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National Energy and Utility
Affordability Coalition

FINANCIAL STATEMENTS

December 31, 2019 and 2018

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
National Energy and Utility Affordability Coalition
Washington, D.C.

We have audited the accompanying financial statements of National Energy and Utility Affordability Coalition, which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the years 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

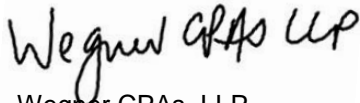
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of National Energy and Utility Affordability Coalition as of December 31, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Adoption of New Accounting Guidance

As discussed in Note 1 to the financial statements, National Energy and Utility Affordability Coalition adopted the Financial Accounting Standards Board's Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, and all subsequently issued clarifying ASUs and ASU No. 2018-08, *Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, as of January 1, 2019. Our opinion is not modified with respect to this matter.

A handwritten signature in black ink that reads "Wegner CPAs LLP". The signature is written in a cursive, slightly slanted style.

Wegner CPAs, LLP
Alexandria, Virginia
August 20, 2020

NATIONAL ENERGY AND UTILITY AFFORDABILITY COALITION
STATEMENTS OF FINANCIAL POSITION
December 31, 2019 and 2018

	2019	2018
ASSETS		
Cash	\$ 852,182	\$ 702,207
Promises to give	113,000	88,000
Prepaid expenses	22,757	-
Total assets	\$ 987,939	\$ 790,207
LIABILITIES		
Accounts payable	\$ 23,915	\$ 6,038
Grant payable	-	9,000
Accrued vacation	6,869	15,183
Deferred membership revenue	62,200	27,700
Deferred conference revenue	6,375	2,750
Total liabilities	99,359	60,671
NET ASSETS		
Without donor restrictions	630,580	584,934
With donor restrictions		
Subsequent year operations	258,000	144,602
Total net assets	888,580	729,536
Total liabilities and net assets	\$ 987,939	\$ 790,207

See accompanying notes.

NATIONAL ENERGY AND UTILITY AFFORDABILITY COALITION
STATEMENTS OF ACTIVITIES
Years Ended December 31, 2019 and 2018

	2019	2018
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
SUPPORT AND REVENUE		
Program service revenue		
Conference revenue	\$ 366,744	\$ 389,422
Membership dues	80,750	86,700
Contributions and grants	200,950	346,100
Miscellaneous	2,425	1,226
Total support and revenue	650,869	823,448
EXPENSES		
Conferences and meetings	344,843	325,011
Personnel	226,533	223,063
Professional fees	117,256	168,198
Grants	-	87,000
Occupancy	12,000	21,200
Travel	25,321	17,160
Credit card processing fees	5,126	12,874
Information technology	10,602	6,441
Office expenses	1,769	2,007
Insurance	4,829	1,643
Miscellaneous	1,546	1,924
Total expenses	749,825	866,521
NET ASSETS RELEASED FROM RESTRICTIONS		
Expiration of time restrictions	144,602	74,500
Change in net assets without donor restrictions	45,646	31,427
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS		
Contributions and grants	258,000	144,602
Expiration of time restrictions	(144,602)	(74,500)
Change in net assets with donor restrictions	113,398	70,102
Change in net assets	159,044	101,529
Net assets at beginning of year	729,536	628,007
Net assets at end of year	\$ 888,580	\$ 729,536

See accompanying notes.

NATIONAL ENERGY AND UTILITY AFFORDABILITY COALITION
STATEMENTS OF FUNCTIONAL EXPENSES
Years Ended December 31, 2019 and 2018

	<u>Program Services</u>					
	<u>Annual Conference</u>	<u>Research and Advocacy</u>	<u>Total</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
2019						
Conferences and meetings	\$ 304,481	\$ 27,794	\$ 332,275	\$ 12,568	\$ -	\$ 344,843
Personnel	90,612	45,307	135,919	45,307	45,307	226,533
Professional fees	71,850	15,450	87,300	20,123	9,833	117,256
Occupancy	4,800	2,400	7,200	2,400	2,400	12,000
Travel	10,129	5,064	15,193	5,064	5,064	25,321
Credit card processing fees	-	-	-	5,126	-	5,126
Information technology	4,242	2,120	6,362	2,120	2,120	10,602
Office expenses	-	-	-	1,769	-	1,769
Insurance	-	-	-	4,829	-	4,829
Miscellaneous	1,391	155	1,546	-	-	1,546
Total expenses	\$ 487,505	\$ 98,290	\$ 585,795	\$ 99,306	\$ 64,724	\$ 749,825
	<u>Program Services</u>					
	<u>Annual Conference</u>	<u>Research and Advocacy</u>	<u>Total</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
2018						
Conferences and meetings	\$ 291,899	\$ 22,093	\$ 313,992	\$ 11,019	\$ -	\$ 325,011
Personnel	89,224	44,613	133,837	44,613	44,613	223,063
Professional fees	100,784	21,909	122,693	23,421	22,084	168,198
Grants	-	87,000	87,000	-	-	87,000
Occupancy	8,480	4,240	12,720	4,240	4,240	21,200
Travel	6,864	3,432	10,296	3,432	3,432	17,160
Credit card processing fees	-	-	-	12,874	-	12,874
Information technology	2,577	1,288	3,865	1,288	1,288	6,441
Office expenses	-	-	-	2,007	-	2,007
Insurance	-	-	-	1,643	-	1,643
Miscellaneous	1,732	192	1,924	-	-	1,924
Total expenses	\$ 501,560	\$ 184,767	\$ 686,327	\$ 104,537	\$ 75,657	\$ 866,521

See accompanying notes.

NATIONAL ENERGY AND UTILITY AFFORDABILITY COALITION
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2019 and 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 159,044	\$ 101,529
Adjustments to reconcile change in net assets to change in cash		
(Increase) decrease in assets		
Promises to give	(25,000)	(70,500)
Prepaid expenses	(22,757)	-
Security deposits	-	4,258
Increase (decrease) in liabilities		
Accounts payable	17,877	6,038
Grant payable	(9,000)	9,000
Accrued vacation	(8,314)	7,081
Deferred membership revenue	34,500	(13,650)
Deferred conference revenue	3,625	2,750
Change in cash	149,975	46,506
Cash at beginning of year	702,207	655,701
Cash at end of year	\$ 852,182	\$ 702,207

See accompanying notes.

NATIONAL ENERGY AND UTILITY AFFORDABILITY COALITION
NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

National Energy and Utility Affordability Coalition (Coalition), a 501(c)(3) nonprofit organization, is a broad-based coalition of diverse member organizations and individuals dedicated to heightening awareness of the energy needs of low-income energy consumers, fostering public-private partnerships and engaging in other activities to help address these needs.

Adoption of New Accounting Guidance

On May 28, 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The ASU and all subsequently issued clarifying ASUs supersedes the revenue recognition requirements and most industry-specific guidance in U.S. generally accepted accounting principles. The core principle of the new guidance 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. The new guidance also includes a cohesive set of disclosure requirements that will provide users of the financial statements with comprehensive information about the nature, amount, timing, and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The Coalition adopted the requirements of the new guidance as of January 1, 2019, using the modified retrospective method of transition. In applying the new guidance, the Coalition elected to use the practical expedient that allows the guidance to be applied only to contracts that were not complete as of January 1, 2019.

The majority of the Coalition's revenue is recognized at a point in time based on the transfer of control. Revenue recognized over time primarily consists of performance obligations that are satisfied within one year or less. In addition, the majority of the Coalition's contracts do not contain variable consideration and contract modifications are generally minimal.

The adoption of the new guidance did not have a significant impact on the Coalition's financial statements. The majority of the Coalition's revenue arrangements generally consist of a single performance obligation to transfer promised goods or services. Based on the Coalition's evaluation process and review of its contracts with customers, the timing and amount of revenue recognized previously is consistent with how revenue is recognized under the new guidance.

Also, on June 21, 2018, the FASB issued ASU No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The ASU provides a more robust framework for evaluating whether transactions such as grants and similar contracts with government agencies and others should be accounted for as exchange transactions or contributions. The ASU also assists entities in determining whether a contribution is conditional. The Coalition adopted the requirements of the ASU as of January 1, 2019. The changes in the ASU have been applied on a modified prospective basis, that is, the changes have been applied to agreements that are either not completed as of January 1, 2019, or entered into after that date.

NATIONAL ENERGY AND UTILITY AFFORDABILITY COALITION
NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Promises to Give

Unconditional promises to give are recognized as revenues in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

All promises to give are considered to be fully collectible. Accordingly, no allowance for doubtful amounts has been developed. If amounts become uncollectible, they will be charged to operations when that determination is made. All promises to give are expected to be collected within one year of the statements of financial position date.

Contributions and Grants

Contributions and grants that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions and grants are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Program Service Revenue

The Coalition's earned revenue consists of membership dues and conference revenue.

The Coalition recognizes revenue from membership dues ratably over the applicable membership period, which is on a calendar year basis. The Coalition generally bills members in the fourth quarter of the fiscal year preceding the applicable membership period. Membership dues received in advance of the applicable membership period are deferred and recognized as revenue in that future period. Membership dues are nonrefundable.

Revenue from conferences (for example, registrations and exhibit booth space) is generally considered to be a single performance obligation that is satisfied at a point in time or over the period of the conference.

Expense Allocation

The costs of providing programs and other activities have been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated among the program services and supporting activities benefited. Costs are allocated on the basis of estimates of time, effort, and resources devoted to each function. The expenses that are allocated include personnel, professional fees, occupancy, travel, information technology, and miscellaneous.

NATIONAL ENERGY AND UTILITY AFFORDABILITY COALITION
NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Tax Status

The Coalition is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the Coalition qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

Date of Management's Review

Management has evaluated subsequent events through August 20, 2020, the date which the financial statements were available to be issued.

NOTE 2 – CONCENTRATIONS OF CREDIT RISK

The Coalition maintains its cash balance at multiple financial institutions located in Virginia. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. As of December 31, 2019 and 2018, the Coalition's uninsured cash balance was approximately \$524,000 and \$202,000, respectively.

NOTE 3 – OPERATING LEASE

Effective July 1, 2018, the Coalition entered into a lease for office space in Washington, D.C., which requires monthly rent payments of \$1,000 through the lease term ending December 31, 2019 and was subsequently renewed through December 31, 2020. One of the Coalition board members also serves on the executive team of the organization from which the Coalition leases office space. Rent expense for the years ended December 31, 2019 and 2018 was \$12,000 and \$21,200, respectively.

NOTE 4 – COMMITMENTS

The Coalition has entered into agreements with hotels for its future conferences and meetings. These agreements indicate that the Coalition would be liable for certain fees and liquidated damages in the event of cancellation. These expenses are recorded at the time there is a decision to cancel. As of December 31, 2019, cancellations could cause the Coalition to be liable up to approximately \$210,000. Management does not expect any hotel agreement cancellations due to COVID-19, though the 2020 annual conference has been moved to a virtual conference with no cancellation fee due from the 2020 conference site.

NOTE 5 – SUBSEQUENT EVENT

The Coalition's operations may be affected by the recent and ongoing outbreak of the coronavirus disease 2019 (COVID-19) which was declared a pandemic by the World Health Organization in March 2020. The ultimate disruption and effect on the Coalition is uncertain; however, it may result in a material adverse impact on the Coalition's financial position, activities, and cash flows. Possible effects may include, but are not limited to, disruption to the Coalition's donors and revenue, absenteeism in the Organization's workforce, and unavailability of programs.

NATIONAL ENERGY AND UTILITY AFFORDABILITY COALITION
NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018

NOTE 6 – LIQUIDITY AND AVAILABILITY

At December 31, 2019 and 2018, the Coalition has \$965,182 and \$790,207, respectively, of financial assets available within one year of the statements of financial position date to meet cash needs for general expenditures. None of these financial assets are subject to donor or other contractual restrictions that would make them unavailable for general expenditure within one year of the statements of financial position date. The Coalition is substantially supported by contributions and grants, including contributions with donor restrictions. Because a donor's restriction requires resources to be used in a particular manner or time period, the Coalition must maintain sufficient resources to meet those responsibilities to its donors. The Coalition has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due.