

MIDWEST ENERGY EFFICIENCY ALLIANCE

FINANCIAL STATEMENTS

AS OF AND FOR THE YEAR ENDED JUNE 30, 2022

MIDWEST ENERGY EFFICIENCY ALLIANCE

CONTENTS

Independent Auditors' Report	1-3
Financial Statements	
Statement of Financial Position	4-5
Statement of Activities and Changes in Net Assets.....	6
Statement of Functional Expenses	7
Statement of Cash Flows	8
Notes to Financial Statements	9-18
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 <i>Government Auditing Standards</i>	19-20

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, 2022, 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, 2022, 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.

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 March 1, 2023, 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
March 1, 2023

MIDWEST ENERGY EFFICIENCY ALLIANCE

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2022

Assets

Current Assets

Cash and cash equivalents:

Cash and cash equivalents	\$	96,171
Cash and cash equivalents - operating reserve		775,000
Cash and cash equivalents - strategic reserve		<u>611,913</u>

Total Cash and Cash Equivalents 1,483,084

Accounts receivable, net	438,600
Pledges receivable	221,000
Certificates of deposit	2,217,687
Due from leasing company	79,218
Prepaid expenses and other current assets	<u>106,359</u>

Total Current Assets \$ 4,545,948

Property and Equipment, Net 69,104

Total Assets \$ 4,615,052

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

MIDWEST ENERGY EFFICIENCY ALLIANCE

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2022

Liabilities and Net Assets

Current Liabilities

Accounts payable	\$	45,674
Accrued expenses and other current liabilities		175,472
Deferred membership		198,373
Deferred revenue - tuition		22,264
Grants/Sponsorships/Program revenue received in advance		73,704
Current portion of build out lease liability		14,625
Current portion of deferred rent		<u>41,807</u>

Total Current Liabilities \$ 571,919

Long-Term Liabilities

Build out lease liability, net of current portion		51,187
Deferred rent, net of current portion		<u>73,820</u>

Total Long-Term Liabilities 125,007

Total Liabilities 696,926

Net Assets

Without donor restrictions		3,333,137
With donor restrictions		<u>584,989</u>

Total Net Assets 3,918,126

Total Liabilities and Net Assets \$ 4,615,052

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, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Other Support			
Government grants	\$ --	\$ 598,799	\$ 598,799
Foundation grants	--	754,635	754,635
Municipal utility and nonprofit grants	--	642,890	642,890
Membership	670,179	--	670,179
Tuition income	373,303	--	373,303
Conference and workshop income	529,631	--	529,631
Miscellaneous	80	--	80
Interest income	2,973	--	2,973
Program service revenue	13,555	--	13,555
Net assets released from restriction by satisfaction of program requirements	<u>1,580,345</u>	<u>(1,580,345)</u>	<u>--</u>
Total Revenue and Other Support	<u>3,170,066</u>	<u>415,979</u>	<u>3,586,045</u>
Expenses			
Program	2,171,139	--	2,171,139
Management and general	1,136,707	--	1,136,707
Fundraising and development	<u>3,989</u>	<u>--</u>	<u>3,989</u>
Total Expenses	<u>3,311,835</u>	<u>--</u>	<u>3,311,835</u>
Operating Revenue and Support (Under)/Over Expenses	<u>(141,769)</u>	<u>415,979</u>	<u>274,210</u>
Nonoperating Support and Revenue			
Unrealized loss on investments	<u>(9,952)</u>	<u>--</u>	<u>(9,952)</u>
Total Nonoperating Support and Revenue	<u>(9,952)</u>	<u>--</u>	<u>(9,952)</u>
Change in Net Assets	(151,721)	415,979	264,258
Net Assets - Beginning	<u>3,484,858</u>	<u>169,010</u>	<u>3,653,868</u>
Net Assets - Ending	<u>\$ 3,333,137</u>	<u>\$ 584,989</u>	<u>\$ 3,918,126</u>

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, 2022

	Program	Management and General	Fundraising and Development	Total
Bank service and merchant account fees	\$ 10,392	\$ 5,881	\$ --	\$ 16,273
Bad debts	--	9,105	--	9,105
Computer expense	41,920	32,151	--	74,071
Depreciation and amortization	12,427	9,607	--	22,034
Dues, licenses and fees	4,481	10,417	--	14,898
Employee costs - retirement plan, recruitment, education, workers' compensation insurance	54,208	41,461	79	95,748
Gifts and grants	--	9,150	--	9,150
Insurance - health, life and disability	76,963	59,242	326	136,531
Insurance - organizational and liability	533	32,725	--	33,258
Meeting and conferences	271,813	13,804	--	285,617
Payroll taxes	65,798	50,493	260	116,551
Postage and delivery	118	2,836	--	2,954
Printing and reproduction - outsourced	433	3,818	--	4,251
Professional fees - accounting	--	35,473	--	35,473
Professional fees - audio/video	78,147	--	--	78,147
Professional fees - consulting	--	8,223	--	8,223
Professional fees - legal	11,683	1,593	--	13,276
Program expense - direct - training programs	274,540	--	--	274,540
Office expenses	1,838	12,863	--	14,701
Rent	50,955	38,440	--	89,395
Salaries and wages	913,446	702,916	3,305	1,619,667
Sponsorship	13,950	--	--	13,950
Subcontractors	204,497	--	--	204,497
Supplies and publications	1,617	1,208	--	2,825
Telecommunications	22,153	2,837	--	24,990
Travel, meals and entertainment	44,273	45,091	--	89,364
Unemployment taxes	3,671	3,393	19	7,083
Utilities	2,240	1,732	--	3,972
Website	9,043	2,248	--	11,291
Total Expenses	<u>\$ 2,171,139</u>	<u>\$ 1,136,707</u>	<u>\$ 3,989</u>	<u>\$ 3,311,835</u>

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, 2022

Cash Flows From Operating Activities

Change in net assets		\$	264,258
Adjustments to reconcile change in net assets to net cash provided by operating activities:			
Depreciation and amortization	\$	22,034	
Bad debt expense		9,105	
Unrealized loss on investments		9,952	
Increase in deferred rent		106,058	
Decrease in buildout lease liability		(13,406)	
Changes in operating assets and liabilities:			
Accounts receivable		(62,680)	
Pledges receivable		(221,000)	
Prepaid expenses and other current assets		(57,000)	
Accounts payable		(22,527)	
Accrued expenses and other current liabilities		15,160	
Deferred membership and tuition		(29,654)	
Grants/Sponsorships/Program revenue received in advance		<u>(9,000)</u>	
Total Adjustments			<u>(252,958)</u>

Net Cash Provided by Operating Activities 11,300

Cash Flows From Investing Activities

Purchases of investments	(2,217,687)
Proceeds from investments	1,471,064
Purchase of equipment	<u>(79,214)</u>

Net Cash Used in Investing Activities (825,837)

Net Decrease in Cash and Cash Equivalents (814,537)

Cash and Cash Equivalents - Beginning 2,297,621

Cash and Cash Equivalents - Ending \$ 1,483,084

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

MIDWEST ENERGY EFFICIENCY ALLIANCE

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

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 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, 2022, net assets with donor restrictions consist of purpose and time restrictions of \$363,989 and \$221,000, 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.

MIDWEST ENERGY EFFICIENCY ALLIANCE

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

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 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 \$198,373 and \$210,494 at June 30, 2022 and July 1, 2021, respectively. In accordance with ASC 606, tuition income is recognized when the performance obligation has been met, which is when the related class instruction takes place. Deferred revenue – tuition was \$22,264 and \$39,797 at June 30, 2022 and July 1, 2021, respectively, for classes that will take place in the next fiscal year.

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 \$9,105 as of June 30, 2022. Receivable from contracts net of allowance were \$438,600 and \$385,025 as of June 30, 2022 and July 1, 2021, respectively, and are included in accounts receivable on the statement of financial position.

MIDWEST ENERGY EFFICIENCY ALLIANCE

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

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

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.

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, 2022, 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.

MIDWEST ENERGY EFFICIENCY ALLIANCE

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

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

NEW ACCOUNTING PRONOUNCEMENTS

During the year ended June 30, 2022, MEEA adopted Accounting Standards Update (“ASU”) 2020-07, *Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The new guidance required nonprofit entities to present contributed nonfinancial assets as a separate line item in the statement of activities and changes in net assets, apart from contributions of cash or other financial assets. The standard also increases the disclosure requirements around contributed nonfinancial assets a nonprofit entity has received. Adoption of this standard did not have a significant impact on the financial statements, with the exception of increased disclosure.

SUBSEQUENT EVENTS

MEEA has evaluated subsequent events through March 1, 2023, 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, 2022:

		Estimated Useful Lives
Leasehold improvements	\$611,898	10
Furniture and equipment	140,979	5-10
Computer equipment and software	<u>105,380</u>	3-5
Total Cost	858,257	
Less: accumulated depreciation	<u>(789,153)</u>	
Property and Equipment, Net	<u>\$ 69,104</u>	

MIDWEST ENERGY EFFICIENCY ALLIANCE

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

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 \$64,129 for the year ended June 30, 2022.

NOTE 4 - CERTIFICATES OF DEPOSIT

Certificates of deposit are valued at cost including accrued interest. As of June 30, 2022, MEEA holds certificates of deposits in the amount of \$2,217,687 with interest rates ranging from 0.10% to 1.85% and maturity dates ranging from July 2022 to May 2023. Subsequent to year end, certificates of deposit that matured were renewed.

NOTE 5 - LINE OF CREDIT

MEEA has a \$250,000 line of credit available with Fifth Third Bank which expired on November 30, 2022 and was subsequently renewed until November 30, 2023. 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 4.75% as of June 30, 2022), with a floor of 3.00%. During the year, no advance was taken on the line of credit, and as of June 30, 2022 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 which is treated as non-cash activity for the statement of cash flows. 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 as part of the deferred rent payable. 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.

MIDWEST ENERGY EFFICIENCY ALLIANCE

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 6 - LEASE (CONTINUED)

In accordance with GAAP, rent expense is recorded on a straight-line basis over the life of the lease. Rent expense for the year ended June 30, 2022 is \$89,395. The deferred rent payable balance and the build out liability is \$115,627 and \$65,812 at June 30, 2022. As of June 30, 2022, the lessor owes \$79,218 as a reimbursement of the leasehold improvements.

Future minimum rental payments due under the lease are as follows:

For the Years Ending June 30,	Amount
2023	\$ 59,807
2024	161,318
2025	181,283
2026	185,815
2027	<u>95,036</u>
Total	<u>\$683,259</u>

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, 2022 are as follows:

Program Name	Description	Revenue 2022	Accounts Receivable at June 30, 2022
Membership	Membership Dues from MEEA members to support the energy efficiency mission of the organization.	\$ 664,679	\$ 29,000
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.	556,700	81,148
Midwest Energy Solutions Conference	A regional conference to promote energy efficiency and educate stakeholders throughout the Midwest.	<u>\$ 529,631</u>	<u>\$ --</u>

MIDWEST ENERGY EFFICIENCY ALLIANCE

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 7 - SUPPORT AND REVENUE (CONTINUED)

Program Name	Description	Revenue 2022	Accounts Receivable at June 30, 2022
Joyce Foundation	Joyce Foundation funded project to educate public utilities commissions, legislators, governors and advocates on energy efficiency.	\$ 400,000	\$ --
PNNL	U.S. Department of Energy funded work through Pacific Northwest National Laboratory for Building Energy Codes Program and Residential Building Integration to promote best practices and provide technical assistance.	374,603	163,275
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.	176,951	43,440
Crown-Midwest Campaign	Crown Family Philanthropies funded project to promote and support energy efficiency in the northern Great Lakes states,	150,000	--
Ameren MO Codes (19-21)	Manage 3-year residential energy code compliance support program in Ameren MO territory.	132,462	--
DTE Consultation	Support for Codes and Real Estate Training.	75,000	--
K12 Outreach	School Program (K-12) Outreach Assistance in ComEd service territory	67,210	64,411
Ameren MO-RE	Training for Realtors and Appraisers in Ameren MO territory. Home energy audit coupons for recent home buyers and incentivized self-assessments for residential customers.	63,886	350
EF 4 State	Energy Foundation funded support to promote energy efficiency in IA, IL, IN and MI.	60,000	--
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.	<u>\$ 54,635</u>	<u>\$ 7,000</u>

MIDWEST ENERGY EFFICIENCY ALLIANCE

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 7 - SUPPORT AND REVENUE (CONTINUED)

Program Name	Description	Revenue 2022	Accounts Receivable at June 30, 2022
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.	\$ 45,000	\$ --
IL BPS Ph2	Phase II of project with Slipstream on advancing stretch codes and building performance standards, funded by ComEd, Nicor Gas and People Gas/North Shore Gas.	42,585	--
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).	42,245	9,810
ISEIF	Illinois Science and Energy Innovation Foundation funded Smart Grid training for Real Estate Professionals	35,000	--
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.	21,188	5,297
ComEd Curriculum	Create educational resources for use by community-based organization funded by ComEd.	20,141	13,428
IL SAG	Meeting Facilitation & Facility Support for the Illinois Stakeholder Advisory Group	17,142	3,959
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.	13,556	13,556
NPSM	E4theFuture funding to coordinate and provide outreach to support educating states on National Standards Practice Manual	10,126	1,500
DEREC	Assist in the dissemination of surveys and questionnaires to MEEA's network on behalf of Southface,	<u>\$ 10,000</u>	<u>\$ --</u>

MIDWEST ENERGY EFFICIENCY ALLIANCE

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 7 - SUPPORT AND REVENUE (CONTINUED)

Program Name	Description	Revenue 2022	Accounts Receivable at June 30, 2022
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.	\$ 8,930	\$ 8,930
NREL	U.S. Department of Energy funded work through National Renewable Energy Laboratory (NREL) for understanding regional best practices and providing technical assistance	5,000	--
MN DOC	Minnesota Department of Commerce funded research on equity and electrification	3,822	--
Interest and Other Income	Bank account interest revenue, certificate of deposit interest revenue, travel reimbursements and other miscellaneous income.	3,053	101
Fresh Energy	Minnesota Department of Commerce funding through Fresh Energy for research on equity and multifamily.	2,500	2,500
Less: allowance for doubtful accounts		--	(9,105)
Total		<u>\$3,586,045</u>	<u>\$ 438,600</u>

MIDWEST ENERGY EFFICIENCY ALLIANCE

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 8 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following table reflects certain of MEEA's financial assets as of June 30, 2022, 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.

	<u>Amount</u>
Cash and cash equivalents	\$ 1,483,084
Certificates of deposit	2,217,687
Accounts receivable	438,600
Pledges receivable	<u>221,000</u>
Financial Assets at Year-End	4,360,371
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	<u>(584,989)</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 3,676,078</u>

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 \$250,000 line of credit that expires November 30, 2023 of which no funds have been drawn down as of June 30, 2022 (see Note 5).

**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, 2022, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year ended June 30, 2022 and the related notes to the financial statements, and have issued our report thereon dated March 1, 2023.

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.

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
March 1, 2023