DOCKET E-100 SUB 90

NC GREENPOWER CORPORATION
RALEIGH, NORTH CAROLINA

FINANCIAL STATEMENTS AS OF
DECEMBER 31, 2019 AND
INDEPENDENT AUDITOR'S REPORT

NC GREENPOWER CORPORATION

CONTENTS

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June 30, 2020

INDEPENDENT AUDITOR'S REPORT

The Board of Directors
NC GreenPower Corporation

We have audited the accompanying financial statements of **NC GreenPower Corporation** (the Organization), which comprise the statement of financial position as of December 31, 2019 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.

Auditor's 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. 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 Organization'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 Organization'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, 2019, and the results of its activities and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

McNair, McLemore, Middlebrooks & Co., LLC

McNAIR, McLEMORE, MIDDLEBROOKS & CO., LLC

NC GREENPOWER CORPORATION
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2019

ASSETS

Current Assets	
Cash and Cash Equivalents	$ 4,251,622
Contributions Receivable	15,776
Interest Receivable	8,662
Inventory	109,621
	4,385,681
Intangible Assets, Net	-
Total Assets	$ 4,385,681

LIABILITIES AND NET ASSETS

Current Liabilities	
Accounts Payable	$ 53,348
Funds Held for Others	150,232
	203,580
Net Assets	
Without Donor Restrictions	
Unrestricted	1,341,089
Board Designated	
Renewable Energy	2,462,980
Carbon Offsets	178,586
School General Fund	199,446
With Donor Restrictions	
Temporarily Restricted - School Specific Fund	-
	4,182,101
Total Liabilities and Net Assets	$ 4,385,681

See accompanying notes which are an integral part of these financial statements.

NC GREENPOWER CORPORATION
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2019

	Without Donor Restrictions		With Donor Restrictions	
	Unrestricted	Board Designated	Temporarily Restricted	Total
Support and Revenues				
Consumer Contributions				
Renewable Energy	$ 68,568	$ 227,334	$ -	$ 295,902
Brokered Bids	94,518	-	-	94,518
Carbon Offsets	-	23,410	-	23,410
School General Fund	-	152,737	-	152,737
School Specific Fund	116,524	-	176,901	293,425
Interest	64,663	-	-	64,663
Net Assets Released from Restrictions	238,955	-	(238,955)	-
	583,228	403,481	(62,054)	924,655
Expenses				
Program Services	371,942	418,068	-	790,010
General and Administrative	167,645	-	-	167,645
	539,587	418,068	-	957,655
Changes in Net Assets	43,641	(14,587)	(62,054)	(33,000)
Net Assets, Beginning	1,297,448	2,855,599	62,054	4,215,101
Net Assets, Ending	$ 1,341,089	$ 2,841,012	$ -	$ 4,182,101

See accompanying notes which are an integral part of these financial statements.

NC GREENPOWER CORPORATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019

	Program Services	General and Administrative	Total
Renewable Energy	$ 43,498	$ -	$ 43,498
Brokered Bids	65,000	-	65,000
Carbon Offsets	16,845	-	16,845
Contract Labor and Support	352,176	66,204	418,380
Cost of Solar Panels	35,429	-	35,429
Marketing	7,574	10,940	18,514
Professional Fees	254,065	84,328	338,393
Travel and Meetings	3,368	2,946	6,314
Storage Fees	12,055	-	12,055
Administrative Filing	-	1,920	1,920
Bank Fees	-	899	899
Other	-	408	408
	$ 790,010	$ 167,645	$ 957,655

See accompanying notes which are an integral part of these financial statements.

NC GREENPOWER CORPORATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2019

Cash Flows Provided by (Used in) Operating Activities	
Changes in Net Assets	$ (33,000)
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided by (Used in) Operating Activities	
Change In	
Contributions Receivable	102,985
Interest Receivable	(8,662)
Inventory	35,429
Accounts Payable	(123,566)
Funds Held for Others	32,522
Net Increase in Cash and Cash Equivalents	5,708
Cash and Cash Equivalents, Beginning	4,245,914
Cash and Cash Equivalents, Ending	$ 4,251,622

See accompanying notes which are an integral part of these financial statements.

NC GREENPOWER CORPORATION

NOTES TO FINANCIAL STATEMENTS

(1) 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. In 2015, the Organization received approval for its Solar Schools program which uses some of its donations to provide grants for educational solar packages to North Carolina K-12 schools.

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.

(2) Summary of Significant Accounting Policies

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. 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. 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.

(2) Summary of Significant Accounting Policies (Continued)

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, 2019, 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.

Inventory

Inventory consists of solar panels donated to the Organization and is valued using the estimated purchase price of the panels at the time of donation.

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 totals $57,576. The asset was fully amortized at December 31, 2019.

Funds Held for Others

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

Basis of Presentation

U.S. GAAP requires the Organization to report its financial position and activities according to two classes of net assets:

> Net Assets Without Donor Restrictions - Net assets that are not subject to donor-imposed stipulations are considered net assets without donor restrictions. Net assets without donor restrictions 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% of each donor contribution to provide premium payments to the producers of renewable energy or greenhouse gas mitigators to fulfill donor obligations. An additional 10% of donor contributions is used to pay for program education activities and materials.

(2) Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Continued)

Net Assets With Donor Restrictions - Net assets subject to donor-imposed restrictions. 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.

Revenue Recognition

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

The Organization receives contributions from customers and businesses for general operating purposes and to help offset the cost to produce green energy, mitigate greenhouse gases, and provide grants for Solar School awardees. 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 year ended December 31, 2019 was $18,514.

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 year ended December 31, 2019.

The Organization evaluates all significant tax positions as required by U.S. GAAP. As of December 31, 2019, 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 2016.

Functional Allocation of Expenses

The financial statements report certain categories of expenses that are attributable to one or more programs or supporting functions of the Organization. Those expenses include an indirect rate calculated and charged by North Carolina Advanced Energy for services provided by its staff and use of its facilities. See Note 4.

(2) Summary of Significant Accounting Policies (Continued)

Recently Adopted Accounting Pronouncement

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (ASC Topic 606)*. ASU 2014-09 is designed to create greater comparability for financial statement users across industries and jurisdictions through a more principles-based approach than companies in the United States are used to following. The standard would require companies to recognize revenue through a five-step process: (1) identify the contract with the customer, (2) identify the separate performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to the separate performance obligations in the contract, and (5) recognize revenue when (or as) the entity satisfies a performance obligation. ASU 2015-14 deferred the effective dates for nonpublic companies to annual reporting periods beginning after December 15, 2018, and for interim reporting periods within annual reporting periods beginning after December 15, 2019. The Organization adopted the standard on January 1, 2019. There was no material impact to the financial statements from the adoption of this standard.

New Accounting Pronouncement

In February 2016, FASB issued ASU 2016-02, *Leases (Topic 842)* for lease accounting under U.S. GAAP. The new standard is intended to eliminate off-balance-sheet recording of lease obligations in an effort to create financial statements that more accurately reflect leasing activities. In general, an entity will record on the balance sheet the right-of-use assets and the corresponding lease obligations. The new standard will become effective for private companies for fiscal years beginning after December 15, 2021. Comparative periods presented in financial statements must use the same standards, as if ASU 2016-02 was in effect for the prior year presented. The adoption of ASU 2016-02 is not expected to have a material impact on the financial statements of the Organization.

(3) Liquidity and Availability:

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date are comprised of the following:

Cash and Cash Equivalents	$ 4,251,622
Contributions Receivable Due in Less Than One Year	15,776
	$ 4,267,398

Additionally, the Organization has an unused line-of-credit in the amount of $1,335,961.

(4) 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 constitute 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 2019, Advanced Energy charged the Organization for services provided by its staff and use of facilities in the amount of $418,380. As of December 31, 2019, the Organization owed Advanced Energy $30,167.

(5) Commitments

The Organization has a $1,335,961 line-of-credit with Edward Jones with no outstanding balance as of December 31, 2019. The rate of interest as of December 31, 2019 was 4.25 percent and the line-of-credit is collateralized by certificate of deposits the Organization held by Edward Jones. This line-of credit was terminated as of May 28, 2020.

(6) Concentrations of Credit Risk

The Organization maintains bank accounts at local banks. Accounts at the institutions are insured by the FDIC up to $250,000. Cash at these institutions exceeded federally insured limits. The amount in excess of the FDIC limit totaled $1,687,616 at December 31, 2019.

The Organization had one major customer for the year ended December 31, 2019. Revenues earned totaled $269,782 which represents approximately 29 percent of total revenues. There were no outstanding receivables at year end from this customer.

The Organization had one customer who accounted for $15,000, or 95 percent, of the contributions receivable balance at December 31, 2019.

(7) Subsequent Events

As of the issuance date of these financial statements, the Coronavirus pandemic was having an adverse effect on financial markets. The effects of the Coronavirus are widespread and unprecedented. The pandemic is causing a severe slowdown in economic activity. The effects of the pandemic upon the Organization are unknown at this time.

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through June 30, 2020, the date the financial statements were available to be issued.

Auditor's Responsibility Under Generally Accepted Auditing Standards

As stated in our engagement letter, the auditor is responsible for forming and expressing an opinion about whether the financial statements are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP). The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

Planned Scope and Timing of the Audit

The audit was performed according to the planned scope and timing previously communicated to you in our engagement letter.

Significant Accounting Policies

Management is responsible for the selection of appropriate accounting policies. The significant accounting policies used by NC GreenPower Corporation (the Organization) are outlined in Note 2 to the financial statements. The Organization adopted Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers*; as described in Note 2 to the financial statements. The application of existing policies was not changed during 2019.

We noted no transaction entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a period other than when the transaction occurred.

Management Judgments and Accounting Estimates

Accounting estimates are an integral part of the financial statements and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting the estimates may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

- Useful lives of property, plant and equipment
- Expense accruals

We evaluated the key factors and assumptions used to develop management's estimates in determining that they are reasonable in relation to the financial statements as a whole. The financial statement disclosures are neutral, consistent and clear.

Significant Audit Adjustments and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. There were no audit adjustments for the year ended December 31, 2019. There were no significant uncorrected misstatements, material or immaterial.

Disagreements with Management

Professional standards define a disagreement with management as a financial accounting, reporting or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated June 30, 2020.

Consultation with Other Accountants

To our knowledge, management did not consult with other accountants relating to auditing or accounting matters.

Major Issues Discussed with Management Prior to Retention

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditor. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Difficulties Encountered in Performing the Audit

There were no difficulties encountered in dealing with management related to the performance of the audit.

Restriction of Use

This report is intended solely for the information and use of the board of directors and management and is not intended to be and should not be used by anyone other than these specified parties.