MIDWEST ENERGY EFFICIENCY ALLIANCE

FINANCIAL STATEMENTS

AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

MIDWEST ENERGY EFFICIENCY ALLIANCE

CONTENTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Midwest Energy Efficiency Alliance

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Midwest Energy Efficiency Alliance (a non-profit organization) which comprise the statement of financial position as of June 30, 2023, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Midwest Energy Efficiency Alliance as of June 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Midwest Energy Efficiency Alliance 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.

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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 Midwest Energy Efficiency Alliance's ability to continue as a going concern within one year after the date that 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 GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, 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 Midwest Energy Efficiency Alliance'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 Midwest Energy Efficiency Alliance'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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 12, 2024, on our consideration of Midwest Energy Efficiency Alliance's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Midwest Energy Efficiency Alliance's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Midwest Energy Efficiency Alliance's internal control over financial reporting and compliance.

Marcum LLP

Deerfield, IL
February 12, 2024

MIDWEST ENERGY EFFICIENCY ALLIANCE

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2023

Assets		
Current Assets		
Cash and cash equivalents:		
Cash and cash equivalents	$ 293,976	
Cash and cash equivalents - operating reserve	900,000	
Total Cash and Cash Equivalents	1,193,976	
Certificates of deposit:		
Certificates of deposit	1,693,233	
Certificates of deposit - strategic reserve	858,607	
Total Certificates of Deposit	2,551,840	
Accounts receivable, net	718,304	
Pledges receivable	10,000	
Prepaid expenses and other current assets	106,955	
Total Current Assets		$ 4,581,075
Property and Equipment, Net		52,386
Other Assets		
Operating lease right-of-use assets		357,418
Total Assets		$ 4,990,879

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

MIDWEST ENERGY EFFICIENCY ALLIANCE

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2023

Liabilities and Net Assets		
Current Liabilities		
Accounts payable	$ 87,883	
Accrued expenses and other current liabilities	387,241	
Deferred membership	186,599	
Deferred revenue - tuition	28,681	
Grants/Sponsorships/Program revenue received in advance	65,704	
Current portion of build out lease liability	14,625	
Current portion of operating lease liability	122,209	
Total Current Liabilities		$ 892,942
Long-Term Liabilities		
Build out lease liability, net of current portion	36,562	
Operating lease liability, net of current portion	417,170	
Total Long-Term Liabilities		453,732
Total Liabilities		1,346,674
Net Assets		
Without donor restrictions	1,580,130	
Without donor restrictions - board designated	1,758,607	
With donor restrictions	305,468	
Total Net Assets		3,644,205
Total Liabilities and Net Assets		$ 4,990,879

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

MIDWEST ENERGY EFFICIENCY ALLIANCE

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED JUNE 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Other Support			
Government grants	$ --	$ 994,455	$ 994,455
Corporation grants	14,213	--	14,213
Foundation grants	--	239,860	239,860
Municipal utility and nonprofit grants	--	865,023	865,023
Membership	634,079	--	634,079
Tuition income	248,744	--	248,744
Conference and workshop income	698,785	--	698,785
Miscellaneous	41,133	--	41,133
Interest income	29,268	--	29,268
Program service revenue	26,806	--	26,806
Net assets released from restriction by satisfaction of program requirements	2,378,859	(2,378,859)	--
Total Revenue and Other Support	4,071,887	(279,521)	3,792,366
Expenses			
Program	2,838,350	--	2,838,350
Management and general	1,754,438	--	1,754,438
Fundraising and development	12,666	--	12,666
Total Expenses	4,605,454	--	4,605,454
Operating Revenue and Support Under Expenses	(533,567)	(279,521)	(813,088)
Nonoperating Support and Revenue			
Unrealized gain on investments	17,485	--	17,485
Employee retention tax credit	521,682	--	521,682
Total Nonoperating Support and Revenue	539,167	--	539,167
Change in Net Assets	5,600	(279,521)	(273,921)
Net Assets - Beginning	3,333,137	584,989	3,918,126
Net Assets - Ending	$ 3,338,737	$ 305,468	$ 3,644,205

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

MIDWEST ENERGY EFFICIENCY ALLIANCE

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2023

	Program	Management and General	Fundraising and Development	Total
Bank service and merchant account fees	$ 10,084	$ 11,640	$ --	$ 21,724
Bad debts	--	20,605	--	20,605
Computer expense	2,902	64,045	--	66,947
Depreciation and amortization	--	16,718	--	16,718
Dues, licenses and fees	6,285	14,204	--	20,489
Employee costs - retirement plan, recruitment, education, workers' compensation insurance	73,010	73,690	260	146,960
Gifts and grants	--	15,928	--	15,928
Insurance - health, life and disability	98,695	100,438	1,130	200,263
Insurance - organizational and liability	11,263	26,279	--	37,542
Meeting and conferences	490,104	24,460	--	514,564
Payroll taxes	69,746	70,661	762	141,169
Postage and delivery	201	1,333	--	1,534
Printing and reproduction - outsourced	12,267	3,326	--	15,593
Professional fees - accounting	--	32,084	--	32,084
Professional fees - audio/video	88,778	4,673	--	93,451
Professional fees - consulting	350	3,153	--	3,503
Professional fees - legal	9,660	3,664	--	13,324
Program expense - direct - training programs	260,818	--	--	260,818
Office expenses	511	55,543	--	56,054
Rent	180,365	60,122	--	240,487
Salaries and wages	974,373	990,033	9,694	1,974,100
Sponsorship	21,121	--	--	21,121
Subcontractors	365,912	--	--	365,912
Supplies and publications	1,400	698	--	2,098
Telecommunications	21,173	6,454	--	27,627
Travel, meals and entertainment	115,409	147,637	813	263,859
Unemployment taxes	1,414	1,432	7	2,853
Utilities	6,066	1,516	--	7,582
Website	16,443	4,102	--	20,545
Total Expenses	$ 2,838,350	$ 1,754,438	$ 12,666	$ 4,605,454

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

MIDWEST ENERGY EFFICIENCY ALLIANCE

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2023

Cash Flows From Operating Activities		
Change in net assets		$ (273,921)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	$ 16,718	
Bad debt expense	20,605	
Unrealized gain on investments	(17,485)	
Decrease in buildout lease liability	(14,625)	
Amortization of operating right-of-use-assets	81,018	
Changes in operating assets and liabilities:		
Accounts receivable	(300,309)	
Pledges receivable	211,000	
Due from leasing company	79,218	
Prepaid expenses and other current assets	(2,454)	
Accounts payable	42,209	
Accrued expenses and other current liabilities	213,627	
Operating lease liability	(14,684)	
Deferred membership and tuition	(5,357)	
Grants/Sponsorships/Program revenue received in advance	(8,000)	
Total Adjustments		301,481
Net Cash Provided by Operating Activities		27,560
Cash Flows From Investing Activities		
Purchases of investments	(2,551,840)	
Proceeds from investments	2,235,172	
Net Cash Used in Investing Activities		(316,668)
Net Decrease in Cash and Cash Equivalents		(289,108)
Cash and Cash Equivalents - Beginning		1,483,084
Cash and Cash Equivalents - Ending		$ 1,193,976

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

NOTE 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF OPERATIONS

Midwest Energy Efficiency Alliance ("MEEA") was incorporated under the laws of Illinois on March 22, 2000, as a not-for-profit corporation. MEEA is a collaborative network, promoting energy efficiency to optimize energy generation, reduce consumption, create jobs and decrease carbon emissions in all Midwest communities.

CASH FLOWS

MEEA considers cash equivalents to be all highly liquid investments with a maturity of three months or less when purchased.

CASH BALANCES IN EXCESS OF INSURED AMOUNTS

MEEA maintains its cash in accounts which, at times, may exceed federally insured limits. MEEA has not experienced any losses due to these limits.

CLASSES OF NET ASSETS

The accounts of MEEA are maintained in accordance with the principles of fund accounting, whereby resources are classified for accounting and reporting purposes into net assets established according to their nature and purposes.

Net Assets Without Donor Restrictions
Net assets without donor restrictions represents the portion of expendable funds that are available for the daily operations of MEEA, which are not limited by donor restriction as to use. Net assets without donor restrictions – board designated are reserves made on the cash and cash equivalent and certificates of deposit accounts based on board designation.

Net Assets With Donor Restrictions
Net assets with donor restrictions consists of donor-restricted contributions for specified projects as well as contributions received with time restrictions. When a net asset with restrictions expires, net assets are classified to net assets without donor restrictions and reported in the statement of activities and changes in net assets as net assets released from restriction. At June 30, 2023, net assets with donor restrictions consist of purpose and time restrictions of $295,468 and $10,000, respectively, for education related to savings from building codes, access to programs, and utility program best practices, as well as outreach to cities for interacting with future code development and grant pledges. This amount represents revenue for programs to be implemented in the future, and although the revenue is recognized in the current period, the related expenses will not be recognized until they are incurred.

NOTE 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FUNCTIONAL EXPENSES

The statement of functional expenses presents the expenses by function and natural classification. Expenses directly attributable to specific functional areas are reported as expenses of those functional areas. Certain categories of expenses are attributed to one or more supporting function of the organization, which are allocated based on estimates of time and effort done on a yearly basis or in the case of expenses regarding office and occupancy costs, allocated on an analysis of square footage utilized.

REVENUE RECOGNITION AND ACCOUNTS RECEIVABLE

MEEA receives support and revenue from various funding sources in order to accomplish its energy efficiency programs. Revenue and other support is recognized in the period earned or awarded and is available for unrestricted use unless explicit donor stipulations specify how or when the funds may be used. Grants and program service revenue may be recognized as revenue either when received or based on a cost-reimbursement methodology as stated in the grant agreement.

Dues from members are recognized in the membership year in accordance with Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers* (Topic 606) ("ASC 606"). Dues received in advance of the membership year are reflected as deferred membership on the statement of financial position. Deferred membership was $186,599 and $198,373 at June 30, 2023 and July 1, 2022, respectively.

In accordance with ASC 606, tuition income and conference and workshop income is recognized when the performance obligation has been met. Performance obligations related to tuition income are the completion of related courses. Performance obligations related to conference and workshop income are the completion of the related event. Deferred revenue – tuition was $28,681 and $22,264 at June 30, 2023 and July 1, 2022, respectively, for classes that will take place in the next fiscal year. There was no deferred revenue related to conference and workshop income.

Interest income is accrued and recognized in the period earned, regardless of when cash is received.

NOTE 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

REVENUE RECOGNITION AND ACCOUNTS RECEIVABLE (CONTINUED)

Accounts receivable represent amounts charged to grants that are not yet received as well as dues owed from members. Accounts receivable are recorded at their net realizable value. MEEA provides an allowance for doubtful accounts based upon historical collection experience, coupled with an annual review of the current status of existing accounts. The allowance for doubtful accounts was $20,605 as of June 30, 2023. Receivables from contracts net of allowance were $ 718,304 and $438,600 as of June 30, 2023 and July 1, 2022, respectively, and are included in accounts receivable on the statement of financial position.

NEW ACCOUNTING PRONOUNCEMENT

Effective July 1, 2022, MEEA adopted FASB Accounting Standards Codification (ASC) 842, *Leases* (ASC 842). MEEA determines if an arrangement contains a lease at inception based on whether MEEA has the right to control the asset during the contract period and other facts and circumstances. MEEA elected the package of practical expedients permitted under the transition guidance within the new standard, which among other things, allowed it to carry forward the historical lease classification. MEEA elected the short-term lease recognition exemption for all leases that qualify. Consequently, for those leases that qualify, MEEA will not recognize right-of-use assets or lease liabilities on the statement of financial position. MEEA generally does not have access to the rate implicit in the lease, and therefore, MEEA utilizes its incremental borrowing rate as the discount rate.

The adoption of ASC 842 resulted in the recognition of a right-of-use asset (“ROU”) of $438,435 and an operating lease liability of $554,064 and resulted in the derecognition of deferred rent of $115,627 as of July 1, 2022. This transaction has been treated as noncash for purpose of the statement of cash flows. The adoption of ASC 842 did not have a material impact on MEEA’s results of operations and cash flows.

RIGHT-OF-USE ASSETS AND LEASE LIABILITY

MEEA leases its office space. MEEA determines if an arrangement is a lease at inception and when the terms of an existing contract are changed. Operating leases are included in operating lease ROU assets and operating lease liability on the statement of financial position.

NOTE 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

RIGHT-OF-USE ASSETS AND LEASE LIABILITY (CONTINUED)

ROU assets represent the right to use an underlying asset for the lease term and lease liability represent the obligation to make lease payments arising from the lease. Operating ROU assets and lease liability are recognized at the commencement date and are initially and subsequently measured based on the present value of lease payments over the lease term. As most of the leases do not provide an implicit rate, MEEA used an incremental borrowing rate based on the information available at commencement date in determining the present value of the lease payments. The operating ROU asset also included any lease payments made and excludes lease incentives. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the company will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

PLEDGES RECEIVABLE

MEEA accounts for its pledges receivable in accordance with Accounting Standards Codification 958-605 – *Not-for-profit Entities – Revenue Recognition*. MEEA has recognized income and a related pledge receivable for unconditional promises to give with payments due in future periods. Unconditional promises to give have been recorded on the financial statements at their face amount which is the same as their fair value as they are due in less than one year and no calculation of present value of the future cash flows is necessary.

INCOME TAXES

MEEA is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, MEEA has been determined by the Internal Revenue Service not to be a “private foundation” within the meaning of Section 509(a) of the Internal Revenue Code. Therefore, MEEA has made no provision for income taxes in the accompanying financial statements.

NOTE 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

INCOME TAXES (CONTINUED)

Accounting principles generally accepted in the United States of America ("GAAP") require management to evaluate tax positions taken by MEEA and recognize a tax liability (or asset) if MEEA has taken uncertain positions that more likely than not would not be sustained upon examination by the Internal Revenue Service. Management has analyzed the tax positions taken by MEEA, and has concluded that as of June 30, 2023, there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. MEEA is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods pending or in progress. If MEEA were to incur any income tax liability in the future, interest on any income tax liability would be reported as interest expense and penalties on any income tax would be reported as income taxes.

USE OF ESTIMATES

The preparation of financial statements in conformity with GAAP requires management to 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. While actual results may differ from those estimates, management does not expect the differences, if any, to have a material effect on the financial statements.

SUBSEQUENT EVENTS

MEEA has evaluated subsequent events through February 12, 2024, the date the financial statements were available to be issued. No events requiring recognition or disclosure in the financial statements were identified except as described in Notes 4 and 5.

NOTE 2 - PROPERTY AND EQUIPMENT

Equipment, furniture, and leasehold improvements are recorded at cost or fair value if contributed. It is MEEA's policy to capitalize expenditures for long-lived assets if they are over $2,500. Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

Property and equipment consists of the following at June 30, 2023:

		Estimated Useful Lives
Leasehold improvements	$ 611,898	10
Furniture and equipment	140,979	5-10
Computer equipment and software	105,380	3-5
Total Cost	858,257	
Less: accumulated depreciation	(805,871)	
Property and Equipment, Net	$ 52,386	

NOTE 3 - RETIREMENT PLAN

MEEA has a tax deferred savings plan covering eligible employees, as defined by the plan documents. Employees are allowed to make elective deferrals up to the maximum allowed by the Internal Revenue Code. MEEA, at its discretion, may contribute on behalf of each of the employees who are participants of the plan, an amount up to 50% of the first 6% of compensation. The contribution expense under the plan was $114,701 for the year ended June 30, 2023.

NOTE 4 - CERTIFICATES OF DEPOSIT

Certificates of deposit are valued at cost including accrued interest. As of June 30, 2023, MEEA holds certificates of deposits in the amount of $2,551,840 with interest rates ranging from 0.10% to 5.40% and maturity dates ranging from July 2023 to June 2024. Subsequent to year end, certificates of deposit that matured were renewed.

NOTE 5 - LINES OF CREDIT

MEEA has a $250,000 line of credit available with Fifth Third Bank until November 30, 2023. Subsequent to year end, the line of credit was extended until November 30, 2024. The note is secured by corporate assets of MEEA as defined by the agreement. Interest is computed at the bank's prime interest rate plus 1.00% (prime rate was 8.25% as of June 30, 2023), with a floor of 3.00%. During the year, no advance was taken on the line of credit, and as of June 30, 2023 there was no amount due.

MEEA entered into two line of credit agreements of $10,000 each with Limestone Bank, a division of People Bank on May 16, 2023. The notes will expire on May 16, 2027 and are unsecured as defined by the agreement. Interest is computed at the prime interest rate. During the year, no advance was taken on the two line of credits, and as of June 30, 2023 there was no amount due.

NOTE 6 - LEASE

MEEA has an amended lease agreement for office space in Chicago, Illinois. The lease, which began August 1, 2021 and expires December 31, 2026, required monthly rent in the range of $14,057 to $15,904 as the lease progresses. The lessor provided various incentives to MEEA upon the signing of the lease. The lessor provided an allowance of $221,950 for leasehold improvements, of which $79,218 was used and the remaining allowance was used as rent abatement. The lessor also provided full rent abatement for the period from August 2021 through December 2021 totaling $70,284 and will provide partial rent abatement for the period from January 2022 through November 2023 totaling $69,893. These incentives have been included to reduce lease payments for corresponding months. As part of the lease agreement, MEEA is required to keep a letter of credit in the amount of $99,304 until the end of the lease. Cash and cash equivalents of approximately $99,304 serve as collateral to the letter of credit.

The following summarizes the line items in the balance sheet, which include amounts for operating lease as of June 30, 2023:

Operating Lease Right-of-Use Asset	$ 357,418
Operating lease liability, current portion	$ 122,209
Operating lease liability, noncurrent portion	417,170
Total Operating Lease Liability	$ 539,379

NOTE 6 - LEASE (CONTINUED)

Operating lease costs of $126,140 and are reduced by $14,265 for amortization of the build out lease for a net of $111,515 included in rent expense on the statement of functional expenses for the year ended June 30, 2023. Additionally, there were $128,972 of common area maintenance expenses.

The following summarizes the cash flow information related to operating lease for the year ended June 30, 2023:

Cash Paid for Amounts Included in the Measurement of Lease Liabilities:	
Operating cash flows for operating leases	$ 59,807

Weighted average remaining lease term and discount rate as of June 30, 2023 were as follows:

Weighted average remaining lease term	3.5 years
Weighted average discount rate	8.0%

The maturities of the operating lease liability as of June 30, 2023, were as follows:

For the Years Ending June 30,	Amounts
2024	$ 161,318
2025	181,283
2026	185,815
2027	95,036
Total Operating Lease Payments	623,452
Less: Interest	(84,073)
Present Value of Operating Lease Liability	$ 539,379

NOTE 7 - SUPPORT AND REVENUE

MEEA's various programs and amounts received including the outstanding accounts receivable as of and for the year ended June 30, 2023 are as follows:

Program Name	Description	Revenue for the Year Ended June 30, 2023	Accounts Receivable at June 30, 2023
Midwest Energy Solutions Conference	Regional conference to promote energy efficiency work and educate stakeholders throughout the Midwest.	$ 698,785	$ 86,725
PNNL	U.S. Department of Energy funded work through Pacific Northwest National Laboratory for Building Energy Codes Programs to promote best practices and provide technical assistance.	691,554	151,646
Membership	Membership Dues from MEEA members to support the energy efficiency mission of the organization.	634,079	44,954
General Operating – Miscellaneous	Travel Reimbursement for Executive Director Speaking at Conferences; Health Insurance Reimbursements; Partial refund for Educational Program Registration, Rental of office space	587,527	2,388
Building Operator Certification	An educational program targeted to building operators to inform them about low to no cost methods of improving the energy efficiency of their facilities.	497,821	33,194
EEFA - Multi Family	JPB Foundation Energy Efficiency for All funded program to educate policymakers and stakeholders to improve access to energy efficiency programs in the multifamily sector.	178,000	10,000
NE Training	Energy code support program that provides training and education to stakeholders in Nebraska on energy code requirements and advanced technologies. Funded by U.S. DOE in partnership with NE DEE and NCOA.	150,358	41,361

NOTE 7 - SUPPORT AND REVENUE (CONTINUED)

Program Name	Description	Revenue for the Year Ended June 30, 2023	Accounts Receivable at June 30, 2023
K12 Outreach	School Program (K-12) Outreach Assistance in ComEd service territory	$ 112,753	$ 97,544
IL Stretch 22	Assist Slipstream in discussing codes and building performance standards with municipalities interested in such approaches.	108,444	--
ICF 2023-DTE	Training to Building Officials and Builders on the 2021 Michigan Energy Code.	71,429	44,873
ICF 2023-CE	Training to Building Officials and Builders on the 2021 Michigan Energy Code.	66,389	39,833
EF 4 State	Energy Foundation funded to engage in state energy tables. MEEA's role is mainly to educate stakeholders on energy efficiency policies and potential impacts.	60,000	--
MI EGLE	Building Vitals is developing 8 energy code compliance aids for Michigan Department of Environment, Great Lakes and Energy (EGLE). MEEA is providing content for 3 of the aids and graphic design services for all 8 of the aids.	57,020	16,100
IL Codes BPS	Phase I of project with Slipstream on advancing stretch codes and building performance standards, funded by ComEd, Nicor Gas and Peoples Gas/North Shore Gas.	53,871	53,871
ComEd Elec	Electrification Research	52,620	--

NOTE 7 - SUPPORT AND REVENUE (CONTINUED)

Program Name	Description	Revenue for the Year Ended June 30, 2023	Accounts Receivable at June 30, 2023
ComEd Workshop	Facilitating some stakeholder workshops for	$ 48,612	$ --
ERC-CHP	U.S. Department Energy funded research on Combined Heat and Power policies for the CHP TAP at the Energy Resources Center at the University of Illinois at Chicago.	43,368	3,842
NEEP-Beam	FOA, US Department of Energy	40,000	2,000
NEEP Pre-Fab	Research about off-site construction and remote virtual inspections funded by the U.S. Department of Energy in partnership with Northeast Energy Efficiency Partnership (NEEP).	36,596	7,982
EECN Consult	General Operating(pass through)	23,250	19,500
Grow Iowa	Grow Iowa Building Operator Pathway is a pilot project through the Energy Association of Iowa Schools funded by the Iowa Energy Office to provide a pathway for high-school students to enter building operator positions.	15,891	10,595
NSPM 22	Coordinate and Provide outreach to support E4theFuture in educating states	11,775	188
IL SAG	Meeting Facilitation & Facility Support for the Illinois Stakeholder Advisory Group	11,329	--
ComED Curriculum 22	Create educational resources for use by community-based organization	6,714	--

NOTE 7 - SUPPORT AND REVENUE (CONTINUED)

Program Name	Description	Revenue for the Year Ended June 30, 2023	Accounts Receivable at June 30, 2023
MI Pilot Consumers MI Pilot DTE	Provide ideation, management and implementation services for residential pilot projects including management from concept to successful residential existing program enhancement.	$ 5,000	$ 5,000
Columbia MO	Policy Training	4,750	--
AESP	MEEA will assist the project team in developing and distributing new training curriculum for Energy Service professionals focused on demand flexibility.	4,670	1,260
E4 DEA	Using E4theFuture/LBNL DEA Framework to do case studies. MEEA's role is mainly on stakeholder engagement and facilitation.	2,688	2,688
Building Policy	Building Policy staff time and expenses not allocated to another specific project.	500	--
	Total	$ 4,376,640	$ 718,304

NOTE 8 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following table reflects certain of MEEA's financial assets as of June 30, 2023, reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year, or are classified as assets held in perpetual trust.

	Amount
Cash and cash equivalents	$ 1,193,976
Certificates of deposit	2,551,840
Accounts receivable	718,304
Pledges receivable	10,000
Financial Assets at Year-End	4,474,120
Less: amounts designated as collateral for the letter of credit	(99,304)
Less: those unavailable for general expenditures within one year, due to donor restrictions	(305,468)
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	$ 4,069,348

MEEA has a policy to structure its financial assets to be available as general expenditures, liabilities and other obligations come due. In addition, MEEA has a line of credit agreement for $250,000 and two line of credit agreements of $10,000 each with the same terms that expire November 30, 2024 and May 16, 2027, respectively, of which no funds have been drawn down as of June 30, 2023 (see Note 5).

NOTE 9- EMPLOYEE RETENTION TAX CREDIT

Under the Coronavirus Aid, Relief, and Economic Security ("CARES") Act, the federal government is providing payroll tax credits for qualifying wages of entities that meet the criteria of size and financial impact of COVID-19 for the period from March 13, 2020 through September 30, 2021. During the year ended June 30, 2023, MEEA determined it met the eligibility requirements to claim the Employee Retention Tax Credit ("ERTC"), filing amended payroll tax returns for prior periods. MEEA received ERTC funds in the amount of $521,682, including interest. The amount is recorded as revenue on the statement of activities and changes in net assets.

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
Midwest Energy Efficiency Alliance

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Midwest Energy Efficiency Alliance, which comprise the statement of financial position as of June 30, 2023, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year ended June 30, 2023 and the related notes to the financial statements, and have issued our report thereon dated February 12, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Midwest Energy Efficiency Alliance's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Midwest Energy Efficiency Alliance's internal control. Accordingly, we do not express an opinion on the effectiveness of Midwest Energy Efficiency Alliance's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Midwest Energy Efficiency Alliance's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Marcum LLP

Deerfield, IL
February 12, 2024