consists of an annual stipend of up to $3,000 per year, increased annually by the national cost of living adjustment. Supplemental retiree coverage ends at age 80 for most of the participants and at age 85 for certain participants. The accumulated postretirement benefit obligation related to the RMP was $428,129 and $483,149 as of December 31, 2021 and 2020, respectively.

The funded status of the plan as of December 31 was as follows:

	2021	2020
Change in benefit obligation:		
Benefit obligation at beginning of year	$ 483,149	$ 516,302
Service cost	5,545	5,186
Interest cost	7,849	8,403
Actuarial gain	(36,956)	(25,240)
Benefits paid	(31,458)	(21,502)
Benefit obligation at end of year	428,129	483,149
Funded status	$ (428,129)	$ (483,149)

The components of net periodic benefit cost for the years ended December 31 were as follows:

	2021	2020
Service cost	$ 5,545	$ 5,186
Interest cost	7,849	8,403
Benefits paid	(31,458)	(21,502)
Recognized actuarial gain	(36,956)	(25,240)
Net periodic benefit cost	$ (55,020)	$ (33,153)

Other changes in plan assets and benefit obligations recognized in the change in net assets without donor restrictions for the years ended December 31 were as follows:

	2021	2020
Actuarial gain	$ (36,956)	$ (25,240)
Benefits paid	31,458	21,502
Amortization of gain	36,956	25,240
Total recognized in change in net assets without donor restrictions	$ 31,458	$ 21,502
Total recognized in net periodic pension cost and change in net assets without donor restrictions	$ (23,562)	$ (11,651)

The weighted-average assumptions to determine the benefit obligation and net periodic benefit cost as of and for the years ended December 31 were as follows:

	2021	2020
Discount rate used for net periodic benefit cost	1.74 %	1.74 %
Discount rate used for benefit obligations	2.22 %	2.22 %

The following schedule of benefit payments (net of expected participant contributions), which reflects expected future services, as appropriate, are expected to be paid in each of the next five years and in the aggregate thereafter:

2022	$ 67,000
2023	43,000
2024	47,000
2025	16,000
2026	16,000
2027 - 2031	150,000

The Company's policy is to recognize actuarial gains and losses related to the postretirement benefits immediately.

9. Leases

The Company is obligated under long-term operating leases for the rental of office facilities and certain equipment. NPCC's office lease, which commenced in 2009, provides for base rent along with additional rent based on increases in real estate taxes and operating expenses over base amounts. The office lease expires on April 30, 2024 and includes an option to renew for five years. The office lease provides for security in the form of a collateralized letter of credit in the amount of $150,000. NPCC executed various computer and equipment leases with expiration dates through 2024. In addition, the Company rents certain other equipment on a month-to-month basis. Rental expense for office facilities and equipment totaled $684,923 and $793,968 for 2021 and 2020, respectively.

Future minimum rental payments required under the Company's long-term operating leases as of December 31, 2021 are as follows:

	Office Space	Other Leases	Total
Year Ending December 31			
2022	$ 720,392	$ 76,311	$ 796,703
2023	720,392	32,173	$ 752,565
2024	240,131	6,365	$ 246,496
	$ 1,680,915	$ 114,849	$ 1,795,764

10. Salaries and Employee Benefits

During 2021 and 2020, salaries and employee benefits consist of the following:

	2021	2020
President, senior management and technical staff	$ 8,398,891	$ 7,631,346
Administrative support	102,100	195,885
Payroll taxes, insurance, educational assistance, savings and supplemental plans	3,244,349	3,007,356
Total salaries and employee benefits	$ 11,745,340	$ 10,834,587

11. Other Expenses

The Company incurs various costs for administrative, consultant and professional services. Such costs amounted to $2,127,515 and $3,008,145 in 2021 and 2020, respectively, and consist of the following:

	2021	2020
Consultants	$ 545,470	$ 1,589,049
Accounting, legal and other services	1,553,063	1,390,958
Savings and supplemental plan administration	28,982	28,138
Total administrative, consultant and professional fees	$ 2,127,515	$ 3,008,145

These costs are reflected in “Administrative and consultant fees” and “Professional fees” in the Statements of Activities.

12. Functional Classification

The Company is required to provide information about expenses reported by their functional classification, which is a method of grouping expenses according to the purpose for which costs are incurred. NPCC incurs expenses that directly relate to, and can be assigned to, a specific operational or administrative activity. NPCC also conducts a number of activities which benefit both its program objectives as well as supporting services (i.e. general and administrative, legal and regulatory, information technology, human resources, and finance and accounting activities). The following tables summarize operational and administrative programs on a functional basis for the years ended December 31, 2021 and 2020:

	Programs		Supporting Services	
Year ended December 31, 2021	Regional Entity	Criteria Services	Management and General	**Total**
Salaries and employee benefits	$ 7,900,572	$ 446,187	$ 3,398,581	$ 11,745,340
Administrative and consultant fees	931,839	-	436,940	1,368,779
Professional fees	527,422	44,740	186,574	758,736
Meetings and travel	11,926	289	1,782	13,997
Telephone and telecommunications	127,655	10,942	43,768	182,365
Office supplies and expense	541,625	46,329	185,316	773,270
Equipment leases	63,122	5,411	21,642	90,175
Rent expense	416,323	35,685	142,740	594,748
Insurance expense	31,451	2,696	10,783	44,930
Miscellaneous	35,863	931	3,725	40,519
Depreciation and amortization	147,024	12,602	50,408	210,034
Total expenses	$ 10,734,822	$ 605,812	$ 4,482,259	$ 15,822,893

	Programs		Supporting Services	
Year ended December 31, 2020	Regional Entity	Criteria Services	Management and General	**Total**
Salaries and employee benefits	$ 7,148,010	$ 463,491	$ 3,223,086	$ 10,834,587
Administrative and consultant fees	1,677,009	-	596,816	2,273,825
Professional fees	514,024	44,059	176,237	734,320
Meetings and travel	94,374	5,547	33,174	133,095
Telephone and telecommunications	123,395	10,577	42,307	176,279
Office supplies and expense	437,860	37,531	150,123	625,514
Equipment leases	99,235	8,506	34,023	141,764
Rent expense	456,543	39,132	156,529	652,204
Insurance expense	29,479	2,527	10,107	42,113
Miscellaneous	8,413	721	2,884	12,018
Depreciation and amortization	136,832	11,728	46,914	195,474
Total expenses	$ 10,725,174	$ 623,819	$ 4,472,200	$ 15,821,193

13. Liquidity and Availability

NPCC regularly monitors liquidity required to meet its operating needs. NPCC is substantially supported by assessment revenue from the Regional Entity and the Criteria Services divisions. As part of NPCC's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

NPCC's financial assets available to meet cash needs for general expenditures within one year are as follows:

Financial assets:	**2021**	**2020**
Cash	$ 9,821,202	$ 3,371,323
Restricted cash	201,132	201,132
Investments	41,997	6,241,778
Financial assets, at December 31,	10,064,331	9,814,233
Less: Assets unavailable for general expenditures within one year:		
Board-designated reserve - BCR	-	702,023
Financial assets available to meet cash needs for general expenditures within one year	$ 10,064,331	$ 9,112,210

14. Revenues

The following table shows the Company's revenues disaggregated according to the timing of satisfaction of performance obligations for the years ended December 31, 2021 and 2020:

Revenue recognized at a point in time:	**2021**	**2020**
Penalty sanctions	$ 460,000	$ 615,069
Total revenue recognized at a point in time	460,000	615,069
Revenue recognized over time:		
Criteria Services assessments	671,754	1,065,203
Regional Entity assessments	15,154,584	15,338,737
Total revenue recognized over time	15,826,338	16,403,940
Total revenues	$ 16,286,338	$ 17,019,009

15. Related Party Transactions

The NERC, through agreements with the FERC in the U.S. and Canadian Provincial regulatory and/or governmental agreements within Canada, delegates enforcement authority to six Regional Entities. NPCC is the cross-border Regional Entity for Northeastern North America. NERC was certified as the “Electric Reliability Organization” by the FERC on July 20, 2006. As of June 18, 2007, the U.S. FERC granted NERC the legal authority to enforce reliability standards with all U.S. users, owners, and operators of the bulk power system, and made compliance with those standards mandatory and enforceable. NERC relies on the diverse and collective expertise of industry participants to improve the reliability of the bulk power system. These entities account for virtually all the electricity supplied in the United States, Canada, and a portion of Baja California Norte, Mexico. NERC is subject to audit by the U.S. FERC and governmental and/or regulatory authorities in Canada. NERC funded the Regional Entities based upon Business Plans and Budgets submitted to and approved by FERC in the U.S. and Canadian regulatory and/or governmental authorities.

NPCC’s Criteria Services division was fully funded by Regional independent system operator or balancing authority areas and operated on Criteria Services assessments to and funded from these six entities. Dues were based upon a “Net Energy for Load” funding formula. During 2021 and 2020, total Criteria Services assessments billed amounted to $671,754 and $1,065,203, respectively.

	2021		**2020**	
Description	**Percent**	**Total Share**	**Percent**	**Total Share**
Hydro-Quebec TransEnergie	29.83%	$ 200,393	27.88%	$ 296,906
Independent Electricity System Operator	21.77%	146,222	22.16%	236,008
ISO-New England, Inc.	19.21%	129,052	19.90%	212,027
New Brunswick System Operator	2.29%	15,401	2.27%	24,173
New York Independent System Operator	25.11%	168,659	25.97%	276,666
Nova Scotia Power Inc.	1.79%	12,027	1.82%	19,423
Total criteria services assessments	100.00%	$ 671,754	100.00%	$ 1,065,203

16. Risks and Uncertainties

Global pandemic
The COVID-19 pandemic remains a rapidly evolving situation. The extent of the impact of COVID-19 on the Company’s business and financial results will depend on future developments, including

the duration and spread of the outbreak. Due to the rapidly changing business environment, unprecedented market volatility, and other circumstances resulting from the COVID-19 pandemic, the Company is currently unable to fully determine the extent of COVID-19's impact on its business in future periods. The Company's performance in future periods will be heavily influenced by the timing, length, and intensity of the economic recoveries in the United States and Canada. The Company continues to monitor evolving economic and general business conditions and the actual and potential impacts on its financial position and results of operations.

17. Litigation

In October 2021, an employee of the Company issued a demand for remuneration alleging various claims against the Company. While the Company denies any liability, to avoid the cost and time of litigation, the Company agreed to a settlement with the employee in April 2022. The full settlement amount less a $25,000 retention, has been approved by NPCC's insurance carrier and the carrier expects to issue reimbursement to NPCC within a few weeks. The full settlement amount and insurance reimbursement were both accrued at December 31, 2021, with the net settlement of $25,000 included in the accompanying statement of activities for the year ended December 31, 2021.

18. Subsequent Events

Management has evaluated, for potential recognition and disclosure, events subsequent to the date of the Statement of Financial Position through April 29, 2022, the date the financial statements were available to be issued.