

MIDWEST ENERGY EFFICIENCY ALLIANCE

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

MIDWEST ENERGY EFFICIENCY ALLIANCE

CONTENT

Independent Auditors' Report	1-2
---	-----

Financial Statements

Statement of Financial Position	3-4
Statement of Activities and Changes in Net Assets	5
Statement of Functional Expenses	6
Statement of Cash Flows.....	7

Notes to Financial Statements	8-18
--	------

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 Financial Statements

We have audited the accompanying financial statements of Midwest Energy Efficiency Alliance (a not-for-profit organization) which comprise the statement of financial position as of June 30, 2020, 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.

Management's Responsibility for the Financial Statements

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

Auditors' 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 auditors' 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 we have 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 Midwest Energy Efficiency Alliance as of June 30, 2020, 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2020, on our consideration of Midwest Energy Efficiency Alliance's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, controls and grant agreements and other matters. The purpose of that report is 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'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
December 7, 2020

MIDWEST ENERGY EFFICIENCY ALLIANCE

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2020

Assets

Current Assets

Cash and Cash Equivalents:

Cash and cash equivalents	\$	736,568
Cash and cash equivalents - operating reserve		775,000
Cash and cash equivalents - strategic reserve		<u>866,852</u>

Total Cash and Cash Equivalents 2,378,420

Accounts receivable, net	331,431
Certificates of deposit	1,224,622
Prepaid expenses	<u>54,853</u>

Total Current Assets \$ 3,989,326

Property and Equipment, Net 79,096

Total Assets \$ 4,068,422

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

MIDWEST ENERGY EFFICIENCY ALLIANCE

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2020

Liabilities and Net Assets

Current Liabilities

Current portion of Paycheck Protection Program loan	\$	120,366
Accounts payable		36,847
Accrued expenses		114,511
Deferred membership		3,000
Grants/Sponsorships/Program revenue received in advance		82,704
Current portion of deferred rent		<u>114,285</u>

Total Current Liabilities \$ 471,713

Long-Term Liabilities

Paycheck Protection Program loan, net of current portion		189,149
Deferred rent		<u>6,370</u>

Total Liabilities 667,232

Net Assets

Without donor restrictions		3,252,162
With donor restrictions		<u>149,028</u>

Total Net Assets 3,401,190

Total Liabilities and Net Assets \$ 4,068,422

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, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Other Support			
Government grants	\$ --	\$ 464,684	\$ 464,684
Foundation grants	--	198,000	198,000
Municipal utility and nonprofit grants	--	1,190,121	1,190,121
Membership	744,821	--	744,821
Tuition income	236,523	--	236,523
Conference and workshop income	599,333	--	599,333
Miscellaneous	9,525	--	9,525
Interest income	31,784	--	31,784
Program service revenue	1,516	--	1,516
Net assets released from restriction by satisfaction of program requirements	1,907,294	(1,907,294)	--
Total Revenue and Other Support	3,530,796	(54,489)	3,476,307
Expenses			
Program	2,695,986	--	2,695,986
Management and general	891,514	--	891,514
Fundraising and development	12,234	--	12,234
Total Expenses	3,599,734	--	3,599,734
Change in Net Assets	(68,938)	(54,489)	(123,427)
Net Assets - Beginning	3,321,100	203,517	3,524,617
Net Assets - Ending	\$ 3,252,162	\$ 149,028	\$ 3,401,190

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, 2020

		Management and General	Fundraising and Development	Total
	Program			
Bank service and merchant account fees	\$ 11,067	\$ 8,651	\$ --	\$ 19,718
Bad debts	--	15,579	\$ --	15,579
Computer expense	33,087	8,259	--	41,346
Depreciation and amortization	47,645	24,544	--	72,189
Dues, licenses and fees	7,644	9,501	--	17,145
Employee costs - retirement plan, recruitment, education, workers' compensation insurance	57,136	27,718	190	85,044
Gifts and grants	3,209	8,869	--	12,078
Insurance - health, life and disability	85,205	34,754	686	120,645
Insurance - organizational and liability	27,449	14,080	--	41,529
Meeting and conferences	248,733	54,404	691	303,828
Payroll taxes	61,021	25,103	447	86,571
Postage and delivery	3,154	2,306	--	5,460
Printing and reproduction - outsourced	13,788	5,294	--	19,082
Professional fees - accounting	--	22,219	--	22,219
Professional fees - audio/video	41,542	21,400	--	62,942
Professional fees - consulting	950	12,258	--	13,208
Professional fees - legal	10,449	6,058	--	16,507
Professional fees - public relations	--	600	--	600
Program expense - direct, paid to subcontractors - consumer programs	333,510	--	--	333,510
Program expense - direct - training programs	355,182	--	--	355,182
Office expenses	7,340	3,499	--	10,839
Rent	104,275	53,718	--	157,993
Salaries and wages	1,019,346	439,139	7,920	1,466,405
Sponsorship	22,220	--	--	22,220
Supplies and publications	13,498	4,466	150	18,114
Telecommunications	17,179	8,503	--	25,682
Travel, meals and entertainment	102,087	47,446	2,081	151,614
Unemployment taxes	9,646	4,130	69	13,845
Utilities	49,093	25,290	--	74,383
Website	10,531	3,725	--	14,256
Total Expenses	\$ 2,695,986	\$ 891,514	\$ 12,234	\$ 3,599,734

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, 2020

Cash Flows From Operating Activities

Change in net assets \$ (123,427)

Adjustments to reconcile change in net assets to net cash used in operating activities:

Depreciation and amortization \$ 72,189

Bad debt expense 15,579

Decrease in deferred rent (110,941)

Changes in operating assets and liabilities:

Accounts receivable 372,642

Prepaid expenses 407

Accounts payable (183,953)

Accrued expenses (57,701)

Deferred membership (46,000)

Revenue received in advance (8,000)

Total Adjustments 54,222

Net Cash Used in Operating Activities (69,205)

Cash Flows From Investing Activities

Payments for acquisition of property and equipment (3,720)

Purchases of certificates of deposit (1,224,621)

Proceeds from certificates of deposit 956,012

Net Cash Used in Investing Activities (272,329)

Cash Flows From Financing Activities

Proceeds from Paycheck Protection Program loan 309,515

Net Cash Provided by Financial Activities 309,515

Net Decrease in Cash and Cash Equivalents (32,019)

Cash and Cash Equivalents - Beginning 2,410,439

Cash and Cash Equivalents - Ending \$ 2,378,420

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, 2020

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. The purpose of the corporation is to develop, design, implement and coordinate energy efficiency and renewable energy resource programs, projects and educational activities in the Midwest.

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 as net assets released from restriction. At June 30, 2020, net assets with donor restrictions consist of purpose restrictions of \$118,929 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. 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, 2020

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. Dues received in advance of the membership year are reflected as deferred membership on the statement of financial position.

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 \$15,579 as of June 30, 2020.

NEW ACCOUNTING PRONOUNCEMENTS

In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers (Topic 606). The guidance in ASU 2014-09 outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance. The core principle of the revenue model is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Adoption for MEEA was initially required for the fiscal year ending June 30, 2020, however, the adoption period was extended an additional year. The Company has elected to defer adoption of the new guidance to the year ending June 30, 2021.

MIDWEST ENERGY EFFICIENCY ALLIANCE

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

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

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, 2020, 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 December 7, 2020, the date the financial statements were available to be issued. No events requiring recognition or disclosure in the financial statements were identified, other than items disclosed in Note 4 and 5.

MIDWEST ENERGY EFFICIENCY ALLIANCE

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

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, 2020:

		Estimated Useful Lives
Leasehold improvements	\$532,680	10
Furniture and equipment	154,142	5-10
Computer equipment and software	<u>105,380</u>	3-5
Total Cost	792,202	
Less: accumulated depreciation	<u>(713,106)</u>	
Property and Equipment, Net	<u>\$ 79,096</u>	

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 \$66,710 for the year ended June 30, 2020.

NOTE 4 - CERTIFICATES OF DEPOSIT

At June 30, 2020, MEEA held certificates of deposits in the amount of \$1,224,622 with interest rates ranging from 0.10% to 1.75% and maturity dates ranging from August 2020 through April 2021. Subsequent to year end, certificates of deposit that matured were renewed.

MIDWEST ENERGY EFFICIENCY ALLIANCE

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

NOTE 5 - LINE OF CREDIT

MEEA has a \$250,000 line of credit available with Fifth Third Bank which expires on November 30, 2020. 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 3.25% as of June 30, 2020), with a floor of 4.00%. During the year, no advance was taken on the line of credit, and as of June 30, 2020 there was no amount due. Subsequent to year end the line of credit maturity was extended to November 30, 2021.

NOTE 6 - PAYCHECK PROTECTION PROGRAM LOAN

On May 12, 2020, MEEA obtained a \$309,515 Paycheck Protection Program loan ("PPP") issued through the SBA under the Coronavirus Aid, Relief, and Economic Security Act ("CARES"). The loan bears interest at a rate of 1% per annum and has a deferral period of six months, during which time no payments are due. Equal installments of principal and interest of \$17,195 are due monthly beginning at the end of the deferral period. The note matures May 11, 2022. As part of this program, if MEEA spends the funds on qualified expenditures during a period defined by the CARES Act, up to 100% of the loan can be forgiven.

Maturities of the PPP loan as of June 30, 2020 in the aggregate and for each of the next two years are as follows:

For the Years Ending June 30,	Amount
2021	\$120,366
2022	<u>189,149</u>
Total	309,515
Less: current portion	<u>(120,366)</u>
Long-Term Portion	<u>\$189,149</u>

MIDWEST ENERGY EFFICIENCY ALLIANCE

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

NOTE 7 - LEASE

MEEA has a lease agreement for office space in Chicago, Illinois. The lease, which began March 1, 2011 and expires August 1, 2021, requires monthly rent in the range of \$17,941 to \$22,406 as the lease progresses. The lessor provided various incentives to MEEA upon the signing of the lease. First, the lessor contributed \$532,680 towards improvements made to the leased space. In addition, the lessor provided furniture in the amount of \$62,401. The lessor also provided full rent abatement for the period from March 2011 through May 2012 totaling \$179,410 and partial rent abatement for the period from June 2012 through January 2013 totaling \$32,943. These incentives have been included as part of the deferred rent payable. As part of the lease agreement, MEEA was required to keep a letter of credit in the amount of \$210,000 for the first four years of the lease. On August 1, 2015, the required letter of credit amount reduced to \$175,000 and has been further reduced to \$50,000 at June 30, 2020. Cash and cash equivalents of approximately \$50,000 serve as collateral for the letter of credit.

In accordance with accounting principles generally accepted in the United States of America, rent expense is recorded on a straight-line basis over the life of the lease. Rent expense for the year ended June 30, 2020 is \$157,993. The deferred rent payable balance is \$120,655 at June 30, 2020.

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

For the Years Ending June 30,	Amount
2021	\$268,323
2022	<u>22,406</u>
Total	<u>\$290,729</u>

MIDWEST ENERGY EFFICIENCY ALLIANCE

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

NOTE 8 - SUPPORT AND REVENUE

MEEA's various programs and amounts received including the outstanding accounts receivable as of and for the year ended June 30, 2020 are as follows:

Program Name	Description	Revenue 2020	Accounts Receivable at June 30, 2020
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.	\$ 505,695	\$ 82,493
Membership	Membership Dues from MEEA members to support the energy efficiency mission of the organization.	729,242	38,446
Midwest Energy Solutions Conference	A regional conference to promote energy efficiency and educate stakeholders throughout the Midwest.	599,333	--
Illinois Codes Collaborative	Illinois IOU funded commercial and residential baseline study, including establishing a statewide energy code collaborative.	230,803	24,274
Illinois Home Performance EEPS Grant Year 2019	Residential retrofit program funded through the Illinois IOUs.	190,766	--
PNNL	DOE funded work through Pacific Northwest National Laboratory for Building Energy Codes Program and Residential Building Integration to provide best practices and provide technical assistance.	103,274	--
MT-IL Codes	Develop an implementation plan for an Energy Code Compliance Market Transformation Program	12,500	6,250

MIDWEST ENERGY EFFICIENCY ALLIANCE

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

NOTE 8 - SUPPORT AND REVENUE (CONTINUED)

ProgramName	Description	Revenue 2020	Accounts Receivable at June 30, 2020
MT-RI	Support of the Midwest Market Transformation Collaborative under contract to Resource Innovations.	\$ 70,769	\$ 14,010
K12 Outreach	School Program(K-12) Outreach Assistance in ComEd service territory.	167,198	30,326
Ameren MO Codes 19-21	Manage 3 year residential energy code compliance support program in Ameren MO territory.	283,347	85,542
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.	89,588	28,720
Energy Foundation - Building Codes – Midwest Program	Energy Foundation funded to support increased energy efficiency savings from building codes across MEEA footprint and to support Midwest Building Energy Codes Conference.	63,000	--
Energy Foundation - Multi Family	Energy Foundation funded program to educate policymakers and stakeholders to improve access to energy efficiency programs in the affordable multifamily sector.	70,000	--
LBNL	DOE funded through Lawrence Berkeley national lab from the Advanced Manufacturing Office to promote DOE's 50001 Ready resources and perform outreach training and pilot set up for utilities	16,826	--
IL SAG	Meeting Facilitation & Facility Support for Stakeholder Advisory Group.	64,341	12,753

MIDWEST ENERGY EFFICIENCY ALLIANCE

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

NOTE 8 - SUPPORT AND REVENUE (CONTINUED)

ProgramName	Description	Revenue 2020	Accounts Receivable at June 30, 2020
ISEIF	Illinois Science and Energy Innovation Foundation/Smart Grid training for Real Estate Professionals.	\$ 65,000	\$ --
NREL	DOE funded work through National Renewable Energy Laboratory for understanding regional best practices and providing technical assistance	20,485	--
Interest and Miscellaneous Income	Bank account interest revenue, certificate of deposit interest revenue, travel reimbursements, and other miscellaneous income.	41,315	--
IMT	Consultant to Institute for Market Transformation for DOE funded Commercial Base-line Study for DOE	11,250	--
NPSM	E4theFuture funding to coordinate and provide outreach to support educating states on National Standards Practice Manual	8,875	750
HEA-Homebuyer Energy Access	Realtor Outreach/Score Card Pilot in ComEd territory contracted through Elevate Energy	42,910	6,171
GTI T05 15-19	MEEA is a member of a research team s building science topics and has a grant from partnership with GTI (Gas Technology Institu the University of Illinois. Funding flows fr through GTI to MEEA.	23,870	14,435

MIDWEST ENERGY EFFICIENCY ALLIANCE

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

NOTE 8 - SUPPORT AND REVENUE (CONTINUED)

ProgramName	Description	Revenue 2020	Accounts Receivable at June 30, 2020
MI Codes Support	Develop materials and factsheets for Michigan Energy Office / Collaborative	\$ 15,941	\$ --
MI Appraiser	Funded through Michigan Energy Office to train Appraisers	12,415	--
MN Card Grant	Subcontractor to 2050 Partners to develop a roadmap for the development and implementation of a codes and standards utility program in Minnesota.	20,469	2,840
Building Policy		1,516	--
Less: allowance for doubtful accounts		<u>--</u>	<u>(15,579)</u>
Total		<u>\$3,460,728</u>	<u>\$ 331,431</u>

MIDWEST ENERGY EFFICIENCY ALLIANCE

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

NOTE 9 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following table reflects certain of MEEA's financial assets as of June 30, 2020, 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	\$2,378,420
Investments	1,224,622
Accounts receivable	<u>331,431</u>
Financial Assets at Year-End	3,934,473
Less: amounts designated as collateral for the letter of credit	<u>(50,000)</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u><u>\$3,884,473</u></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 matures November 30, 2020 of which no funds have been drawn down as of June 30, 2020 (see Note 5).

NOTE 10 - RISKS AND UNCERTAINTIES

In a media briefing on March 11, 2020, the World Health Organization ("WHO") declared that the novel coronavirus that causes coronavirus disease 2019 ("COVID-19") has been characterized as a pandemic due to the spread and severity of the virus. The potential future impact, if any, to MEEA cannot be reasonably determined as of the date of this report, and therefore no adjustments have been made to these financial statements as a result of this matter.

**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, 2020, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year ended June 30, 2020, and have issued our report thereon dated December 7, 2020.

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) to determine the 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. 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.

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 determination of financial statement amounts. 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
December 7, 2020