

North Carolina Sustainable Energy Association

Report on Audit of Financial Statements

for the years ended June 30, 2021 and 2020

MPCompany LLP

Certified Public Accountants
4600 MARRIOTT DRIVE, SUITE 300
RALEIGH, NC 27612

C O N T E N T S

	<u>Page(s)</u>
Independent Auditors' Report	1-2
Financial Statements:	
Statements of Financial Position	3
Statements of Activities and Changes in Net Assets	4
Statements of Functional Expenses	5
Statements of Cash Flows	6
Notes to Financial Statements	7-14



MPCCompany LLP

Certified Public Accountants

4600 Marriott Drive, Suite 300 | Raleigh, North Carolina 27612

Tel (919) 836-9200 | Fax (919) 836-9288 | www.mpccllp.com

J. Micah Pate, III
Thomas M. Doherty
Brian T. Bennett
Alex Lehmann
Michael J. Palazzo, III

Angela W. Banask

Independent Auditors' Report

Board of Directors
North Carolina Sustainable Energy Association

We have audited the accompanying financial statements of North Carolina Sustainable Energy Association, which comprise the statements of financial position as of June 30, 2021 and 2020, 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.

Auditors' 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 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 North Carolina Sustainable Energy Association as of June 30, 2021 and 2020, 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.

MPC Company LLP

October 29, 2021

North Carolina Sustainable Energy Association
Statements of Financial Position
June 30, 2021 and 2020

<u>Assets</u>	<u>2021</u>	<u>2020</u>
Current assets:		
Cash and cash equivalents	\$ 1,763,818	\$ 1,311,196
Certificates of deposit	11,929	11,837
Accounts receivable	6,089	55,194
Grants receivable	480,000	90,000
Sales tax receivable	1,698	3,195
Prepaid expenses	<u>12,517</u>	<u>8,278</u>
Total current assets	<u>2,276,051</u>	<u>1,479,700</u>
Property and equipment:		
Office equipment	84,378	64,056
Office furniture	107,047	105,621
Leasehold improvements	49,515	49,515
Software	<u>16,138</u>	<u>16,138</u>
	257,078	235,330
Less: accumulated depreciation and amortization	<u>(202,232)</u>	<u>(177,099)</u>
Total property and equipment, net	<u>54,846</u>	<u>58,231</u>
Noncurrent portion of grants receivable, net	<u>-</u>	<u>68,627</u>
Other assets		
Membership list	25,000	-
Intangible property rights	10,000	-
Goodwill	<u>5,000</u>	<u>-</u>
Total other assets	<u>40,000</u>	<u>-</u>
Total assets	<u>\$ 2,370,897</u>	<u>\$ 1,606,558</u>
<u>Liabilities and Net Assets</u>		
Current liabilities:		
Accounts payable	\$ 66,152	\$ 53,328
Accrued vacation	64,473	69,477
Payroll taxes payable	22,466	17,513
Deferred member dues	<u>71,600</u>	<u>62,658</u>
Total current liabilities	<u>224,691</u>	<u>202,976</u>
Noncurrent liability - deferred lease liability	<u>37,772</u>	<u>14,892</u>
Total liabilities	<u>262,463</u>	<u>217,868</u>
Net assets:		
Without donor restrictions	1,716,795	1,122,659
With donor restrictions	<u>391,639</u>	<u>266,031</u>
Total net assets	<u>2,108,434</u>	<u>1,388,690</u>
Total liabilities and net assets	<u>\$ 2,370,897</u>	<u>\$ 1,606,558</u>

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

North Carolina Sustainable Energy Association
 Statements of Activities and Changes in Net Assets
 for the years ended June 30, 2021 and 2020

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and other support:			
Contributions	\$ 1,672,042	\$ -	\$ 1,672,042
Grants	211,373	440,000	651,373
Indirect public support	372,863	-	372,863
Membership dues	114,566	-	114,566
Miscellaneous	510	-	510
Sponsorship	15,000	-	15,000
Program service fees	64,050	-	64,050
Paycheck Protection Program	250,000	-	250,000
Interest income	<u>1,616</u>	<u>-</u>	<u>1,616</u>
Total revenues and other support	<u>2,702,020</u>	<u>440,000</u>	<u>3,142,020</u>
Net assets released from restrictions	<u>314,392</u>	<u>(314,392)</u>	<u>-</u>
Expenses and losses:			
Expenses:			
Program services	1,990,223	-	1,990,223
Supporting services:			
Management and general	341,723	-	341,723
Fundraising	<u>90,330</u>	<u>-</u>	<u>90,330</u>
Total expenses	2,422,276	-	2,422,276
Loss on disposal of assets	<u>-</u>	<u>-</u>	<u>-</u>
Total expenses and losses	<u>2,422,276</u>	<u>-</u>	<u>2,422,276</u>
Changes in net assets	594,136	125,608	719,744
Net assets at beginning of year	<u>1,122,659</u>	<u>266,031</u>	<u>1,388,690</u>
Net assets at end of year	\$ <u><u>1,716,795</u></u>	\$ <u><u>391,639</u></u>	\$ <u><u>2,108,434</u></u>

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

2020

Without Donor Restrictions	With Donor Restrictions	Total
\$ 1,129,294	\$ -	\$ 1,129,294
48,497	310,000	358,497
291,034	-	291,034
119,546	-	119,546
697	-	697
26,550	-	26,550
117,155	-	117,155
287,800	-	287,800
7,528	-	7,528
<u>2,028,101</u>	<u>310,000</u>	<u>2,338,101</u>
<u>419,814</u>	<u>(419,814)</u>	<u>-</u>
1,739,256	-	1,739,256
456,331	-	456,331
<u>76,333</u>	<u>-</u>	<u>76,333</u>
2,271,920	-	2,271,920
<u>1,000</u>	<u>-</u>	<u>1,000</u>
<u>2,272,920</u>	<u>-</u>	<u>2,272,920</u>
174,995	(109,814)	65,181
<u>947,664</u>	<u>375,845</u>	<u>1,323,509</u>
\$ <u>1,122,659</u>	\$ <u>266,031</u>	\$ <u>1,388,690</u>

North Carolina Sustainable Energy Association
 Statements of Functional Expenses
 for the years ended June 30, 2021 and 2020

	2021			
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Totals</u>
Wages and payroll taxes	\$ 1,261,432	\$ 212,457	\$ 73,747	\$ 1,547,636
Employee benefits	90,005	5,585	5,294	100,884
Contract services	408,692	56,982	180	465,854
Operations	204,075	32,974	10,521	247,570
Conferences, meetings, events	420	-	-	420
Depreciation and amortization	-	25,133	-	25,133
Travel	936	-	-	936
Association expenses	8,905	1,681	335	10,921
Professional development	8,988	-	-	8,988
Insurance	2,469	5,889	-	8,358
Tax adjustment expense	-	520	-	520
Bank charges	4,301	502	253	5,056
 Total	 \$ 1,990,223	 \$ 341,723	 \$ 90,330	 \$ 2,422,276

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

2020

<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Totals</u>
\$ 1,046,559	\$ 238,942	\$ 64,333	\$ 1,349,834
89,903	24,228	12,000	126,131
369,170	71,684	-	440,854
138,015	77,000	-	215,015
48,594	-	-	48,594
-	28,304	-	28,304
23,941	926	-	24,867
14,262	2,136	-	16,398
8,812	365	-	9,177
-	8,242	-	8,242
-	-	-	-
-	4,504	-	4,504
<u>\$ 1,739,256</u>	<u>\$ 456,331</u>	<u>\$ 76,333</u>	<u>\$ 2,271,920</u>

North Carolina Sustainable Energy Association
Statements of Cash Flows
for the years ended June 30, 2021 and 2020

	2021	2020
Operating activities:		
Changes in net assets	\$ 719,744	\$ 65,181
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	25,133	28,304
Change in discount on grants receivable	(1,373)	(3,497)
Loss on disposal of property and equipment	-	1,000
Paycheck Protection Program loan forgiveness	(250,000)	(287,800)
Changes in assets and liabilities:		
(Increase) decrease in assets:		
Accounts receivable	49,105	51,562
Grants receivable	(320,000)	130,000
Sales tax receivable	1,497	487
Prepaid expenses	(4,239)	16,156
Security deposit	-	12,129
Increase (decrease) in liabilities:		
Accounts payable	12,824	(16,216)
Accrued vacation	(5,004)	26,989
Payroll taxes payable	4,953	526
Deferred member dues	8,942	(4,971)
Deferred lease liability	22,880	(5,241)
Net cash provided by operating activities	264,462	14,609
Investing activities:		
Acquisition of intangible assets	(40,000)	-
Purchases of certificates of deposits, net	(92)	(221)
Capital expenditures for property and equipment	(21,748)	(22,532)
Net cash used in investing activities	(61,840)	(22,753)
Financing activities:		
Proceeds from the Paycheck Protection Program	250,000	287,800
Net increase in cash and cash equivalents	452,622	279,656
Cash and cash equivalents, beginning of year	1,311,196	1,031,540
Cash and cash equivalents, end of year	\$ <u>1,763,818</u>	\$ <u>1,311,196</u>
Supplemental disclosure of non-cash investing and financing activity		
Accounts payable for property and equipment	\$ <u>-</u>	\$ <u>1,708</u>

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

North Carolina Sustainable Energy Association
Notes to Financial Statements
June 30, 2021 and 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

North Carolina Sustainable Energy Association (NCSEA) is the leading non-profit organization dedicated to driving public policy and market development that creates clean energy jobs, economic opportunities and affordable energy to benefit all of North Carolina. NCSEA was incorporated in 1978 and is located in Raleigh, North Carolina and is active throughout the state.

NCSEA works to transform the North Carolina and Southeast energy system through leading edge proof of concept work and deep policy advocacy, with a primary focus on constructive promotion of ten clean energy technology sectors: alternative fuel vehicles (primarily electric vehicles), biogas, energy efficiency, energy storage, fuel cells, geothermal, hydropower/marine, smart grid, solar, and wind. NCSEA is active and leading in many areas, including regulatory modernization and rate design, utility and industry business model transformation, de-politicizing clean energy issues and driving bipartisan policy dialogue on energy interests, demonstrating approaches that improve energy equity, increasing deployment of utility scale renewables and distributed energy resources and grid infrastructure solutions, and bringing expanded base of stakeholders together to align on clean energy vision, outcomes, and pathways to success.

Together with NCSEA members and partners, we engage stakeholders on the premise that there is greater value to be realized by all when we dialogue on shared definition of our complex energy challenges, and then rolling up our sleeves with utilities, industry, consumers and government to develop and implement solutions - in both proof and policy - to resolve our complex energy challenges.

We measure NCSEA's aggregate impact through:

- More affordable consumer bills
- Job growth
- Amount of clean energy capacity deployed in the market by industry, consumers, and utilities
- Amount of energy demand reduced and energy costs avoided
- Increased bipartisan support for incrementally transforming the energy system
- Declining pollution from and waste throughout our energy systems and markets
- Improved energy equity
- Improved quality of life and business climate
- Expanded economic development opportunities and local tax base expansion
- Growing NC and southeast market exports of clean energy products and services

Over time, NCSEA continues to improve the lives and standards of living for all North Carolinians by enabling systemic transformation of energy policy, markets and systems, gradually making all energy sources and services clean, affordable, resilient, and secure. NCSEA's strategy of gradualism achieves mutually beneficial policy and market changes that advance this vision and - because of growing and shared benefit - are more likely to be built upon than reversed. We also look to help similarly situated states learn from and use the tools, solutions and collaborative strategies we have developed in North Carolina, and invite those with new ideas to try them with and through NCSEA.

North Carolina Sustainable Energy Association
Notes to Financial Statements
June 30, 2021 and 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America and in accordance with the principles contained in the audit and accounting guide, *Not-for-Profit Entities*, published by the American Institute of Certified Public Accounts.

Cash and Cash Equivalents

For purposes of the statements of cash flows, NCSEA considers all investments with original maturity of 90 days or less to be cash equivalents. At June 30, 2021 and 2020, there were cash deposits of \$115,893 and \$63,409, respectively, in excess of amounts insured by the Federal Deposit Insurance Corporation.

Receivables

All receivables are stated at the amount management expects to collect from outstanding balances. Based on experience, management believes that they are fully collectible. Therefore, no allowance for doubtful accounts has been recorded. In the event that an outstanding balance could not be collected, it would be written down with a charge against bad debt expense and a credit to the receivables balance. Past due status is determined based on contractual terms.

Receivables that are expected to be collected within one year are recorded at net realizable value. Receivables that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on these amounts are computed using interest rates applicable to the years in which the contributions are unconditionally committed.

Property and Equipment

Property and equipment consists of office furniture and equipment, leasehold improvements and software. NCSEA capitalizes all capital expenditures in excess of \$1,000 and with a useful life of more than one year. Capital expenditures in accordance with grants are charged directly to the grant and recorded as grant expenditures in the year of acquisition. Donated leasehold improvements and equipment are stated at cost or estimated fair value at the date of donation. Depreciation and amortization are provided over the estimated useful lives of the respective assets using the straight-line method.

The estimated useful lives range as follows:

<u>Description</u>	<u>Useful Life</u>
Office equipment	5 to 10 years
Office furniture	7 to 10 years
Leasehold improvements	5 years
Software	3 years

Depreciation and amortization expense was \$25,133 and \$28,304 for the years ended June 30, 2021 and 2020, respectively. No amortization expense was recognized for the years ended June 30, 2021 and 2020.

North Carolina Sustainable Energy Association
Notes to Financial Statements
June 30, 2021 and 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Membership List, Intangible Property Rights, and Goodwill

The membership list represents the cost of acquiring a membership base in an asset acquisition in June 2021. Intangible property rights represents the cost of acquiring logos, trademarks and trade names in an asset acquisition in June 2021. Goodwill represents the excess of the cost of assets acquired over the fair value of their net assets at the date of acquisition. The Association follows *FASB ASC Topic 350, Intangibles—Goodwill and Other Intangibles*, which allows for the amortization of goodwill and other intangible assets. Amortization of membership list, intangible property rights, and goodwill is calculated using the straight-line method over ten years, the estimated useful life of the assets. In addition, the Association reviews for impairment when a triggering event occurs that indicates the fair value of the entity level may be below its goodwill existing at the beginning of financial reporting period.

NCSEA has adopted Accounting Standards Update (ASU) No. 2017-04 – *Intangibles – Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment* to reduce the cost and complexity of the goodwill impairment test. At June 30, 2021, membership list, intangible property rights, and goodwill did not have any accumulated amortization or impairment due to the timing of the acquisition. Therefore, no amortization expense was charged to operations for the year ended June 30, 2021. Estimated amortization expense for the membership list for the next five years is \$2,500 per year. Estimated amortization expense for intangible property rights for the next five years is \$1,000 per year. Estimated amortization expense for goodwill for the next five years is \$500 per year.

Accrued Vacation

Each employee is awarded 160 hours of paid time off at the beginning of the calendar year. They can carry over up to 80 hours to the next calendar year. Employees who are terminated receive a severance package that includes compensation for any unused paid time off hours. As of June 30, 2021 and 2020, the estimated liability of unused paid time off is \$64,473 and \$69,477.

Net Assets

Net assets, revenues, and other support are classified based on the existence or absence of donor- or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

North Carolina Sustainable Energy Association
Notes to Financial Statements
June 30, 2021 and 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

Revenues from member dues are recognized in the year for which the dues are earned. Dues received prior to year-end for the upcoming dues year are reported as deferred member dues.

Contribution revenue is recognized when an unconditional promise to give is received. The Organization recognizes conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - when the conditions stipulated by the donor are substantially met.

NCSEA has adopted Accounting Standards Update (ASU) No. 2018-08 - *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 605)*. Analysis of various provisions of this standard resulted in no significant changes in the way NCSEA recognizes revenue, and therefore no changes to the previously issued audited financial statements were required on a retrospective basis

Restricted Revenues Policy

Restricted grants and contributions are reported as without donor restriction support if the restrictions are met in the same reporting period that the grant or contribution is received. NCSEA has a similar policy for reporting donor-restricted investment income and gains.

Donated Services

No amounts have been reflected in the financial statements for donated services. NCSEA pays for most services requiring specialized expertise. However, individuals volunteer their time and perform a variety of tasks that further the activities of NCSEA through specific assistance with programs, general operations, and various committee assignments.

Retirement Plan

NCSEA sponsors a 403(b) plan under which eligible employees may choose to contribute up to the maximum allowable amount under the Internal Revenue Code. NCSEA may elect to make a discretionary contribution to the plan. For the years ended June 30, 2021 and 2020, the discretionary contribution was \$12,425 and \$10,200, respectively.

Income Taxes

NCSEA is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and from North Carolina income taxes, accordingly, no income taxes have been provided in the accompanying financial statements.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Accordingly, actual results could differ from those estimates.

North Carolina Sustainable Energy Association
Notes to Financial Statements
June 30, 2021 and 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Expense Allocation

The costs of program and supporting services activities have been summarized on a functional basis in the Statements of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

Subsequent Events

For the year-ended June 30, 2021, the Association evaluated subsequent events for potential recognition and disclosure through October 29, 2021, the date of financial statement issuance.

2. LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year, comprise of the following as of December 31:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 1,763,818	\$ 1,311,196
Certificates of deposit	11,929	11,837
Accounts receivable	6,089	55,194
Grants receivable	480,000	158,627
Sales tax receivable	<u>1,698</u>	<u>3,195</u>
Total financial assets	2,263,534	1,540,049
Less amounts not available for general expenditures within one year:		
Restricted by time	(40,000)	(68,627)
Restricted for clean energy program	(321,639)	(107,404)
Restricted for NCSEA PAYS and Innovative Energy Solutions Initiative	<u>(30,000)</u>	<u>-</u>
Total financial assets available to meet general expenditures within one year	\$ <u>1,871,895</u>	\$ <u>1,364,018</u>

The Association is substantially supported by program revenues. As part of the NCSEA's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. NCSEA is also supported by restricted contributions. Because a donor or grantor's restriction requires resources to be used in a particular manner or in a future period, NCSEA must maintain sufficient resources to meet those responsibilities to its donor or grantor. Thus, financial assets may not be available for general expenditures within one year.

North Carolina Sustainable Energy Association
Notes to Financial Statements
June 30, 2021 and 2020

3. GRANTS RECEIVABLE

Grants receivable are estimated to be collected as follows at June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Within one year	\$ 480,000	\$ 90,000
In one to five years	<u>-</u>	<u>70,000</u>
	480,000	160,000
Less discount to net present value at 2%	<u>-</u>	<u>(1,373)</u>
	<u>\$ 480,000</u>	<u>\$ 158,627</u>

4. ASSET PURCHASE AGREEMENT

In June 2021, to increase awareness of clean energy and create synergies, the Association entered into a purchase agreement with a nonprofit organization. The total cost of assets purchased was \$40,000. The assets purchased included, member information and contact lists (\$25,000), intangible property rights (\$10,000), and goodwill (\$5,000).

5. LINE OF CREDIT

NCSEA had a \$3,000 line of credit which was unused at June 30, 2020 and was closed in March 2020. Bank advances on the credit line were payable on demand and carried a fixed interest rate of 17.90%.

6. OPERATING LEASES

NCSEA has a non-cancelable lease arrangement for its office facility. The arrangement contains a rent escalation clause and covers the period through April 30, 2020 with an option to renew for five additional years at current market rental rates. This option was exercised in November 2019 and covers the period through April 30, 2025. NCSEA also has a long term non-cancelable operating lease for office equipment requiring monthly payments of \$359 and expiring in 2022.

FASB ASC 840, *Leases*, requires that rental expense be recognized on a straight-line basis. As such, rental expense in excess of rental payments of \$1,373 and rental payments in excess of rental expense of \$19,621 have been reflected in the accompanying statement of activities for the years ended June 30, 2021 and 2020, respectively. Deferred rent is \$37,772 and \$14,892, respectively, at June 30, 2021 and 2020.

Future minimum lease payments under these non-cancelable lease agreements at June 30, 2021 are as follows:

2022	\$ 186,815
2023	188,721
2024	194,383
2025	<u>166,015</u>
Total	<u>\$ 735,937</u>

Rental expense under these leases was \$180,736 and \$155,266 for the years ended June 30, 2021 and 2020, respectively.

North Carolina Sustainable Energy Association
Notes to Financial Statements
June 30, 2021 and 2020

7. NET ASSETS WITH DONOR RESTRICTIONS

Restricted net assets are available as follows at June 30:

	<u>2021</u>	<u>2020</u>
Purpose restrictions:		
Clean energy	\$ 321,639	\$ 107,404
NCSEA PAYS and Innovative Energy Solutions Initiative	30,000	-
Time restrictions:		
Contributions	<u>40,000</u>	<u>158,627</u>
	<u>\$ 391,639</u>	<u>\$ 266,031</u>

8. PAYCHECK PROTECTION PROGRAM

On April 16, 2020, NCSEA received loan proceeds in the amount of \$287,800 under the Paycheck Protection Program (“PPP”). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable after twenty-four weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the eight-week period. The unforgiven portion of the PPP loan is payable over two years at an interest rate of 1%, with a deferral of payments for the first six months.

NCSEA has concluded that the PPP loan represents a grant once all criteria has been met for full forgiveness and, therefore, accounted for the loan in accordance with FASB ASC 958-905 as a conditional contribution. NCSEA concluded that all conditions related to loan forgiveness were met as of June 30, 2020 and, therefore, recognized a contribution from the Paycheck Protection Program for the full amount received of \$287,800 as of June 30, 2020. This PPP loan was fully forgiven as of June 30, 2021.

On February 10, 2021, NCSEA received loan proceeds in the amount of \$250,000 under PPP with the same terms as the loan received on April 16, 2020. The Association has concluded that all requirements for forgiveness were met as of June 30, 2021 and, therefore, has recognized a contribution from the Payroll Protection Program for the full amount received of \$250,000. This loan was submitted for forgiveness of the full \$250,000 subsequent to the year end in September 2021.

9. CONCENTRATIONS

NCSEA received approximately 83% and 73% of its support from one foundation and two contributors for the years ended June 30, 2021 and 2020, respectively. If a significant reduction in the level of this support were to occur, the result may have a significant effect on NCSEA’s programs and activities.

Approximately 84% and 73% of the Organization’s receivables were due from one and two contributing foundations at June 30, 2021 and 2020, respectively.

North Carolina Sustainable Energy Association
Notes to Financial Statements
June 30, 2021 and 2020

9. CONCENTRATIONS (Continued)

Approximately 92% and 77% of the Organization's payables were due to five and four vendors at June 30, 2021 and 2020, respectively.

10. FUNCTIONALIZED EXPENSES

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses are allocated on the basis of estimates of time and effort.