

**North Carolina Sustainable Energy Association  
and Subsidiary**

Report on Audits of Financial Statements

for the years ended June 30, 2025 and 2024

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

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### Independent Auditors' Report

Board of Directors  
North Carolina Sustainable Energy Association and Subsidiary

#### ***Opinion***

We have audited the consolidated financial statements of North Carolina Sustainable Energy Association and Subsidiary (North Carolina Sustainable Energy Association Leadership Fund), which comprise the consolidated statement of financial position as of June 30, 2025, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

We have also audited the financial statements of North Carolina Sustainable Energy Association (parent only), which comprise the statement of financial position as of June 30, 2024 and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of North Carolina Sustainable Energy Association and Subsidiary as of June 30, 2025, and North Carolina Sustainable Energy Association as of June 30, 2024, and the change in their net assets and their 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of North Carolina Sustainable Energy Association and Subsidiary, 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 North Carolina Sustainable Energy Association and Subsidiary's ability to continue as a going concern for one year after the date that the financial statements are issued.

### ***Auditors' 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 auditors' 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 audits 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 audits in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- 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 audits 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 North Carolina Sustainable Energy Association and Subsidiary'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 North Carolina Sustainable Energy Association and Subsidiary'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.

### ***Supplementary Information***

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary consolidating information as of June 30, 2025 is presented for purposes of additional analysis of the consolidated financial statements for the year then ended rather than to present the financial position, net assets, and change in net assets of the individual companies and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements for the year ended June 30, 2025. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

*NPC Company LLP*

October 7, 2025

North Carolina Sustainable Energy Association and Subsidiary  
 Statements of Financial Position  
 June 30, 2025 (consolidated) and 2024 (parent only)

<u>Assets</u>	2025 (consolidated)	2024 (parent only)
<b>Current assets:</b>		
Cash and cash equivalents	\$ 2,243,016	\$ 1,690,080
Certificates of deposit	-	12,592
Accounts receivable	167,831	56,775
Grants receivable	325,000	25,000
Sales tax receivable	649	6,683
Prepaid expenses	<u>58,274</u>	<u>23,623</u>
Total current assets	<u>2,794,770</u>	<u>1,814,753</u>
<b>Property and equipment:</b>		
Office equipment	17,509	58,387
Office furniture	3,596	107,047
Leasehold improvements	-	49,515
Software	<u>9,738</u>	<u>16,138</u>
	<u>30,843</u>	<u>231,087</u>
Less: accumulated depreciation and amortization	<u>(30,209)</u>	<u>(221,694)</u>
Total property and equipment, net	<u>634</u>	<u>9,393</u>
<b>Other assets:</b>		
Right of use assets, net	-	148,494
Noncurrent portion of grant receivable, net	<u>72,115</u>	<u>-</u>
Total other assets	<u>72,115</u>	<u>148,494</u>
Total assets	<u>\$ 2,867,519</u>	<u>\$ 1,972,640</u>
<b><u>Liabilities and Net Assets</u></b>		
<b>Current liabilities:</b>		
Operating lease liabilities, current maturities	\$ -	\$ 163,403
Accounts payable	82,209	67,465
Grants payable	298,503	-
Accrued paid time off	39,772	38,956
Payroll taxes payable	-	18,324
Deferred member dues	<u>76,178</u>	<u>66,026</u>
Total current liabilities	<u>496,662</u>	<u>354,174</u>
Noncurrent portion of grants payable, net	<u>52,920</u>	<u>-</u>
<b>Net assets:</b>		
Without donor restrictions	1,791,362	1,296,383
With donor restrictions	<u>526,575</u>	<u>322,083</u>
Total net assets	<u>2,317,937</u>	<u>1,618,466</u>
Total liabilities and net assets	<u>\$ 2,867,519</u>	<u>\$ 1,972,640</u>

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

North Carolina Sustainable Energy Association and Subsidiary  
 Statement of Activities and Changes in Net Assets  
 for the year ended June 30, 2025 (consolidated)

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue, support, and gains:</b>			
Contributions	\$ 1,073,531	\$ 849,547	\$ 1,923,078
Grants	73,612	823,503	897,115
Indirect public support	347,397	-	347,397
Membership dues	115,948	-	115,948
Sponsorship	59,250	-	59,250
Program service fees	292,173	-	292,173
Rent	120,162	-	120,162
Interest income	17,236	-	17,236
Gain on disposal of property and equipment	-	-	-
Miscellaneous	2,916	-	2,916
Net assets released from restrictions	<u>1,468,558</u>	<u>(1,468,558)</u>	<u>-</u>
<b>Total revenue, support, and gains</b>	<b><u>3,570,783</u></b>	<b><u>204,492</u></b>	<b><u>3,775,275</u></b>
<b>Expenses and losses:</b>			
<b>Expenses:</b>			
<b>Program services:</b>			
Policy advocacy	1,894,632	-	1,894,632
Disaster recovery	<u>766,397</u>	<u>-</u>	<u>766,397</u>
<b>Total program</b>	<b><u>2,661,029</u></b>	<b><u>-</u></b>	<b><u>2,661,029</u></b>
<b>Supporting services:</b>			
Management and general	346,345	-	346,345
Fundraising	<u>64,328</u>	<u>-</u>	<u>64,328</u>
<b>Total expenses</b>	<b><u>3,071,702</u></b>	<b><u>-</u></b>	<b><u>3,071,702</u></b>
Loss on disposal of property and equipment	4,102	-	4,102
Loss on goodwill and intangible asset impairment	-	-	-
<b>Total expenses and losses</b>	<b><u>3,075,804</u></b>	<b><u>-</u></b>	<b><u>3,075,804</u></b>
<b>Changes in net assets</b>	<b>494,979</b>	<b>204,492</b>	<b>699,471</b>
<b>Net assets at beginning of year</b>	<b><u>1,296,383</u></b>	<b><u>322,083</u></b>	<b><u>1,618,466</u></b>
<b>Net assets at end of year</b>	<b><u>\$ 1,791,362</u></b>	<b><u>\$ 526,575</u></b>	<b><u>\$ 2,317,937</u></b>

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

**North Carolina Sustainable Energy Association and Subsidiary  
Statement of Activities and Changes in Net Assets  
for the year ended June 30, 2024 (parent only)**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Revenue, support, and gains:</b>			
Contributions	\$ 1,064,773	\$ -	\$ 1,064,773
Grants	42,000	470,000	512,000
Indirect public support	246,457	-	246,457
Membership dues	121,057	-	121,057
Sponsorship	70,250	-	70,250
Program service fees	168,958	-	168,958
Rent	94,430	-	94,430
Interest income	18,344	-	18,344
Gain on disposal of property and equipment	92	-	92
Miscellaneous	830	-	830
Net assets released from restrictions	<u>523,503</u>	<u>(523,503)</u>	<u>-</u>
<b>Total revenue, support, and gains</b>	<u>2,350,694</u>	<u>(53,503)</u>	<u>2,297,191</u>
<b>Expenses and losses:</b>			
<b>Expenses:</b>			
<b>Program services:</b>			
Policy advocacy	1,707,969	-	1,707,969
Disaster recovery	-	-	-
<b>Total program</b>	<u>1,707,969</u>	<u>-</u>	<u>1,707,969</u>
<b>Supporting services:</b>			
Management and general	360,242	-	360,242
Fundraising	47,737	-	47,737
<b>Total expenses</b>	<u>2,115,948</u>	<u>-</u>	<u>2,115,948</u>
Loss on disposal of property and equipment	-	-	-
Loss on goodwill and intangible asset impairment	32,000	-	32,000
<b>Total expenses and losses</b>	<u>2,147,948</u>	<u>-</u>	<u>2,147,948</u>
<b>Changes in net assets</b>	<b>202,746</b>	<b>(53,503)</b>	<b>149,243</b>
<b>Net assets at beginning of year</b>	<u>1,093,637</u>	<u>375,586</u>	<u>1,469,223</u>
<b>Net assets at end of year</b>	<b>\$ 1,296,383</b>	<b>\$ 322,083</b>	<b>\$ 1,618,466</b>

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

North Carolina Sustainable Energy Association and Subsidiary  
 Statement of Functional Expenses  
 for the year ended June 30, 2025 (consolidated)

	<u>Policy Advocacy</u>	<u>Disaster Relief</u>	<u>Total Programs</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Totals</u>
Wages and payroll taxes	\$ 975,134	\$ -	\$ 975,134	\$ 243,638	\$ 52,387	\$ 1,271,159
Employee benefits	64,174	-	64,174	7,493	3,725	75,392
Contract services	514,099	-	514,099	46,489	-	560,588
Operations	203,046	-	203,046	18,784	7,684	229,514
Conferences, meetings, events	89,703	-	89,703	155	16	89,874
Depreciation and amortization	-	-	-	4,657	-	4,657
Grants and contributions	-	765,259	765,259	-	-	765,259
Travel	32,800	968	33,768	2,128	262	36,158
Association expenses	4,931	-	4,931	11,592	-	16,523
Professional development	2,293	-	2,293	549	-	2,842
Insurance	3,367	-	3,367	9,586	-	12,953
Bank charges	5,085	170	5,255	1,017	254	6,526
Miscellaneous expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>257</u>	<u>-</u>	<u>257</u>
<b>Total</b>	<b>\$ 1,894,632</b>	<b>\$ 766,397</b>	<b>\$ 2,661,029</b>	<b>\$ 346,345</b>	<b>\$ 64,328</b>	<b>\$ 3,071,702</b>

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

North Carolina Sustainable Energy Association and Subsidiary  
 Statement of Functional Expenses  
 for the year ended June 30, 2024 (parent only)

	<u>Policy Advocacy</u>	<u>Disaster Relief</u>	<u>Total Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Totals</u>
Wages and payroll taxes	\$ 959,914	\$ -	\$ 959,914	\$ 169,531	\$ 26,455	\$ 1,155,900
Employee benefits	62,591	-	62,591	7,343	3,628	73,562
Contract services	317,372	-	317,372	83,155	8,737	409,264
Operations	242,254	-	242,254	60,369	8,634	311,257
Conferences, meetings, events	87,338	-	87,338	-	-	87,338
Depreciation and amortization	-	-	-	17,343	-	17,343
Grants and contributions	-	-	-	-	-	-
Travel	21,576	-	21,576	1,238	26	22,840
Association expenses	4,576	-	4,576	11,493	-	16,069
Professional development	3,930	-	3,930	-	-	3,930
Insurance	3,270	-	3,270	8,340	-	11,610
Bank charges	5,148	-	5,148	1,028	257	6,433
Miscellaneous expenses	-	-	-	402	-	402
 Total	 \$ 1,707,969	 \$ -	 \$ 1,707,969	 \$ 360,242	 \$ 47,737	 \$ 2,115,948

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

**North Carolina Sustainable Energy Association and Subsidiary  
Statements of Cash Flows**  
for the years ended June 30, 2025 (consolidated) and 2024 (parent only)

	2025 <u>(consolidated)</u>	2024 <u>(parent only)</u>
<b>Operating activities:</b>		
Changes in net assets	\$ 699,471	\$ 149,243
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation expense	4,657	17,343
Amortization of right of use asset	148,494	170,795
Increase of present value discount on grants receivable	2,885	-
(Gain)/loss on disposal of property and equipment	4,102	(92)
Loss on goodwill and intangible asset impairment	-	32,000
Changes in assets and liabilities:		
(Increase) decrease in assets:		
Accounts receivable	(111,056)	35,696
Grants receivable	(375,000)	45,000
Sales tax receivable	6,034	(4,405)
Prepaid expenses	(34,651)	2,228
Increase (decrease) in liabilities:		
Operating lease liabilities	(163,403)	(183,850)
Accounts payable	14,744	(33,596)
Grants payable	351,423	-
Accrued paid time off	816	1,720
Payroll taxes payable	(18,324)	(13,516)
Deferred member dues	<u>10,152</u>	<u>(9,531)</u>
Net cash provided by operating activities	<u>540,344</u>	<u>209,035</u>
<b>Investing activities:</b>		
Purchases of certificates of deposits, net	-	(502)
Proceeds from sale of certificates of deposits, net	12,592	-
Proceeds from sale of property and equipment	-	400
Capital expenditures for property and equipment	-	<u>(1,278)</u>
Net cash used in investing activities	<u>12,592</u>	<u>(1,380)</u>
Net increase (decrease) in cash and cash equivalents	552,936	207,655
Cash and cash equivalents, beginning of year	<u>1,690,080</u>	<u>1,482,425</u>
Cash and cash equivalents, end of year	<u>\$ 2,243,016</u>	<u>\$ 1,690,080</u>

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

North Carolina Sustainable Energy Association and Subsidiary  
Notes to Financial Statements  
June 30, 2025 (consolidated) and 2024 (parent only)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

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

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

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

We measure NCSEA's aggregate impact through:

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

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

North Carolina Sustainable Energy Association and Subsidiary  
Notes to Financial Statements  
June 30, 2025 (consolidated) and 2024 (parent only)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Principles of Consolidation

The consolidated financial statements include the accounts of NCSEA and North Carolina Sustainable Energy Association Leadership Fund (NCSEALF) (collectively referred to as "the Association"). On July 25, 2024, NCSEALF, a nonprofit organization, was formed for the purpose of educating and engaging the public and state decision makers about the economic and societal benefits of clean energy technologies. NCSEALF (subsidiary) shares common control with NCSEA (parent) and, as such, the June 30, 2025 financial statements reflect the activities of both organizations. All material intercompany balances have been eliminated in consolidation.

The financial statements for the year ended June 30, 2024 reflect the activities of NCSEA only, as NCSEALF was formed subsequently.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Association considers all investments with original maturity of 90 days or less to be cash equivalents. At June 30, 2025 and 2024, there were cash deposits of \$1,679,079 and \$206,781, respectively, in excess of amounts insured by the Federal Deposit Insurance Corporation.

Receivables

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

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

Property and Equipment

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

North Carolina Sustainable Energy Association and Subsidiary  
Notes to Financial Statements  
June 30, 2025 (consolidated) and 2024 (parent only)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment (Continued)

The estimated useful lives range as follows:

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

Accrued Paid Time Off

Each employee is awarded between 160 hours and 184 hours of paid time off based on years of service at the beginning of the calendar year. They can carry over up to 80 hours to the next calendar year. Employees who are terminated receive a severance package that includes compensation for any unused paid time off hours.

Net Assets

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

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

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

Revenue Recognition

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

Revenues on cost reimbursement grants are recognized when the direct costs are incurred.

Payments received in advance are deferred to the applicable period in which the related services are performed, or expenditures are incurred.

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

North Carolina Sustainable Energy Association and Subsidiary  
Notes to Financial Statements  
June 30, 2025 (consolidated) and 2024 (parent only)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Restricted Revenues Policy

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

Donated Services

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

Leases

NCSEA has entered into a variety of operating leases for office space and equipment recognized as a right of use asset on the statements of financial position based on the initial value of the lease liability with adjustments for payments prior to the commencement of the lease, lease incentives, and indirect costs. The obligations associated with these leases have been recognized as liabilities in the statements of financial position based on future lease payments, discounted by the incremental borrowing rate for NCSEA's operating leases.

Lease terms may include options to extend or terminate certain leases. The value of a lease is reflected in the valuation if it reasonably certain management will exercise an option to extend or terminate a lease.

Retirement Plan

NCSEA sponsors a 403(b) plan under which eligible employees may choose to contribute up to the maximum allowable amount under the Internal Revenue Code. NCSEA may elect to make a discretionary contribution to the plan. For the years ended June 30, 2025 and 2024, the discretionary contribution was \$9,250 and \$8,650, respectively.

Income Taxes

NCSEA and NCSEALF are exempt from federal income taxes under Section 501(c)(3) and 501(c)(4), respectively, of the Internal Revenue Code and from North Carolina income taxes, accordingly, no income taxes have been provided in the accompanying financial statements.

Use of Estimates

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

North Carolina Sustainable Energy Association and Subsidiary  
Notes to Financial Statements  
June 30, 2025 (consolidated) and 2024 (parent only)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Expense Allocation

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated on the basis of estimates of time and effort that is consistently applied among the programs and supporting services benefited.

Subsequent Events

For the year-ended June 30, 2025, the Association evaluated subsequent events for potential recognition and disclosure through October 7, 2025, the date of financial statement issuance.

2. LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year, comprise of the following as of June 30:

	2025 (consolidated)	2024 (parent only)
Cash and cash equivalents	\$ 2,243,016	\$ 1,690,080
Certificates of deposit	-	12,592
Accounts receivable	167,831	56,775
Grants receivable - current	325,000	25,000
Sales tax receivable	649	6,683
Total financial assets	<u>2,736,496</u>	<u>1,791,130</u>
Less amounts not available for general expenditures within one year:		
Purpose restricted contributions	<u>(378,072)</u>	<u>(322,083)</u>
Total financial assets available to meet general expenditures within one year	<u>\$ 2,358,424</u>	<u>\$ 1,469,047</u>

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

North Carolina Sustainable Energy Association and Subsidiary  
 Notes to Financial Statements  
 June 30, 2025 (consolidated) and 2024 (parent only)

3. GRANTS RECEIVABLE

Grants receivable are estimated to be collected as follows at June 30, 2025:

Within one year	\$ 325,000
In one to five years	<u>75,000</u>
	400,000
Less discount to net present value at 4%	<u>2,885</u>
	<u>\$ 397,115</u>

4. OPERATING LEASES AND LEASE LIABILITIES

NCSEA had a non-cancelable operating lease arrangement for its office facility. The arrangement contained a rent escalation clause and covered the period through April 30, 2020 with an option to renew for five additional years at current market rental rates. This option was exercised in November 2019 and covered the period through April 30, 2025.

NCSEA recognized both right of use assets and corresponding lease liabilities on the statements of financial position for its executed operating lease. The asset and liability were amortized over the life of the lease. The operating lease liabilities are presented net of a discount on future cash flows under the lease term at the incremental borrowing rate of 4.25%. Amortization expense on lease liabilities and assets for the year ended June 30, 2025 is \$163,403 and \$148,494, respectively. Amortization expense on lease liabilities and assets for the year ended June 30, 2024 is \$183,850 and \$170,795, respectively.

Effective October 23, 2023, NCSEA entered into a sublease agreement for its office space. The agreement includes various monthly payments from the subtenant for the period of November 2023 through April 2025. During the years ended June 30, 2025 and 2024, NCSEA recognized \$120,162 and \$94,430 of rent revenues, respectively.

During the year ended June 30, 2024, NCSEA also had a long term non-cancelable operating lease for office equipment requiring monthly payments of \$342 and expiring in 2027. NCSEA bought out the remaining operating lease liability of \$12,074 and returned the equipment to the lessor.

Rental expense under these leases was \$162,311 and \$193,549 for the years ended June 30, 2025 and 2024, respectively.

5. GRANTS PAYABLE

NCSEA awarded grants to two not-for-profit organizations totaling \$650,000 for the purpose of disaster relief in western North Carolina and distributed \$296,500 during the year ended June 30, 2025.

Grants payable are estimated to be paid as follows at June 30, 2025:

Within one year	\$ 299,500
In one to five years	<u>54,000</u>
	353,500
Less discount to net present value at 4%	<u>2,077</u>
	<u>\$ 351,423</u>

North Carolina Sustainable Energy Association and Subsidiary  
 Notes to Financial Statements  
 June 30, 2025 (consolidated) and 2024 (parent only)

**6. NET ASSETS WITH DONOR RESTRICTIONS**

Restricted net assets are available as follows at June 30:

	2025 <u>(consolidated)</u>	2024 <u>(parent only)</u>
Purpose restrictions:		
Clean energy	\$ -	\$ 305,586
Lobbying efforts	-	118,167
Education	-	26,277
Carbon reduction	294,922	177,639
Disaster relief – Western NC	83,150	-
Time restrictions	<u>148,503</u>	-
Total net assets with donor restrictions	<u>\$ 526,575</u>	<u>\$ 322,083</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time for the years ended June 30, 2025 and 2024 as follows:

	2025 <u>(consolidated)</u>	2024 <u>(parent only)</u>
Purpose restrictions satisfied:		
Clean energy	\$ -	\$ 30,310
Lobbying efforts	208,167	1,833
Education	126,277	73,723
Carbon reduction	292,717	72,361
Disaster relief - Western NC	<u>766,397</u>	-
Time restrictions satisfied	<u>1,393,558</u>	<u>453,503</u>
	<u>75,000</u>	<u>70,000</u>
	<u>\$ 1,468,558</u>	<u>\$ 523,503</u>

**7. CONCENTRATIONS**

The Association received approximately 59% and 69% of its support from two and three organizations for the years ended June 30, 2025 and 2024, respectively. If a significant reduction in the level of this support were to occur, the result may have a significant effect on the Association's programs and activities.

Approximately 95% and 87% of the Association's receivables were due from two and three contributing organizations at June 30, 2025 and 2024, respectively.

Approximately 71% and 78% of the Association's payables were due to four vendors at June 30, 2025 and 2024, respectively.

**8. CONDITIONAL GRANTS**

During the year ended June 30, 2025, NCSEA was awarded a conditional grant totaling \$49,820. As of June 30, 2025, NCSEA recognized \$1,042 in grant revenues as conditions on the grant were met.

North Carolina Sustainable Energy Association and Subsidiary  
 Consolidating Statement of Financial Position  
 June 30, 2025

<u>Assets</u>	<u>NCSEA</u>	<u>NCSEALF</u>	<u>Eliminating Entries</u>	<u>Consolidated</u>
<b>Current assets:</b>				
Cash and cash equivalents	\$ 2,148,016	\$ 95,000	\$ -	\$ 2,243,016
Accounts receivable	167,831	-	-	167,831
Due from Leadership Fund	44,165		(44,165)	-
Grants receivable	325,000	-	-	325,000
Sales tax receivable	649	-	-	649
Prepaid expenses	<u>58,274</u>	<u>-</u>	<u>-</u>	<u>58,274</u>
<b>Total current assets</b>	<b><u>2,743,935</u></b>	<b><u>95,000</u></b>	<b><u>(44,165)</u></b>	<b><u>2,794,770</u></b>
<b>Property and equipment:</b>				
Office equipment	17,509	-	-	17,509
Office furniture	3,596	-	-	3,596
Software	<u>9,738</u>	<u>-</u>	<u>-</u>	<u>9,738</u>
	30,843	-	-	30,843
<b>Less: accumulated depreciation and amortization</b>	<b><u>(30,209)</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>(30,209)</u></b>
<b>Total property and equipment, net</b>	<b><u>634</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>634</u></b>
<b>Noncurrent portion of grants receivable, net</b>	<b><u>72,115</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>72,115</u></b>
<b>Total assets</b>	<b><u>\$ 2,816,684</u></b>	<b><u>\$ 95,000</u></b>	<b><u>\$ (44,165)</u></b>	<b><u>\$ 2,867,519</u></b>
<b><u>Liabilities and Net Assets</u></b>				
<b>Current liabilities:</b>				
Accounts payable	\$ 82,209	\$ -	\$ -	\$ 82,209
Due to NCSEA	-	44,165	(44,165)	-
Grants payable	298,503	-	-	298,503
Accrued paid time off	39,772	-	-	39,772
Deferred member dues	<u>76,178</u>	<u>-</u>	<u>-</u>	<u>76,178</u>
<b>Total current liabilities</b>	<b><u>496,662</u></b>	<b><u>44,165</u></b>	<b><u>(44,165)</u></b>	<b><u>496,662</u></b>
<b>Noncurrent portion of grants payable, net</b>	<b><u>52,920</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>52,920</u></b>
<b>Net assets:</b>				
Without donor restrictions	1,740,527	50,835	-	1,791,362
With donor restrictions	<u>526,575</u>	<u>-</u>	<u>-</u>	<u>526,575</u>
<b>Total net assets</b>	<b><u>2,267,102</u></b>	<b><u>50,835</u></b>	<b><u>-</u></b>	<b><u>2,317,937</u></b>
<b>Total liabilities and net assets</b>	<b><u>\$ 2,816,684</u></b>	<b><u>\$ 95,000</u></b>	<b><u>\$ (44,165)</u></b>	<b><u>\$ 2,867,519</u></b>

North Carolina Sustainable Energy Association and Subsidiary  
 Consolidating Statement of Activities and Changes in Net Assets  
 for the year ended June 30, 2025

	<u>NCSEA</u>	<u>NCSEALF</u>	<u>Eliminating Entries</u>	<u>Consolidated</u>
<b>Revenue, support, and gains:</b>				
Contributions	\$ 1,923,078	\$ -	\$ -	\$ 1,923,078
Grants	802,115	95,000	-	897,115
Indirect public support	347,397	-	-	347,397
Membership dues	115,948	-	-	115,948
Sponsorship	59,250	-	-	59,250
Program service fees	336,338	-	(44,165)	292,173
Rent	120,162	-	-	120,162
Interest income	17,236	-	-	17,236
Miscellaneous	2,916	-	-	2,916
<b>Total revenue, support, and gains</b>	<b><u>3,724,440</u></b>	<b><u>95,000</u></b>	<b><u>(44,165)</u></b>	<b><u>3,775,275</u></b>
<b>Expenses and losses:</b>				
<b>Expenses:</b>				
Policy advocacy	1,894,632	22,316	(22,316)	1,894,632
Disaster recovery	<u>766,397</u>	<u>-</u>	<u>-</u>	<u>766,397</u>
<b>Total programs</b>	<b><u>2,661,029</u></b>	<b><u>22,316</u></b>	<b><u>(22,316)</u></b>	<b><u>2,661,029</u></b>
<b>Supporting services:</b>				
Management and general	346,345	21,849	(21,849)	346,345
Fundraising	<u>64,328</u>	<u>-</u>	<u>-</u>	<u>64,328</u>
<b>Total expenses</b>	<b><u>3,071,702</u></b>	<b><u>44,165</u></b>	<b><u>(44,165)</u></b>	<b><u>3,071,702</u></b>
<b>Loss on disposal of property and equipment</b>	<b><u>4,102</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>4,102</u></b>
<b>Total expenses and losses</b>	<b><u>3,075,804</u></b>	<b><u>44,165</u></b>	<b><u>(44,165)</u></b>	<b><u>3,075,804</u></b>
<b>Changes in net assets</b>				
Net assets at beginning of year	<u>1,618,466</u>	<u>50,835</u>	<u>-</u>	<u>699,471</u>
<b>Net assets at end of year</b>	<b><u>\$ 2,267,102</u></b>	<b><u>\$ 50,835</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 2,317,937</u></b>