Report of Independent Auditors
and Financial Statements for

Energy Trust of Oregon, Inc.

December 31, 2012 and 2011

MOSS-ADAMS LLP

Certified Public Accountants | Business Consultants

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REPORT OF INDEPENDENT AUDITORS

To the Board of Directors
Energy Trust of Oregon, Inc.

Report on Financial Statements

We have audited the accompanying financial statements of Energy Trust of Oregon, Inc., which comprise the statement of financial position as of December 31, 2012, and the related statement of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. The financial statements of Energy Trust of Oregon, Inc. as of December 31, 2011 were audited by other auditors whose report dated March 28, 2012 expressed an unqualified opinion on those statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 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 financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Energy Trust of Oregon, Inc. as of December 31, 2012, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Moss Adams LLP

Portland, Oregon
April 3, 2013

ASSETS

	December 31, 2012	December 31, 2011
Cash and cash equivalents	$ 64,005,610	$ 73,128,210
Restricted cash and cash equivalents	462,691	938,755
Other receivables	119,373	1,151
Accrued interest receivable	4,422	6,449
Advances paid to contractor	2,109,014	2,438,724
Prepaid expenses	265,829	293,702
Property and equipment, net	1,052,337	1,825,317
Other assets	473,830	363,797
Total assets	$ 68,493,106	$ 78,996,105

LIABILITIES AND NET ASSETS

	2012	2011
LIABILITIES		
Accounts payable and accrued expenses	$ 21,493,244	$ 23,516,554
Accrued payroll and related expenses	995,073	783,245
Deferred rent liability	323,237	31,090
Total liabilities	22,811,554	24,330,889
COMMITMENTS AND CONTINGENCIES		
NET ASSETS		
Unrestricted		
Board-designated for specific purposes	462,691	938,755
Available for programs and general operations	45,218,861	53,726,461
Total net assets	45,681,552	54,665,216
Total liabilities and net assets	$ 68,493,106	$ 78,996,105

See accompanying notes.

ENERGY TRUST OF OREGON, INC.
STATEMENTS OF ACTIVITIES

	Years Ended December 31,	
	2012	2011
Funding		
Public purpose funding	$ 82,917,693	$ 83,949,690
Incremental funding	63,163,316	49,125,617
Interest income	133,373	194,050
Other efficiency funding	123,728	-
Contribution revenue	30,515	-
Consulting revenue	3,055	-
Other income	200	9,833
Total funding	146,371,880	133,279,190
Expenses		
Program expenses		
Energy efficiency	128,359,197	117,611,077
Renewable resources	21,817,900	18,027,843
Consulting services	2,012	-
Total program expenses	150,179,109	135,638,920
Administrative expenses		
Management and general	3,371,812	2,517,463
Communication and outreach - general	1,804,623	1,490,126
Total administrative expenses	5,176,435	4,007,589
Total expenses	155,355,544	139,646,509
DECREASE IN NET ASSETS	(8,983,664)	(6,367,319)
NET ASSETS, beginning of year	54,665,216	61,032,535
NET ASSETS, end of year	$ 45,681,552	$ 54,665,216

See accompanying notes.

ENERGY TRUST OF OREGON, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2012

	Energy Efficiency	Renewable Resources	Consulting Services	Total Program Expenses	Management and General	Communication and Outreach - General	Total Administrative Expenses	Total Expenses
EXPENSES								
Incentives and program management	$ 116,873,751	$ 20,087,444	$ -	$ 136,961,195	$ -	$ -	$ -	$ 136,961,195
Payroll and related expenses	2,475,334	812,426	1,544	3,289,304	1,839,853	795,023	2,634,876	5,924,180
Outsourced services	3,966,293	443,896	-	4,410,189	211,900	648,071	859,971	5,270,160
Planning and evaluation	1,711,594	85,186	-	1,796,780	17,352	-	17,352	1,814,132
Equipment	10,028	35,808	3	45,839	738,113	3,413	741,526	787,365
Customer service management	642,029	21,849	-	663,878	-	-	-	663,878
Occupancy expenses	180,711	65,205	60	245,976	119,124	61,505	180,629	426,605
Trade Allies Network	359,851	26,338	-	386,189	-	-	-	386,189
Dues, licenses, and fees	93,476	15,095	-	108,571	9,472	3,004	12,476	121,047
Printing and publications	92,772	3,647	-	96,419	741	23,092	23,833	120,252
Depreciation	45,999	22,662	15	68,676	30,322	15,656	45,978	114,654
Travel	41,348	21,475	376	63,199	29,793	3,948	33,741	96,940
Meetings, trainings, and conferences	22,039	10,778	-	32,817	41,966	4,735	46,701	79,518
Insurance	26,608	9,601	9	36,218	17,540	9,056	26,596	62,814
Supplies	38,201	6,650	3	44,854	10,459	6,835	17,294	62,148
Miscellaneous	2,738	30	-	2,768	218	31,371	31,589	34,357
Telephone	4,104	2,159	1	6,264	2,878	810	3,688	9,952
Postage and shipping	3,740	1,088	1	4,829	1,987	1,834	3,821	8,650
Bank fees	-	-	-	-	5,030	-	5,030	5,030
IT services	1,768,581	146,563	-	1,915,144	295,064	196,270	491,334	2,406,478
Total expenses	$ 128,359,197	$ 21,817,900	$ 2,012	$ 150,179,109	$ 3,371,812	$ 1,804,623	$ 5,176,435	$ 155,355,544

ENERGY TRUST OF OREGON, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2011

	Energy Efficiency	Renewable Resources	Total Program Expenses	Management and General	Communication and Outreach - General	Total Administrative Expenses	Total Expenses
EXPENSES							
Incentives and program management	$ 108,523,826	$ 15,989,466	$ 124,513,292	$ -	$ -	$ -	$ 124,513,292
Payroll and related expenses	1,984,494	875,919	2,860,413	1,639,295	497,380	2,136,675	4,997,088
Outsourced services	2,822,941	423,869	3,246,810	203,212	701,009	904,221	4,151,031
Planning and evaluation	1,480,553	220,276	1,700,829	-	21,586	21,586	1,722,415
Customer service management	737,181	29,890	767,071	-	-	-	767,071
Trade Allies Network	381,181	26,064	407,245	-	-	-	407,245
Occupancy expenses	128,993	56,519	185,512	94,157	37,036	131,193	316,705
Dues, licenses, and fees	44,014	20,735	64,749	62,385	1,777	64,162	128,911
Equipment	13,083	69,588	82,671	9,550	3,756	13,306	95,977
Meetings, trainings, and conferences	16,218	10,261	26,479	58,574	3,420	61,994	88,473
Printing and publications	55,537	10,277	65,814	5,420	12,974	18,394	84,208
Travel	28,259	25,832	54,091	18,603	3,557	22,160	76,251
Insurance	23,941	10,490	34,431	17,476	6,874	24,350	58,781
Depreciation	11,565	16,376	27,941	8,441	3,320	11,761	39,702
Supplies	6,869	3,098	9,967	8,998	2,390	11,388	21,355
Telephone	7,904	4,440	12,344	5,864	1,764	7,628	19,972
Postage and shipping	6,644	1,421	8,065	2,368	1,880	4,248	12,313
Miscellaneous	6,288	3	6,291	151	1,310	1,461	7,752
Bank fees	-	-	-	5,000	-	5,000	5,000
IT services	1,331,586	233,319	1,564,905	377,969	190,093	568,062	2,132,967
Total expenses	$ 117,611,077	$ 18,027,843	$ 135,638,920	$ 2,517,463	$ 1,490,126	$ 4,007,589	$ 139,646,509

See accompanying notes.

	Years Ended December 31, 2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received in public purpose funding	$ 82,917,693	$ 83,949,690
Cash received in incremental funding	63,163,316	49,125,617
Interest received	135,400	248,019
Cash received from other efficiency funding	123,728	-
Cash received from other sources	30,715	9,833
Cash received from consulting revenue	3,055	-
Cash paid to contractors, suppliers, and employees	(155,696,130)	(134,988,304)
Net cash used in operating activities	(9,322,223)	(1,655,145)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of property and equipment	120,000	5,805
Proceeds from sale of investments	-	8,042,155
Acquisition of property and equipment	(396,441)	(1,362,795)
Decrease in restricted cash and cash equivalents	476,064	497,788
Net cash provided by investing activities	199,623	7,182,953
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(9,122,600)	5,527,808
CASH AND CASH EQUIVALENTS, beginning of year	73,128,210	67,600,402
CASH AND CASH EQUIVALENTS, end of year	$ 64,005,610	$ 73,128,210
RECONCILIATION OF DECREASE IN NET ASSETS TO NET CASH USED IN OPERATING ACTIVITIES		
Decrease in net assets	$ (8,983,664)	$ (6,367,319)
Adjustments to reconcile decrease in net assets to net cash used in operating activities:		
Depreciation	259,983	129,806
Loss on disposal of property and equipment	789,438	18,255
Property and equipment disposed as incentive expense	-	14,610
Net changes in:		
Other receivables	(118,222)	10,604
Accrued interest receivable	2,027	53,970
Advances paid to contractor	329,710	(754,042)
Prepaid expenses	27,873	126,639
Other assets	(110,033)	(102,120)
Accounts payable and accrued expenses	(2,023,310)	5,136,036
Accrued payroll and related expenses	211,828	104,723
Deferred rent liability	292,147	(26,307)

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 March 2002. 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 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 utilities to collect a three percent public purpose charge from their customers. A portion of that charge is transferred to Energy Trust, and the remainder is dedicated to energy conservation efforts in low-income housing and K-12 schools, as well as low-income housing improvements. The sunset date for collection of the public purpose charge is 2026.

The law authorized the OPUC to direct a majority of these public purpose funds to a non-governmental entity for investment. Energy Trust was created for this sole purpose. In November 2001, Energy Trust entered into a grant agreement with the OPUC to guide Energy Trust's electric energy work. The grant agreement was developed with extensive input from key stakeholders and interested parties, and it has been amended several times since 2001. The agreement is reviewed annually by the OPUC and is automatically extended annually for an additional three years unless Energy Trust or the OPUC give notice otherwise.

In 2007, the Oregon Senate passed Bill 838 (OSB 838), which allowed electric utilities to request an increase in rates to pursue additional energy conservation opportunities. In 2008, PacifiCorp and Portland General Electric elected to send funds related to OSB 838 to Energy Trust to pursue energy conservation opportunities for retail electricity purchasers of less than one average megawatt. This precludes Energy Trust from providing services with this funding to some larger commercial and industrial customers. These funds are reported separately in the statement of activities as "incremental funding." The funds received from PacifiCorp and Portland General Electric may be used for conservation efforts in addition to activity funded by the public purpose funds.

In addition to its work under the 1999 energy restructuring law, 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.

Note 1 – Organization (continued)

In 2009, Energy Trust entered into a Washington Customer's Public Purpose Funds Transfer Agreement with NW Natural. Under the terms of the agreement, NW Natural agrees to transfer funds (Washington Funds) and customer information to Energy Trust to design and administer cost-effective energy efficiency programs for existing homes and businesses to NW Natural customers in Washington. In 2010, the agreement was amended to include similar programs for builders constructing new homes in NW Natural's Washington service territory. The agreement expires on December 31, 2013.

In 2006, Energy Trust began administering natural gas conservation programs for residential and commercial customers of Cascade Natural Gas Corporation (Cascade) under public purpose agreements. Each agreement provides for a different methodology for determining the amount of funds to be provided to Energy Trust.

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 – Energy Trust is required to report information regarding its financial position and activities according to three classes of net assets under generally accepted accounting principles:

- **Unrestricted** – Net assets that are not subject to donor stipulations.
- **Temporarily restricted** – 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, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. There were no temporarily restricted net assets at December 31, 2012 or 2011.
- **Permanently restricted** – Net assets subject to donor imposed stipulations which must be maintained permanently 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 permanently restricted net assets at December 31, 2012 or 2011.

Concentrations of credit risk – Energy Trust's cash and cash equivalents may subject Energy Trust to concentrations of credit risk, as the market value of securities is dependent on the ability of the issuer to honor its contractual commitments. All of its non-interest bearing cash balances were fully insured at December 31, 2012 and 2011 due to a temporary federal program in effect from December 31, 2010 through December 31, 2012. Under the program, there is no limit to the amount of insurance for eligible accounts. Beginning 2013, insurance coverage will revert to $250,000 per depositor at each financial institution, and Energy Trust's non-interest bearing cash balances may, again, exceed federally insured limits.

Note 2 – Summary of Significant Accounting Policies (continued)

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. Cash and cash equivalents consist of the following at December 31:

	2012	2011
Cash	$ 18,576,017	$ 22,790,754
Certificates of deposit	45,429,593	50,337,456
	$ 64,005,610	$ 73,128,210

Restricted cash and cash equivalents – Energy Trust has money market instruments with a value of $462,691 and $938,755 reported as restricted cash and cash equivalents at December 31, 2012 and 2011, respectively. These funds are held in escrow accounts for the benefit of program recipients, as designated by the Board of Directors of Energy Trust.

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 five years. It is Energy Trust's policy to capitalize property and equipment over $5,000.

Deferred rent liability – Energy Trust leases office space under a non-cancellable lease. The lease contains a provision for increases in rental rates as well as abated rent. Rent expense is recognized on the straight-line basis with the difference between the expense and rent payments being recognized as deferred rent. Deferred rent was $323,237 and $31,090 for the years ended December 31, 2012 and 2011, respectively.

Revenue recognition – All funding is considered available for unrestricted use unless specifically restricted by the donor. Public purpose and incremental funding are recognized when funds are received from the funding source. Consulting revenue, other income, and interest income are recognized at the time services are provided and the revenues are earned.

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions. Contributions, including unconditional promises to give, are recognized as revenue in the period pledged. Contributions of assets other than cash are recorded at their estimated fair value on the date of their contribution.

Expense allocation – The costs of providing 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.

Note 2 – Summary of Significant Accounting Policies (continued)

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 $1,189,269 and $1,066,876 for the years ended December 31, 2012 and 2011, 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 administrative expense.

Energy Trust had no unrecognized tax benefits at December 31, 2012 or December 31, 2011. No interest and penalties were accrued for the years ended December 31, 2012 or 2011. Energy Trust files an exempt organization return in the U.S. federal jurisdiction and with the Oregon charities division and is no longer subject to income tax examinations by taxing authorities for years before 2009 for its federal and state filings.

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. A single REC represents one megawatt-hour of generation of qualifying electricity from eligible resources including, among others, solar, wind, and biomass. In 2011, Energy Trust amended policy 4.15.000-P to remove provisions allowing the sale of RECs. As of December 31, 2012 and 2011, the fair value of RECs has not been recorded as it is not considered material to the financial statements.

Use of estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

Reclassifications – Certain reclassifications have been made to the 2011 financial statements to conform to current year presentation. These reclassifications had no effect on total net assets or changes in net assets.

Note 2 – Summary of Significant Accounting Policies (continued)

Subsequent events – Subsequent events are events or transactions that occur after the statement of financial position date but before the financial statements are 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 3, 2013, which is the date the financial statements were issued.

Note 3 – Property and Equipment

Property and equipment consist of the following at December 31:

	2012	2011
Computer equipment and software	$ 1,347,388	$ 974,712
Office equipment and furniture	600,662	627,017
Leasehold improvements	287,385	309,767
Program equipment at service sites	-	63,213
	2,235,435	1,974,709
Less accumulated depreciation	1,183,098	1,049,110
	1,052,337	925,599
Internal-use software asset in process	-	899,718
	$ 1,052,337	$ 1,825,317

In 2011 and 2010, Energy Trust incurred costs for an internal-use software project. Such costs were capitalized or expensed in accordance with Accounting Standards Codification (ASC) 350-40, *Internal-Use Software*. The internal-use software asset was still in process at December 31, 2011 and was written off during 2012.

Note 4 – Lines of Credit

Energy Trust maintains an unsecured line of credit in the amount of $4,000,000. Interest on the line is based on the prime rate less 0.5% (2.75% at December 31, 2012). The line matures on September 5, 2013. As of December 31, 2012 and 2011, no borrowings were outstanding under the line of credit.

Note 5 – 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 and model-derived valuations whose inputs are observable or whose significant value drivers are unobservable.

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 investments for which 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 statement of financial position.

Note 5 – Fair Value Measurements (continued)

The following table presents 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, 2012	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
U.S. mutual funds	$ 409,369	$ 409,369	$ -	$ -

	Fair Value Measurements at Report Date Using:			
	Fair Value at December 31, 2011	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
U.S. mutual funds	$ 301,336	$ 301,336	$ -	$ -

Assets are to be classified in the table above by recurring or non-recurring 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 non-recurring basis at December 31, 2012 or 2011.

As of December 31, 2012 and 2011, Energy Trust does not have any liabilities that are required to be measured in accordance with fair value standards.

Note 6 – Public Purpose Funding and Incremental Funding

Public purpose funding and incremental funding received are as follows for the years ended December 31:

	2012	2011
Public purpose funding		
Portland General Electric		
Energy efficiency	$ 28,119,658	$ 28,510,770
Renewable resources	8,033,565	8,131,761
	36,153,223	36,642,531
PacifiCorp		
Energy efficiency	19,637,424	18,772,015
Renewable resources	5,530,615	5,327,155
	25,168,039	24,099,170
Northwest Natural - Oregon		
Energy efficiency	18,990,363	20,718,176
Northwest Natural - Washington		
Energy efficiency	1,261,914	642,144
Cascade		
Energy efficiency	1,369,612	1,847,669
Avista		
Energy efficiency	(25,458)	-
Total public purpose funding	$ 82,917,693	$ 83,949,690
Incremental funding		
Portland General Electric	$ 39,630,039	$ 27,757,336
PacifiCorp	23,533,277	21,368,281
	$ 63,163,316	$ 49,125,617
Other efficiency funding		
Clark County PUD	$ 123,728	$ -
Total other efficiency funding	$ 123,728	$ -

Note 7 – Operating Lease Commitments

Energy Trust leases its administrative offices under an operating lease agreement which expires in June 2019. Energy Trust also leases various office equipment under operating lease agreements. At December 31, 2012, the aggregate annual commitments under the terms of these leases are payable as follows for the years ending December 31:

2013	$ 571,296
2014	626,854
2015	647,522
2016	670,068
2017	692,643
Thereafter	1,145,845
	$ 4,354,228

Total rent expense under operating leases was $603,165 and $448,167 for the years ended December 31, 2012 and 2011, respectively.

Note 8 – 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, 2012 and 2011, 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 $349,142 and $341,513 for the years ended December 31, 2012 and 2011, respectively.

Deferred compensation plan – Energy Trust sponsors a non-qualified 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 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.

Note 8 – Retirement Plans (continued)

Energy Trust made discretionary contributions to the plan totaling $52,344 and $55,107 during the years ended December 31, 2012 and 2011, respectively. Energy Trust recorded an asset and a liability in the amount of $409,369 and $301,336 as of December 31, 2012 and 2011, respectively. The deferred compensation asset and liability are recorded in other assets and accrued payroll and related expenses, respectively, in the statement of financial position.

Note 9 – Contractual Commitments

Energy Trust enters into contract commitments for various energy efficiency and renewable resource programs. As of December 31, 2012, Energy Trust expects to pay no more than $44,000,000 in future periods under these commitments. Expenditures for these commitments are recorded in the period in which they are incurred.

Energy Trust had projects and incentive payment requests in progress that did not meet its recognition criteria at both December 31, 2012 and 2011. The amounts are unquantifiable and, as such, not disclosed in the notes to the financial statements.

Note 10 – Board-Designated Net Assets

Due to the long-term nature of certain renewable energy projects, the Board of Directors of Energy Trust has authorized amounts to be segregated into escrow accounts to be used for larger long-term projects. The funds held in escrow accounts are to be paid out under criteria specific to each project. In the financial statements, these funds are considered designated for those specific projects.