

DOCKET E-100 SUB 90

**NC GREENPOWER CORPORATION
RALEIGH, NORTH CAROLINA**

**FINANCIAL STATEMENTS AS OF
DECEMBER 31, 2022 AND 2021 AND
INDEPENDENT AUDITOR'S REPORT**

NC GREENPOWER CORPORATION**CONTENTS**

| | |
|---|----|
| Independent Auditor's Report..... | 1 |
| 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 |
| Matters to be Communicated with Those Charged with Governance | 12 |

July 20, 2023

INDEPENDENT AUDITOR'S REPORT

The Board of Directors
NC GreenPower Corporation

Opinion

We have audited the financial statements of **NC GreenPower Corporation**, which comprise the statements of financial position as of December 31, 2022 and 2021 and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of NC GreenPower Corporation as of December 31, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of NC GreenPower Corporation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about NC GreenPower Corporation's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 NC GreenPower Corporation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about NC GreenPower Corporation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

McNAIR, McLEMORE, MIDDLEBROOKS & CO., LLC

NC GREENPOWER CORPORATION
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31

OFFICIAL COPY

Oct 12 2023

ASSETS

| | 2022 | 2021 |
|---------------------------|---------------------|---------------------|
| Current Assets | | |
| Cash and Cash Equivalents | \$ 588,801 | \$ 1,172,922 |
| Short-Term Investments | 176,000 | 685,000 |
| Contributions Receivable | 13,050 | 1,079 |
| Accounts Receivable | 40,572 | 3,092 |
| Interest Receivable | 8,571 | 3,918 |
| Inventory | 9,744 | 50,243 |
| Prepaid Expenses | 67,171 | 22,561 |
| | 903,909 | 1,938,815 |
| Investments | 2,719,810 | 2,022,920 |
| Total Assets | \$ 3,623,719 | \$ 3,961,735 |

LIABILITIES AND NET ASSETS

| | | |
|---|---------------------|---------------------|
| Current Liabilities | | |
| Accounts Payable | \$ 464,746 | \$ 107,626 |
| Deferred Revenue | 200,856 | 220,194 |
| | 665,602 | 327,820 |
| Net Assets | | |
| Without Donor Restrictions | | |
| Unrestricted | 609,893 | 1,297,310 |
| Board Designated | | |
| Renewable Energy | 873,163 | 838,380 |
| Carbon Offsets | 220,946 | 208,301 |
| School General Fund | 1,254,115 | 1,289,924 |
| | 2,958,117 | 3,633,915 |
| Total Liabilities and Net Assets | \$ 3,623,719 | \$ 3,961,735 |

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

NC GREENPOWER CORPORATION
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31

| | 2022 | | | | 2021 | | | |
|--|-------------------|---------------------|-------------|---------------------|---------------------|---------------------|-------------|---------------------|
| | Unrestricted | Board Designated | Restricted | Total | Unrestricted | Board Designated | Restricted | Total |
| Support and Revenues | | | | | | | | |
| Consumer Contributions | | | | | | | | |
| Renewable Energy | \$ - | \$ 98,631 | \$ - | \$ 98,631 | \$ 23,835 | \$ 75,300 | \$ - | \$ 99,135 |
| Brokered Bids | 186,615 | - | - | 186,615 | 75,193 | - | - | 75,193 |
| Carbon Offsets | - | 27,386 | - | 27,386 | - | 15,193 | - | 15,193 |
| School General Fund | - | 236,256 | - | 236,256 | - | 296,277 | - | 296,277 |
| School Specific Fund | 797,342 | - | 605,045 | 1,402,387 | 148,904 | - | 220,536 | 369,440 |
| Other Revenue | - | - | - | - | - | 80 | - | 80 |
| Interest | 55,391 | - | - | 55,391 | 50,645 | - | - | 50,645 |
| Net Assets Released from Restrictions | 605,045 | - | (605,045) | - | 220,536 | - | (220,536) | - |
| | <u>1,644,393</u> | <u>362,273</u> | <u>-</u> | <u>2,006,666</u> | <u>519,113</u> | <u>386,850</u> | <u>-</u> | <u>905,963</u> |
| Expenses | | | | | | | | |
| Program Services | 2,218,487 | 350,654 | - | 2,569,141 | 334,166 | 614,010 | - | 948,176 |
| General and Administrative | 113,323 | - | - | 113,323 | 210,220 | - | - | 210,220 |
| | <u>2,331,810</u> | <u>350,654</u> | <u>-</u> | <u>2,682,464</u> | <u>544,386</u> | <u>614,010</u> | <u>-</u> | <u>1,158,396</u> |
| Changes in Net Assets | <u>(687,417)</u> | <u>11,619</u> | <u>-</u> | <u>(675,798)</u> | <u>(25,273)</u> | <u>(227,160)</u> | <u>-</u> | <u>(252,433)</u> |
| Net Assets, Beginning | <u>1,297,310</u> | <u>2,336,605</u> | <u>-</u> | <u>3,633,915</u> | <u>1,322,583</u> | <u>2,563,765</u> | <u>-</u> | <u>3,886,348</u> |
| Net Assets, Ending | <u>\$ 609,893</u> | <u>\$ 2,348,224</u> | <u>\$ -</u> | <u>\$ 2,958,117</u> | <u>\$ 1,297,310</u> | <u>\$ 2,336,605</u> | <u>\$ -</u> | <u>\$ 3,633,915</u> |

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

NC GREENPOWER CORPORATION
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31

OFFICIAL COPY

Oct 12 2023

| <u>2022</u> | <u>Program Services</u> | <u>General and Administrative</u> | <u>Total</u> |
|----------------------------|-----------------------------|---------------------------------------|---------------------|
| Renewable Energy | \$ 65,874 | \$ - | \$ 65,874 |
| Brokered Bids | 31,370 | - | 31,370 |
| Carbon Offsets | 115,341 | - | 115,341 |
| Contract Labor and Support | 458,733 | 46,457 | 505,190 |
| Cost of Solar Panels | 40,499 | - | 40,499 |
| Marketing | 32,580 | 172 | 32,752 |
| Professional Fees | 1,817,489 | 60,061 | 1,877,550 |
| Travel and Meetings | 1,538 | 1,368 | 2,906 |
| Storage Fees | 900 | - | 900 |
| Bank Fees | 4,624 | 395 | 5,019 |
| Other | 193 | 4,870 | 5,063 |
| | <u>\$ 2,569,141</u> | <u>\$ 113,323</u> | <u>\$ 2,682,464</u> |
| | | | |
| <u>2021</u> | | | |
| Renewable Energy | \$ 42,897 | \$ - | \$ 42,897 |
| Brokered Bids | 10,200 | - | 10,200 |
| Carbon Offsets | 65,296 | - | 65,296 |
| Contract Labor and Support | 525,154 | 135,625 | 660,779 |
| Cost of Solar Panels | 35,018 | - | 35,018 |
| Marketing | 20,510 | 265 | 20,775 |
| Professional Fees | 236,455 | 69,515 | 305,970 |
| Travel and Meetings | 6,751 | 639 | 7,390 |
| Storage Fees | 1,621 | - | 1,621 |
| Administrative Filing | 50 | 3,578 | 3,628 |
| Bank Fees | 4,128 | 284 | 4,412 |
| Other | 96 | 314 | 410 |
| | <u>\$ 948,176</u> | <u>\$ 210,220</u> | <u>\$ 1,158,396</u> |

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

**NC GREENPOWER CORPORATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31**

| | <u>2022</u> | <u>2021</u> |
|---|--------------------------|----------------------------|
| Cash Flows Used by Operating Activities | | |
| Changes in Net Assets | \$ (675,798) | \$ (252,433) |
| Adjustments to Reconcile Changes in Net Assets to Net Cash Used by Operating Activities | | |
| Change In | | |
| Contributions Receivable | (11,971) | 6,750 |
| Accounts Receivable | (37,480) | (3,005) |
| Interest Receivable | (4,653) | (34) |
| Inventory | 40,499 | 35,018 |
| Prepaid Expenses | (44,610) | 76,338 |
| Accounts Payable | 357,120 | 49,559 |
| Deferred Revenue | (19,338) | (95,035) |
| | <u>(396,231)</u> | <u>(182,842)</u> |
| Cash Flows Used in Investing Activities | | |
| Investments | <u>(187,890)</u> | <u>(189,023)</u> |
| Net Decrease in Cash and Cash Equivalents | (584,121) | (371,865) |
| Cash and Cash Equivalents, Beginning | <u>1,172,922</u> | <u>1,544,787</u> |
| Cash and Cash Equivalents, Ending | <u><u>\$ 588,801</u></u> | <u><u>\$ 1,172,922</u></u> |

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

NC GREENPOWER CORPORATION
NOTES TO FINANCIAL STATEMENTS

OFFICIAL COPY

Oct 12 2023

(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 original 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.

Short-Term Investments

Short-term investments include certificates of deposit with original maturities greater than three months and remaining maturities less than one year.

(2) Summary of Significant Accounting Policies (Continued)

Investments

Investments include certificates of deposit with remaining maturities greater than one year and annuity investments. Certificates of deposit and annuity investments are held to maturity by the Organization and recorded at cost.

Receivables

Contributions receivable consist of amounts due from contributing utility companies. Accounts receivable consist of amounts due from customers related to services provided.

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, 2022 and 2021, 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.

Deferred Revenue

The Organization acts as an agent for funds provided by grantors and various schools participating in a Solar+ Schools program.

Net Assets 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, mitigate greenhouse gases or fund program education activities on behalf of donors. The board of directors designates 65 percent 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 percent of donor contributions is used to pay for program education activities and materials.

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.

(2) Summary of Significant Accounting Policies (Continued)

Revenue Recognition

The Organization reports contributions as unrestricted support if contributed without donor restrictions. Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

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+ Schools awardees. Such contributions, given without restrictions, are recognized as unrestricted when received.

A portion of the Organization's revenue is derived from cost-reimbursable grants, which are conditioned upon the Organization incurring allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with the grant provisions. Amounts received prior to incurring qualifying expenditures are reported as deferred revenue in the statement of financial position. The Organization had cost-reimbursable grants for which qualifying expenses have not yet been incurred at December 31, 2022 and 2021 of \$200,856 and \$220,194, respectively. Funds granted for general purposes are recognized when notification of funding is received.

Contributions related to renewable energy, brokered bids, and carbon offsets are recognized when billed.

Marketing Costs

The Organization expenses marketing costs as incurred. Total marketing expenses for the years ended December 31, 2022 and 2021 were \$32,752 and \$20,775, 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, 2022 and 2021.

The Organization evaluates all significant tax positions as required by U.S. GAAP. As of December 31, 2022, 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 2019.

(2) Summary of Significant Accounting Policies (Continued)

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 (Advanced Energy) for services provided by its staff and use of its facilities. See Note 6.

(3) Liquidity and Availability

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

| | 2022 | 2021 |
|---------------------------|-------------------|-------------------|
| Cash and Cash Equivalents | \$ 588,801 | \$ 702,328 |
| Short-Term Investments | 176,000 | 685,000 |
| Contributions Receivable | 13,050 | 1,079 |
| Accounts Receivable | 40,572 | 3,092 |
| Interest Receivable | 8,571 | 3,918 |
| | <u>\$ 826,994</u> | <u>\$ 706,246</u> |

(4) Accounts Receivable and Contract Liabilities

Accounts receivable and contract liabilities related to contracts with customers consist of the following as of December 31:

| | 2022 | 2021 | 2020 |
|-----------------------------|------------|------------|------------|
| Accounts Receivables | \$ 40,572 | \$ 3,092 | \$ 87 |
| Contract Liabilities | | | |
| Deferred Revenue | \$ 200,856 | \$ 220,194 | \$ 315,229 |

(5) Investments

Investments consist of the following as of December 31:

| | <u>2022</u> | <u>2021</u> |
|-------------------------|---------------------|---------------------|
| Certificates of Deposit | \$ 1,171,921 | \$ 500,150 |
| Annuities | <u>1,547,889</u> | <u>1,522,770</u> |
| | <u>\$ 2,719,810</u> | <u>\$ 2,022,920</u> |

(6) Related Party

The Organization is administered by 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 2022 and 2021, Advanced Energy charged the Organization for services provided by its staff and use of facilities totaling \$693,452 and \$672,502, respectively. As of December 31, 2022 and 2021, the Organization owed Advanced Energy \$29,621 and \$73,112, respectively.

(7) 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 \$478,540 at December 31, 2022.

The Organization maintains annuity accounts at local banks. Accounts at the institutions are insured by the North Carolina Insurance Guaranty Association (NCIGA) up to \$300,000. Cash at these institutions exceeded federally insured limits. The amount in excess of the NCIGA limit totaled \$47,903 at December 31, 2022.

(8) Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through July 20, 2023, the date the financial statements were available to be issued.

(9) Reclassifications

Certain reclassifications have been made within the December 31, 2021 financial statements to conform to the December 31, 2022 presentation. These reclassifications have no effect on net assets of the Organization.

July 20, 2023

**MATTERS TO BE COMMUNICATED WITH
THOSE CHARGED WITH GOVERNANCE**

The Board of Directors
NC GreenPower Corporation

We have audited the financial statements of **NC GreenPower Corporation** (the Organization) as of and for the year ended December 31, 2022, and have issued our report thereon dated July 20, 2023. Professional standards require that we advise you of the following matters related to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated March 21, 2023, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of its respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, as part of our audit, we considered the internal control of the Organization solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, and our firm have complied with all relevant ethical requirements regarding independence.

As described in our engagement letter, we perform certain non-attest services for the Organization. To eliminate the threat to independence, management has accepted responsibility for these services as documented in the management representation letter. Additionally, an individual from our quality control department, not involved in the audit, performs a secondary review of the financial statements.

Significant Risk Identified

- Management override of controls

Management may override controls to intentionally misstate the nature and timing of revenue or other transactions by (1) recording fictitious business events or transactions or changing the timing of recognition of legitimate transactions, particularly those recorded close to the end of an accounting period; (2) establishing or reversing reserves to manipulate results, including intentionally biasing assumptions and judgments used to estimate account balances; and (3) altering records and terms related to significant or unusual transactions. Management override of controls is a presumed fraud risk in all audits performed under auditing standards generally accepted in the United States of America.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the Organization are outlined in Note 2 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during the year ended December 31, 2022.

No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on 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 them may differ markedly from management's current judgments.

The most sensitive estimates affecting the financial statements are:

- Reserve for uncollectible accounts

Management's estimate of reserve for uncollectible accounts is based on historic revenues, historic collection rates, and an analysis of the collectability of individual account balances. 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.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the Organization's financial statements relate to:

- Accounts Receivable (Note 4)
- Investments (Note 5)

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management related to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards also 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. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole. There were no significant uncorrected misstatements, material, or immaterial.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of audit procedures. We did not identify any misstatements as a result of our procedures that were material, either individually or in the aggregate, to the financial statements as a whole.

Disagreements with Management

For purposes of this communication, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the Organization's financial statements or the auditor's report. No such disagreements arose during the course of our audit.

Representations Requested from Management

We have requested certain representations from management, which are included in the management representation letter dated July 20, 2023.

Management's Consultation with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the Organization, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, business conditions affecting the entity, and business plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the Organization auditors.

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