

DOCKET E-100 SUB 37A

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Oct 06 2021

**NORTH CAROLINA ADVANCED ENERGY CORPORATION
RALEIGH, NORTH CAROLINA**

**FINANCIAL STATEMENTS AS OF
DECEMBER 31, 2020 AND 2019 AND
INDEPENDENT AUDITOR'S REPORT**



NORTH CAROLINA ADVANCED ENERGY CORPORATION**CONTENTS**

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June 4, 2021

INDEPENDENT AUDITOR'S REPORT

The Board of Directors
North Carolina Advanced Energy Corporation

We have audited the accompanying financial statements of **North Carolina Advanced Energy Corporation** (the Corporation), which comprise the statement of financial position as of December 31, 2020 and 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 Corporation'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 Corporation'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 Advanced Energy Corporation as of December 31, 2020 and 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

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NORTH CAROLINA ADVANCED ENERGY CORPORATION
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31

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	2020	2019
Current Assets		
Cash and Cash Equivalents	\$ 1,796,409	\$ 1,052,286
Short-Term Investments	980,000	1,028,000
Accounts Receivable, Net	1,388,718	1,366,691
Prepaid Expenses and Other Current Assets	148,178	99,175
	<u>4,313,305</u>	<u>3,546,152</u>
Investments	<u>3,840,491</u>	<u>2,946,635</u>
Property and Equipment		
Furniture and Fixtures	225,732	289,008
Vehicles	102,238	102,238
Leasehold Improvements	760,927	747,160
Equipment	1,600,975	1,587,664
	<u>2,689,872</u>	<u>2,726,070</u>
Accumulated Depreciation	<u>(2,549,529)</u>	<u>(2,521,151)</u>
	<u>140,343</u>	<u>204,919</u>
Total Assets	<u><u>\$ 8,294,139</u></u>	<u><u>\$ 6,697,706</u></u>

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts Payable	\$ 53,675	\$ 88,894
Accrued Expenses	515,331	399,204
	<u>569,006</u>	<u>488,098</u>
Long-Term Debt	250,000	-
Net Assets Without Donor Restrictions		
Unrestricted	<u>7,475,133</u>	<u>6,209,608</u>
Total Liabilities and Net Assets	<u><u>\$ 8,294,139</u></u>	<u><u>\$ 6,697,706</u></u>

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

NORTH CAROLINA ADVANCED ENERGY CORPORATION
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS DECEMBER 31

	<u>2020</u>	<u>2019</u>
Unrestricted Revenues		
Member Utility Funding	\$ 3,822,713	\$ 3,910,255
Government Grants	177,394	60,025
Interest	104,104	90,272
Other Revenue	<u>3,511,675</u>	<u>3,780,416</u>
	<u>7,615,886</u>	<u>7,840,968</u>
Operating Expenses		
Advanced Energy Delivery	4,594,994	4,649,777
Corporate Services	<u>1,755,367</u>	<u>2,306,588</u>
	<u>6,350,361</u>	<u>6,956,365</u>
Changes in Net Assets Without Donor Restrictions	1,265,525	884,603
Net Assets Without Donor Restrictions, Beginning	<u>6,209,608</u>	<u>5,325,005</u>
Net Assets Without Donor Restrictions, Ending	<u><u>\$ 7,475,133</u></u>	<u><u>\$ 6,209,608</u></u>

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

NORTH CAROLINA ADVANCED ENERGY CORPORATION
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31

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Oct 06 2021

<u>2020</u>	Advanced Energy Delivery	Corporate Services	Total
Salaries	\$ 2,563,084	\$ 881,904	\$ 3,444,988
Fringe Benefits	1,178,242	405,408	1,583,650
Rent	272,811	59,885	332,696
Depreciation and Vehicle Leases	58,768	67,346	126,114
Insurance and Property Taxes	52,245	11,469	63,714
Telephone	1,520	334	1,854
Internet Services	66,696	14,641	81,337
Office Supplies	23,549	5,169	28,718
Storage Fees	699	153	852
Postage	2,202	483	2,685
Parking Permits	3,575	785	4,360
Cell Phone Allowance	24,444	5,366	29,810
Equipment Maintenance	5,140	1,128	6,268
Bank and Payroll Fees	-	21,768	21,768
Professional Services	168,000	206,713	374,713
Travel and Meetings	87,710	55,948	143,658
Individual Development	4,269	-	4,269
Team Expenses	82,040	16,867	98,907
Total Expenses	\$ 4,594,994	\$ 1,755,367	\$ 6,350,361

<u>2019</u>			
Salaries	\$ 2,431,293	\$ 1,014,898	\$ 3,446,191
Fringe Benefits	1,163,923	485,858	1,649,781
Rent	288,043	63,229	351,272
Depreciation and Vehicle Leases	52,363	70,929	123,292
Insurance and Property Taxes	55,469	12,176	67,645
Telephone	5,400	1,185	6,585
Internet Services	58,077	12,748	70,825
Office Supplies	33,285	7,306	40,591
Storage Fees	1,120	246	1,366
Postage	2,015	442	2,457
Parking Permits	6,729	1,477	8,206
Cell Phone Allowance	26,043	5,717	31,760
Equipment Maintenance	5,013	1,101	6,114
Bank and Payroll Fees	-	91,807	91,807
Professional Services	222,655	305,504	528,159
Travel and Meetings	192,415	165,980	358,395
Individual Development	37,096	14,580	51,676
Team Expenses	68,838	25,315	94,153
Other Expenses	-	26,090	26,090
Total Expenses	\$ 4,649,777	\$ 2,306,588	\$ 6,956,365

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

NORTH CAROLINA ADVANCED ENERGY CORPORATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31

	<u>2020</u>	<u>2019</u>
Cash Flows Provided by (Used in) Operating Activities		
Changes in Net Assets Without Donor Restrictions	\$ 1,265,525	\$ 884,603
Adjustments to Reconcile Changes in Net Assets Without Donor Restrictions to Net Cash Provided by (Used in) Operating Activities		
Depreciation	118,500	115,623
Change In		
Accounts Receivable	(22,027)	310,546
Prepaid Expenses and Other Current Assets	(49,003)	(10,725)
Accounts Payable	(35,219)	7,710
Accrued Expenses	116,127	(180,805)
	<u>1,393,903</u>	<u>1,126,952</u>
Cash Flows Provided by (Used in) Investing Activities		
Purchase of Fixed Assets	(53,923)	(88,150)
Investments	(845,857)	(1,648,201)
	<u>(899,780)</u>	<u>(1,736,351)</u>
Cash Flows Provided by (Used in) Financing Activities		
Advances of Long-Term Debt	783,825	-
Payments on Long-Term Debt	(533,825)	-
	<u>250,000</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	744,123	(609,399)
Cash and Cash Equivalents, Beginning	<u>1,052,286</u>	<u>1,661,685</u>
Cash and Cash Equivalents, Ending	<u><u>\$ 1,796,409</u></u>	<u><u>\$ 1,052,286</u></u>

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

NORTH CAROLINA ADVANCED ENERGY CORPORATION

NOTES TO FINANCIAL STATEMENTS

(1) Organization and Nature of Activities

North Carolina Advanced Energy Corporation (the Corporation) is a nonprofit energy engineering firm headquartered in Raleigh, North Carolina. The Corporation works with electric utilities; state, federal and local governments; and a variety of public and private organizations in the residential, commercial and industrial, solar, motors and drives, and electric transportation markets. The customized services include investigative research, testing, training, consulting, and program design.

Other related programs that have been undertaken by the Corporation include helping to shift demands for electricity to off-peak periods, educating consumers about energy, researching alternatives to current electric generation technologies, developing more economic sources of electric power, increasing system efficiency and load factors through conservation, and load management, and demonstrating and promoting efficient use of electric power.

Approximately 50 percent of the Corporation's funding is derived from 3 North Carolina electric utilities and 26 of the state's electric cooperatives. Should the electric utilities and the North Carolina Utilities Commission (the Commission) decide that collecting these funds is no longer in the utilities' interest or in the interest of the utilities' customers, then this action could have a material adverse effect on the Corporation's operating results.

Advanced Energy Delivery

The Corporation's delivery team develops products and services and delivers them to serve the customers of the Corporation's member utilities, as well as other clients nationally. The team's work impacts the following markets: commercial, industrial, residential, renewable energy, grid modernization, and electric transportation. The board of directors is regularly informed of the team's activities and approves the Corporation's business plan.

Corporate Services

Corporate services consist of corporate planning and services including accounting, contracts, personnel, office functions, and information services. The corporate services personnel also provide corporate-level management and specialized support for the Corporation.

(2) Summary of Significant Accounting Policies

Accounting policies and reporting policies of the Corporation conform to accounting principles generally accepted in the United States of America (U.S. GAAP) and prevailing practices within the industry.

(2) Summary of Significant Accounting Policies (Continued)

Use of Estimates

The preparation of financial statements in conformity with 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.

Cash and Cash Equivalents

Cash equivalents include time deposits, certificates of deposit, and all highly liquid debt instruments with original maturities of three months or less.

Short-Term Investments

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

Investments

Investments include certificates of deposit with remaining maturities greater than one year and annuity investments. Certificates of deposit and annuity investments are recorded at cost.

Receivables

Receivables consist of amounts due from customers related to services provided. The Corporation 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.

When management determines that a receivable is uncollectible the balance is removed from the receivables balance through the bad debt allowance. Subsequent recoveries of amounts previously written off are credited directly to earnings. No bad debt allowance was considered necessary at December 31, 2020 and 2019.

Property and Equipment

Property and equipment are recorded at cost. Assets are capitalized if they have a useful life longer than one year and have a cost of \$1,000 or greater. Depreciation expense is computed on a straight-line basis over the estimated useful lives of the assets ranging from three to ten years. The cost and related depreciation of retired or disposed equipment are eliminated from the accounts, with the resulting gains or losses included in operations.

(2) Summary of Significant Accounting Policies (Continued)

Basis of Presentation

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

- Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor restrictions.
- 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. The Corporation has no net assets with donor restrictions.

Revenue Recognition

Member utility funding is from investor-owned utilities regulated by the Commission and other in-state member organizations. Funding from investor-owned utilities is derived from a special charge authorized by the Commission that may be assessed to retail customers in North Carolina on the basis of kilowatt per hour usage. Other in-state member organizations are charged for services rendered based on a charge to their customers of no less than 60 percent of the amount authorized by the Commission for regulated utilities. Revenue from member utility funding is recognized as billed.

Revenue from government grants is recognized when either: (1) expenses are incurred under the grants and are billed on a reimbursement basis, or (2) milestones or tasks have been completed and billed according to the corresponding payment schedule for fixed-price contracts.

Other revenue, consisting primarily of fees for consulting services, training, and seminars, is recognized and billed when earned.

Advertising Costs

The Corporation expenses advertising costs as incurred. Advertising expense for the years ended December 31, 2020 and 2019 totals \$2,574 and \$1,151, respectively.

Income Taxes

The Corporation 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 Corporation'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, 2020 and 2019.

The Corporation accounts for income taxes in accordance with U.S. GAAP. These standards include provisions for accounting for uncertainty in income taxes. The Corporation is not aware of any tax position that would require disclosure. The Corporation's federal income tax returns are subject to examination by the Internal Revenue Service and the state North Carolina for three years after they are filed.

(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 Corporation. Those expenses include facilities and fringe benefits. Facilities includes rent, depreciation, insurance, property taxes, and other costs and are allocated based on the number of Corporation employees in relation to total employees. Fringe benefits are allocated based on costs in relation to total salaries.

New Accounting Pronouncement

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (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 was to become effective for private companies for fiscal years beginning after December 15, 2020. On June 3, 2020, as a result of COVID-19, the FASB amended the effective dates for *Topic 842*, through the issuance of ASU 2020-05, to fiscal years beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022. 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 in 2022 is not expected to have a material impact on the financial statements.

(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	\$ 1,796,409
Short-Term Investments	980,000
Accounts Receivable	<u>1,388,718</u>
	<u>\$ 4,165,127</u>

As part of the Corporation's investment policy, the Corporation invests cash in excess of daily requirements in certificates of deposit, which are considered by the Corporation to be a safe and predictable option for investing. As part of the Corporation's investment policy, excess cash over \$1,000,000 can be placed in Federal Deposit Insurance Corporation (FDIC) insured certificates of deposit and North Carolina Insurance Guarantee Association (NCIGA) annuities.

The Corporation considers \$1,000,000 to be sufficient cash flow to meet obligations should there be delays in payment from significant customers, including North Carolina investor-owned utilities and electric cooperatives.

(4) Investments

Investments consist of the following as of December 31:

	<u>2020</u>	<u>2019</u>
Certificate Of Deposit	\$ 2,332,746	\$ 2,946,635
Annuities	<u>1,507,745</u>	<u>-</u>
	<u><u>\$ 3,840,491</u></u>	<u><u>\$ 2,946,635</u></u>

(5) Lease Commitments

The Corporation is obligated under an operating lease for the rental of office space through November 2021. Rent expense totaled \$332,696 for the year ended December 31, 2020.

The Corporation is obligated under an operating lease for the rental of a vehicle through July 2022. This expense totaled \$7,614 and \$6,307 for the years ended December 31, 2020 and 2019, respectively.

Future minimum lease payments under these operating leases as of December 31, 2020 are as follows:

<u>Year</u>	<u>Amount</u>
2021	\$ 305,916
2022	<u>3,807</u>
	<u><u>\$ 309,723</u></u>

(6) Retirement Plan

The Corporation has established a defined contribution retirement plan under Section 403(b) of the Internal Revenue Code. The plan benefits all employees meeting certain eligibility requirements. Employees are allowed to make contributions to the plan in addition to the Corporation's contribution which is based on an employee's level of base wages. Employees become 100 percent vested in the Corporation's contribution concurrent with meeting the eligibility requirements. Retirement plan expense for the years ended December 31, 2020 and 2019 was \$190,643 and \$200,836, respectively.

(7) Related Parties

In February 2003, NC GreenPower Corporation (NCGP) was incorporated as a nonprofit entity. The mission of NCGP is to provide financial incentives to encourage the development of renewable energy resources. It is funded primarily by voluntary contributions from electric utility ratepayers in North Carolina. The Corporation's board of directors constitute the members of NCGP. Certain resolutions of the board of directors of NCGP require two-thirds of the votes of the members to adopt. The Corporation historically provides contributions for marketing and administration operations to NCGP each year based on NCGP's need and at the determination of the board of directors.

(7) Related Parties (Continued)

During 2020 and 2019, the Corporation charged NCGP for services provided by its staff and use of facilities in the amount of \$601,209 and \$442,592. As of December 31, 2020 and 2019, the Corporation was due \$43,629 and \$30,167, respectively, from NCGP.

During 2020 and 2019, some accounting services were provided by an outside vendor who provides similar services to electric cooperatives in North Carolina. The president of the Corporation has a seat on the board of directors of this vendor, as do leaders from the other cooperatives. If the vendor recognizes a profit at year end, the profits are distributed back to the organizations that utilize the vendor. The Corporation paid \$53,111 and \$35,133 to the vendor during the years ended December 31, 2020 and 2019, respectively. At December 31, 2020 and 2019, the Corporation owed the vendor \$2,891 and \$5,130, respectively.

(8) Concentrations of Credit Risk

The Corporation 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 \$1,280,861 at December 31, 2020.

The Corporation maintains annuity accounts at local banks. Accounts at the institutions are insured by NCIGA up to \$300,000. Cash at these institutions exceeded federally insured limits. The amount in excess of the NCIGA limit totaled \$3,348 at December 31, 2020.

North Carolina investor-owned utilities and electric cooperatives comprise 50 percent of the Corporation's 2020 revenue and 78 percent of receivables as of December 31, 2020.

(9) Paycheck Protection Program (PPP)

On April 30, 2020, the Corporation qualified for and received a loan pursuant to the PPP, a program implemented by the U.S. Small Business Administration (SBA) under the CARES Act, from a qualified lender (PPP Lender), for in the amount of \$783,825 (PPP Loan). The PPP Loan bears interest at a fixed rate of 1 percent per annum, with the first six months of interest deferred, has a term of two years, and is unsecured and guaranteed by the SBA. The principal amount of the PPP Loan is subject to forgiveness under the PPP, upon the Corporation's request, to the extent that the PPP Loan proceeds are used to pay expenses permitted by the PPP, including payroll costs, covered rent and interest, and covered utility payments incurred by the Corporation. On May 14, 2020, the Corporation paid \$533,825 on the principal balance of the PPP loan.

The Corporation intends to apply for forgiveness of the balance of the PPP Loan, \$250,000, with respect to these covered expenses. To the extent that all or part of the PPP Loan is not forgiven, the Corporation will be required to pay principal and interest on the PPP Loan at a rate of 1 percent through the maturity date on April 30, 2022. The terms of the PPP Loan provide for customary events of default including, among other things, payment defaults, breach of representations and warranties, and insolvency events. The PPP Loan may be accelerated upon the occurrence of an event of default.

(9) Paycheck Protection Program (PPP) (Continued)

The Corporation has accounted for the PPP Loan under the debt model as provided for under *ASC 470*. The process to apply for and receive a legal release from the obligation could take several months. Should the release be granted, the Corporation will record any amount of debt forgiven in the period the legal release is finalized in accordance with *ASC 470*. Any amount of debt determined not to be forgiven will continue to be reflected on the Corporation's statements of financial position in future periods until paid off.

(10) Risks and Uncertainties

As of the issuance date of these financial statements, the Coronavirus pandemic (COVID-19) was continuing to have an adverse effect on financial markets. The effects of COVID-19 are widespread and unprecedented. However, the full impact of COVID-19 is uncertain as to the full magnitude that the pandemic will have on the Corporation's financial condition, liquidity, and future results of operations are uncertain and difficult to predict considering the rapidly evolving landscape. The board of directors is actively monitoring the situation but, given the daily evolution of the COVID-19 outbreak, the Corporation is not able to estimate the effects at this time.

(11) Subsequent Events

In preparing these financial statements, the Corporation has evaluated events and transactions for potential recognition or disclosure through June 4, 2021, the date the financial statements were available to be issued.

(12) Reclassifications

Certain reclassifications have been made within the December 31, 2019 financial statements to conform to the December 31, 2020 presentation.

**NORTH CAROLINA ADVANCED ENERGY CORPORATION
MATTERS TO BE COMMUNICATED WITH THE BOARD OF DIRECTORS
DECEMBER 31, 2020**

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Oct 06 2021

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 North Carolina Advanced Energy Corporation (the Corporation) are outlined in Note 2 to the financial statements. The Corporation did not adopt any new standards under U.S. GAAP and the application of existing policies was not changed during the year ended December 31, 2020. We noted no transaction entered into by the Corporation 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, 2020. 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 4, 2021.

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 Corporation'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.