DOCKET # E-100 SUB 90

NC GreenPower

NC GREENPOWER CORPORATION

FINANCIAL STATEMENTS

Years Ended December 31, 2016 and 2015

NC GREENPOWER CORPORATION

CONTENTS

December 31, 2016 and 2015

Williams Overman Pierce, LLP
Certified Public Accountants and Consultants

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
NC GreenPower Corporation

We have audited the accompanying financial statements of NC GreenPower Corporation, which comprise the statements of financial position as of December 31, 2016 and 2015, and the related statements of activities and changes in net assets 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 NC GreenPower Corporation as of December 31, 2016 and 2015, 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.

Williams Overman Pierce, LLP

Raleigh, North Carolina
June 7, 2017

NC GREENPOWER CORPORATION
STATEMENTS OF FINANCIAL POSITION
December 31, 2016 and 2015

ASSETS

	2016	2015
Current assets:		
Cash and cash equivalents	$ 4,689,623	$ 4,176,838
Receivables:		
Accounts receivable	370	397,680
Unconditional promise to give	45,000	90,000
Prepaid expenses		37,668
Total current assets	4,734,993	4,702,186
Intangible asset, net	11,515	23,031
Long term assets:		
Unconditional promise to give		43,695
	$ 4,746,508	$ 4,768,912

LIABILITIES AND NET ASSETS

	2016	2015
Current liabilities:		
Accounts payable	$ 424,622	$ 534,352
Related party payable		33,738
Deferred revenue		65,397
Funds held for others	374,575	
Total current liabilities	799,197	633,487
Net assets:		
Unrestricted	1,037,167	1,598,466
Board designated - renewable energy	2,308,525	2,270,817
Board designated - carbon offsets	121,288	101,989
Board designated - School General Fund	355,766	164,153
Temporarily restricted - School General Fund	36,895	
Temporarily restricted - School Specific Fund	87,670	
	3,947,311	4,135,425
	$ 4,746,508	$ 4,768,912

See accompanying notes to financial statements.

NC GREENPOWER CORPORATION
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
Years Ended December 31, 2016 and 2015

	2016				2015
	Unrestricted	Board Designated	Temporarily Restricted	Total	
Support and revenues:					
Consumer contributions - renewable energy	$ 154,372	$ 254,433	$	$ 408,805	$ 423,824
Consumer contributions - brokered bids	529,664			529,664	427,663
Consumer contributions - carbon	10,391	19,299		29,690	29,555
Consumer contributions - School General Fund	2,607	191,613	36,895	231,115	206,389
Consumer contributions - School Specific Fund	6,195		87,670	93,865	
Other revenue	40,808			40,808	3,065
Interest	6,850			6,850	12,369
Total support and revenues	750,887	465,345	124,565	1,340,797	1,102,865
Expenses:					
REC, carbon offset, and brokered bid purchases	580,708	216,725		797,433	847,409
Contract labor and support	500,102			500,102	501,280
Marketing	35,324			35,324	41,761
Professional fees	163,242			163,242	57,122
Travel and meetings	2,899			2,899	6,500
Postage	7,788			7,788	2,146
Amortization	11,516			11,516	11,515
Bank fees	1,154			1,154	1,846
Office supplies	1,664			1,664	551
Other expenses	7,789			7,789	3,211
Total expenses	1,312,186	216,725	0	1,528,911	1,473,341
Change in net assets	(561,299)	248,620	124,565	(188,114)	(370,476)
Net assets, beginning of year	1,598,466	2,536,959	0	4,135,425	4,505,901
Net assets, end of year	$ 1,037,167	$ 2,785,579	$ 124,565	$ 3,947,311	$ 4,135,425

See accompanying notes to financial statements.

NC GREENPOWER CORPORATION
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2016 and 2015

	2016	2015
Cash flows from operating activities:		
Cash received from donors	$ 1,819,952	$ 1,074,866
Cash paid to suppliers and employees	(1,314,017)	(1,250,517)
Interest received	6,850	12,369
Net cash provided by (used in) operating activities	512,785	(163,282)
Net increase (decrease) in cash	512,785	(163,282)
Cash, beginning of year	4,176,838	4,340,120
Cash, end of year	$ 4,689,623	$ 4,176,838
Reconciliation of change in net assets to net cash provided by (used) in operating activities:		
Change in net assets	$ (188,114)	$ (370,476)
Adjustments to reconcile change in net assets to net cash provided by (used) in operating activities:		
Amortization	11,516	11,515
Changes in operating assets and liabilities:		
(Increase) decrease in receivables	486,005	(15,630)
(Increase) decrease in prepaid expenses	37,668	(21,368)
Increase (decrease) in accounts payable	(109,730)	216,174
Increase (decrease) in related party payable	(33,738)	(48,894)
Increase (decrease) in deferred revenue	(65,397)	65,397
Increase (decrease) in funds held for others	374,575	
Total adjustments	700,899	207,194
Net cash provided by (used in) operating activities	$ 512,785	$ (163,282)

See accompanying notes to financial statements.

1. Summary of Significant Accounting Policies

Organization and Nature of Activities:

NC GreenPower Corporation (the "Organization") is an independent, nonprofit organization established on February 6, 2003 to improve the quality of the environment in North Carolina by encouraging the development of renewable energy resources through voluntary funding of green power purchases by electric utilities in North Carolina. A landmark initiative approved by the North Carolina Utilities Commission, the Organization is the first statewide green energy program in the nation supported by all the state's utilities.

In 2008, the Organization received approval from the North Carolina Utilities Commission to offer an additional way to improve the quality of the environment by offering consumers the opportunity to support carbon offsets created by projects mitigating greenhouse gases.

The goals of the Organization are to supplement the state's existing power supply with more green energy, which is electricity generated from renewable resources like the sun, wind and organic matter; and to support the mitigation of harmful greenhouse gases. The program accepts financial contributions from North Carolina citizens and businesses to help offset the cost to produce energy and operate projects mitigating greenhouse gases.

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 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. Actual results could differ from those estimates.

Basis of Accounting:

The Organization prepares its financial statements on the accrual basis of accounting and accordingly reflects all significant receivables, payables, and other liabilities.

Cash and Cash Equivalents:

Cash and cash equivalents include all monies in banks and highly liquid investments with maturity dates of three months or less. The carrying value of cash is at cost which approximates fair value because of the short maturity of those financial instruments.

Receivables:

Receivables consist of reimbursed expenditures of grant monies and amounts due from contributing utility companies. The Organization periodically evaluates the balances in the various aging categories as well as the status of any significant past due accounts to determine the need for an allowance. Changes in the allowance are charged to the period in which management determines the change to be necessary. At December 31, 2016 and 2015, management determined no allowance was necessary.

When management determines that a receivable is uncollectible, the balance is removed from the receivables balance and is charged against the expense. Subsequent recoveries of amounts previously written off are credited directly to earnings.

Promises to Give:

Unconditional promises to give are recognized as contribution revenues and as assets. Promises expected to be collected in less than one year are recorded at fair value. Promises expected to be collected in more than one year are recorded at fair value with a corresponding discount to reduce the receivable to its present value. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Intangible Asset:

Assets are capitalized and recorded at cost if they have a useful life longer than one year and have a cost of $1,000 or greater. Amortization expense is computed on a straight-line basis over the estimated useful lives of the assets.

The intangible asset consists of the cost of the development and redevelopment of the Organization's website. Amortization is provided on a straight-line basis over five years, which is the estimated useful life of the asset. Accumulated amortization totaled $46,061 and $34,845 as of December 31, 2016 and 2015, respectively.

Funds Held for Others:

The Organization acts as a custodian for funds provided by grantors and various schools participating in a solar schools pilot program.

Basis of Presentation:

In accordance with the Financial Accounting Standards Board Accounting Standards Codification ("FASB ASC") 958-205, Presentation of Not-for-Profit Organizations, the Organization reports information regarding its financial position and activities are classified and reported as follows:

Unrestricted Net Assets

Net assets that are not subject to donor-imposed stipulations are considered unrestricted. Unrestricted net assets include amounts designated by the Board of Directors. Board designated net assets consist of the estimated amount to purchase renewable energy blocks or mitigate greenhouse gases on behalf of donors. The Board of Directors designates 65 to 75% of each donor contribution to provide premium payments to the producers of renewable energy or greenhouse gas mitigators to fulfill donor obligations.

Unspent amounts as of December 31, 2016 and 2015 for renewable energy were \$2,308,525 and \$2,270,817, respectively. The unspent amounts as of December 31, 2016 and 2015 for carbon offsets were \$121,288 and \$101,989, respectively. The unspent amounts as of December 31, 2016 and 2015 for the School General Fund were \$355,766 and \$164,153, respectively.

Temporarily Restricted Net Assets

Net assets that are subject to donor-imposed stipulations that may or will be met either by action of the Organization and/or the passage of time are considered temporarily restricted. Temporarily restricted amounts for the School General Fund and the School Specific Fund were \$36,895 and \$87,670, respectively, as of December 31, 2016. There were no unspent temporarily restricted amounts for the School General Fund and the School Specific Fund as of December 31, 2015.

Permanently Restricted Net Assets

Net assets that are required by the donor to be maintained in perpetuity are considered permanently restricted.

Revenue Recognition:

The Organization reports contributions as unrestricted support if contributed without restrictions.

Contributions and Grants:

The Organization receives contributions from customers and businesses for general operating purposes and to help offset the cost to produce green energy or mitigate greenhouse gases. Such contributions, given without restrictions, are recognized as unrestricted when received.

Funds granted for specific purposes are deemed to be earned and reported as revenue when the Organization has incurred expenditures in compliance with the grant agreement. Funds granted for general purposes are recognized when notification of funding is received.

Marketing Costs:

The Organization expenses marketing costs as incurred. Total marketing expense for the years ended December 31, 2016 and 2015 was $35,324 and $41,761, respectively.

Income Taxes:

The Organization is a nonprofit organization as described in Section 501(c)(3) of the Internal Revenue Code and is therefore exempt from federal and state income taxes. Income generated by activities that would be considered unrelated to the Organization's mission would be subject to tax which, if incurred, would be recognized as a current expense. No such tax has been recognized for the years ended December 31, 2016 and 2015.

The Organization evaluates all significant tax positions as required by accounting principles generally accepted in the United States of America. As of December 31, 2016, the Organization does not believe that it has taken any positions that would require the recording of any additional tax liability, nor does it believe that there are any unrealized tax benefits that would either increase or decrease within the next year.

The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Management believes it is no longer subject to income tax examinations for years prior to 2013.

2. Concentrations of Credit Risk

The Organization maintains bank accounts at local banks. Accounts at the institutions are insured by the Federal Deposit Insurance Corporation ("FDIC") up to $250,000. Cash at these institutions exceeded federally insured limits. The amount in excess of the FDIC limit totaled $3,983,170 and $3,429,712 at December 31, 2016 and 2015, respectively.

The Organization had three major customers for the year ended December 31, 2016. Revenues earned and receivables from these customers were as follows:

	2016 Revenues	Percentage of Revenues	Receivables at December 31, 2016	Percentage of Receivables
Customer A	$ 463,010	35%	$	0%
Customer B	410,231	31%		0%
Customer C	196,855	15%		0%
	$1,070,096	81%	$ 0	0%

The Organization had one major customer for the year ended December 31, 2015. Revenues earned and receivables from this customer were as follows:

	2015 Revenues	Percentage of Revenues	Receivables at December 31, 2015	Percentage of Receivables
Customer A	$ 382,822	35%	$ 393,430	99%

3. Promise To Give

There was an unconditional promise to give totaling $45,000 and $135,000 at December 31, 2016 and 2015, respectively. This is expected to be paid during the year ending December 31, 2017. As such, the entire amount is included as current at December 31, 2016. Using current rates as of December 31, 2015, promises to give with an expected date of longer than one year are discounted at 3%. The unamortized discount on the promise to give was $1,305 as of December 31, 2015. Management has determined no allowance for uncollectible promises to give was necessary at December 31, 2016 and 2015, as the promise to give is expected to be fully collected.

4. Commitments

The Organization has several contracts in place at year end which do not include a termination clause and the Organization is liable under these contracts for the full contract amount.

Future liabilities due under the maximum production levels are as follows:

Year Ending December 31,	Total
2017	$ 408,750
2018	161,750
2019	90,250
	$ 660,750

5. Related Party

The Organization is administered by North Carolina Advanced Energy Corporation ("Advanced Energy"), an independent nonprofit organization located in Raleigh, North Carolina. Advanced Energy's Board of Directors constitutes the members of the Organization. Certain resolutions of the Board of Directors of the Organization require two thirds of the votes of the membership to adopt. Advanced Energy provides contributions to the Organization based on the Organization's need and at the determination of Advanced Energy's Board of Directors. Funds contributed by Advanced Energy are used to support administrative functions.

During 2016 and 2015, Advanced Energy charged the Organization for services provided by its staff and use of facilities in the amount of $543,090 and $523,259, respectively. As of December 31, 2015, the Organization owed Advanced Energy $33,738. There was no amount owed to Advanced Energy at December 31, 2016.

6. Functional Expenses

Expenses reported by natural classification on the statements of activities and changes in net assets are related to the following functions of the Organization.

	2016	2015
Program Services	$ 426,517	$ 412,795
REC & Carbon Offset Purchases	891,184	847,409
Administrative	211,210	213,137
	$ 1,528,911	$ 1,473,341

7. Subsequent Events

Management has evaluated subsequent events through June 7, 2017, the date which the financial statements were available to be issued. No significant subsequent events have been identified by management.