INSTITUTE FOR ENERGY ECONOMICS
AND
FINANCIAL ANALYSIS, INC.

FINANCIAL STATEMENTS
(With Independent Auditors' Report)

DECEMBER 31, 2017 AND 2016

INSTITUTE FOR ENERGY ECONOMICS AND FINANCIAL ANALYSIS, INC.

INDEX TO FINANCIAL STATEMENTS

DECEMBER 31, 2017 AND 2016

Mills, Potoczak & Company
Certified Public Accountants and Business Advisors

27600 Chagrin Boulevard
Suite 200
Cleveland, Ohio 44122-4464
Phone: 216.464.7481
Fax: 216.464.7581
www.mpccpa.com

Mark G. Mills
William M. Potoczak

Independent Auditors' Report

To the Board of Directors
Institute for Energy Economics and Financial Analysis, Inc.
New York, New York

Report on the Financial Statements

We have audited the accompanying financial statements of the Institute for Energy Economics and Financial Analysis, Inc. (the "Institute"), which comprise the statement of financial position as of December 31, 2017 and 2016, 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.

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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 Institute'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 Institute'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.

To the Board of Directors
Institute for Energy Economics and Financial Analysis, Inc.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Institute as of December 31, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Miller, Pobiczak & Company

Cleveland, Ohio
June 14, 2018

INSTITUTE FOR ENERGY ECONOMICS AND FINANCIAL ANALYSIS, INC.

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2017 AND 2016

	2017	2016
ASSETS		
Current assets:		
Cash	$ 1,224,162	$ 684,832
Grants receivable	416,675	88,700
Prepaid expenses and other	174,222	24,951
Total assets	$ 1,815,059	$ 798,483
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	$ 72,736	$ 24,734
Accrued expenses	6,500	6,500
Accrued payroll and taxes	13,934	10,577
Total current liabilities	93,170	41,811
Commitments and contingencies	-	-
Net assets:		
Unrestricted	105,405	(113,553)
Temporarily restricted	1,616,484	870,225
Total net assets	1,721,889	756,672
Total liabilities and net assets	$ 1,815,059	$ 798,483

See notes to financial statements.

INSTITUTE FOR ENERGY ECONOMICS AND FINANCIAL ANALYSIS, INC.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

YEAR ENDED DECEMBER 31, 2017

	Unrestricted	Temporarily Restricted	Total
Support and revenue:			
Grants	$ 1,024,975	$ 2,376,575	$ 3,401,550
Program service fees	4,200		4,200
Interest	66		66
Contributions	3,950		3,950
Net assets released from restrictions	1,630,316	(1,630,316)	-
Total	2,663,507	746,259	3,409,766
Expenses:			
Programs:			
Research	1,398,977		1,398,977
Education	779,900		779,900
Supporting services:			
Administrative	103,353		103,353
Fundraising	162,319		162,319
Total	2,444,549	-	2,444,549
Change in net assets	218,958	746,259	965,217
Net assets, beginning of period	(113,553)	870,225	756,672
Net assets, end of period	$ 105,405	$ 1,616,484	$ 1,721,889

See notes to financial statements.

INSTITUTE FOR ENERGY ECONOMICS AND FINANCIAL ANALYSIS, INC.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

YEAR ENDED DECEMBER 31, 2016

	Unrestricted	Temporarily Restricted	Total
Support and revenue:			
Grants	$ 702,900	$ 1,519,126	$ 2,222,026
Program service fees	52,650		52,650
Interest	36		36
Contributions	4,920		4,920
Net assets released from restrictions	1,147,651	(1,147,651)	-
Total	1,908,157	371,475	2,279,632
Expenses:			
Programs:			
Research	1,155,614		1,155,614
Education	663,068		663,068
Supporting services:			
Administrative	91,610		91,610
Fundraising	142,065		142,065
Total	2,052,357	-	2,052,357
Change in net assets	(144,200)	371,475	227,275
Net assets, beginning of period	30,647	498,750	529,397
Net assets, end of period	$ (113,553)	$ 870,225	$ 756,672

See notes to financial statements.

INSTITUTE FOR ENERGY ECONOMICS AND FINANCIAL ANALYSIS, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2017

	Program services					
	Research	Education	Total Program	Administrative	Fundraising	Total
Compensation, taxes, and benefits	$ 49,117	$ 44,593	$ 93,710	$ 65,017	$ 113,356	$ 272,083
Professional fees and costs:						
Accounting				14,460		14,460
Legal				5,608		5,608
Consulting	1,252,731	524,516	1,777,247	7,858	37,118	1,822,223
Contribution		10,000	10,000			10,000
Education and training		154,123	154,123			154,123
Media communications		19,191	19,191	1,010		20,201
Insurance	3,697	1,056	4,753	364	264	5,381
Dues and subscriptions	53,796		53,796			53,796
Office	3,875	6,800	10,675	4,619	4,563	19,857
Rent	1,450	2,030	3,480	4,060	4,060	11,600
Travel	34,311	17,591	51,902	357	2,958	55,217
	$ 1,398,977	$ 779,900	$ 2,178,877	$ 103,353	$ 162,319	$ 2,444,549

See notes to financial statements.

INSTITUTE FOR ENERGY ECONOMICS AND FINANCIAL ANALYSIS, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2016

	Program services					
	Research	Education	Total Program	Administrative	Fundraising	Total
Compensation, taxes, and benefits	$ 60,363	$ 42,451	$ 102,814	$ 56,871	$ 97,351	$ 257,036
Professional fees and costs:						
Accounting				12,509		12,509
Legal				7,220		7,220
Consulting	1,001,271	432,703	1,433,974	7,313	35,698	1,476,985
Contribution						-
Education and training		147,380	147,380			147,380
Media communications		18,758	18,758	987		19,745
Insurance	3,214	918	4,132	330	229	4,691
Dues and subscriptions	53,091		53,091			53,091
Office	4,045	5,994	10,039	2,673	2,605	15,317
Rent	2,691	1,989	4,680	3,510	3,510	11,700
Travel	30,939	12,875	43,814	197	2,672	46,683
	$ 1,155,614	$ 663,068	$ 1,818,682	$ 91,610	$ 142,065	$ 2,052,357

See notes to financial statements.

INSTITUTE FOR ENERGY ECONOMICS AND FINANCIAL ANALYSIS, INC.

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2017 AND 2016

	2017	2016
Cash flows from operating activities:		
Change in net assets	$ 965,217	$ 227,275
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Change in assets and liabilities:		
Grants receivable	(327,975)	(88,700)
Accounts receivable	-	56,500
Prepaid expenses and other	(149,271)	50,816
Accounts payable	48,002	(25,444)
Accrued expenses	-	500
Accrued payroll and taxes	3,357	(8,190)
Net cash provided by operating activities	539,330	212,757
Cash, beginning of period	684,832	472,075
Cash, end of period	$ 1,224,162	$ 684,832

See notes to financial statements.

1. Purpose, presentation and summary of significant accounting policies:

Purpose

The Institute for Energy Economics and Financial Analysis, Inc.'s ("IEEFA" or the "Institute") mission is to accelerate the transition to a diverse, sustainable and profitable energy economy. In furtherance of the Institute's mission, the Institute's activities include but are not limited to:

Research – conduct analysis and publish and release studies on energy issues; resource planning; power plant economics and financing; the financial and economic risks of energy alternatives; water and energy; and coal reserves, exports and prices;

Education – sponsor at least one major two-to-three day training program each year and hold additional webinars, seminars, and other educational events as needed and requested; and

Testimony – provide expert testimony before state and federal regulatory agencies and in relevant court proceedings regarding the financial and economic risks and viability of energy alternatives and other related issues.

The Institute was incorporated in the Commonwealth of Massachusetts on December 12, 2011 and received its tax exemption as a 501(c)(3) organization from the Internal Revenue Service on February 22, 2013.

Prior to the commencement of the Institute's operations on June 1, 2013, activities were conducted as part of the operations of the Rockefeller Family Fund.

The Institute is primarily funded through grants received from private foundations and non-profit organizations, the renewal of which is uncertain.

Presentation

The accompanying financial statements have been prepared using the accrual basis of accounting. The financial presentation follows FASB Financial Accounting Standards Codification ("ASC") 958-205, "Presentation of Financial Statements". Under ASC 958-205, IEEFA is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

1. Purpose, presentation and summary of significant accounting policies (continued):

Significant Accounting Policies

Recently issued accounting standard updates

In May 2014 the Financial Accounting Standards Board (the "FASB") issued Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers* (Topic 606), effective for the Institute's annual reporting periods beginning after December 15, 2018. Management is in the process of evaluating this ASU and its impact on the Institute's reported financial condition, results of operations and cash flows is not yet known.

In February 2016 the FASB issued ASU No. 2016-02, *Leases* (Topic 842), effective for the Institute's annual reporting periods beginning after December 15, 2019. Management is in the process of evaluating this ASU and its impact on the Institute's reported financial condition, results of operations and cash flows is not yet known.

In August 2016 the FASB issued ASU No. 2016-14, *Not-for-Profit Entities* (Topic 958), *Presentation of Financial Statements of Not-for-Profit Entities*, effective for the Institute's annual reporting periods beginning after December 15, 2017. Management is in the process of evaluating this ASU and its impact on the Institute's reported financial condition, results of operations and cash flows is not yet known.

Cash and cash equivalents

IEEFA considers all highly liquid investments with a maturity of three months or less when purchased to be "cash equivalents." IEEFA had no cash equivalents at December 31, 2017 or 2016.

IEEFA maintains its cash balances at one financial institution. The Federal Deposit Insurance Corporation ("FDIC") fully insures the balances in IEEFA's accounts up to $250,000. IEEFA had uninsured cash balances of $974,162 and $434,832 at December 31, 2017 and 2016, respectively.

Grants

Grants are recorded as made and are classified as unrestricted, temporarily restricted or permanently restricted depending on the existence and/or nature of any donor restrictions. Grants that are restricted by the donor are reported as increases in unrestricted net assets if the restriction is satisfied in the reporting period in which the revenue is recognized. When a donor restriction is satisfied, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities and changes in net assets as net assets released from restrictions. There were no permanently donor restricted grants for the year ended December 31, 2017 or 2016.

1. Purpose, presentation and summary of significant accounting policies (continued):

Significant Accounting Policies (continued)

Grants (continued)

The Institute received approximately 52% of its grant funding for the year ended December 31, 2017 from three funding sources and 78% of its grant funding for the year ended December 31, 2016 from six funding sources. During the year ended December 31, 2017 and 2016 the Institute received approximately 19% and 13% of its grant funding from an international foundation. At December 31, 2017 and 2016 grants receivable from these funding sources accounted for approximately 82% and 99% of total grants receivable, respectively.

Program service fees and receivables

Program service fees are recognized upon completion of the service. Accounts receivable are stated at cost less a reserve for credit losses, which management estimates based on current and historical experiences. This net amount approximates fair value. The Institute grants credit to others based on an evaluation of their financial condition and collateral is generally not required. Management has determined that no reserve was required at December 31, 2017 or 2016. The Institute incurred no credit losses during the year ended December 31, 2017 or 2016. No interest is accrued on past due balances beyond the Institute's typical terms, generally 30 days.

Functional allocation of expenses

Costs of providing various programs and supporting services are allocated based on specific identification, if practical or management's estimates.

Income taxes

IEEFA is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code, and is considered a charitable corporation.

IEEFA records interest and penalties assessed by taxing authorities as incurred in the statement of activities and changes in net assets. There were no assessments of penalties or interest made by tax authorities against IEEFA for the year ended December 31, 2017 or 2016. The Institute's tax return from its initial period ended December 31, 2014 onward is subject to examination by major tax jurisdictions.

1. Purpose, presentation and summary of significant accounting policies (continued):

Significant Accounting Policies (continued)

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of 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 significantly from those estimates.

2. Temporarily restricted net assets:

Temporarily restricted net assets are available for the following purposes as of December 31:

	2017	2016
Program	$ 806,000	$ 845,225
General operating	810,484	25,000
	$ 1,616,484	$ 870,225

Net assets released from donor restrictions by incurring expenses satisfying the purpose or time restriction specified by the donor is as follows for the year ended December 31, 2017 and 2016.

	2017	2016
Program	$ 1,441,200	$ 1,092,651
General operating	189,116	55,000
	$ 1,630,316	$ 1,147,651

3. Conditional promise:

During 2017 the Institute received a challenge grant in the amount of $250,000. Included in the challenge grant amount are funds specifically designated for an organization other than the Institute in the amount of $40,000. Through December 31, 2017 the Institute met $190,000 of the total challenge grant amount. Included in grants receivable and support at December 31, 2017 is the Institute's portion of the challenge grant met in the amount of $159,600.

4. Commitments:

Office space

In June 2017 IEEFA renewed its one year non-cancelable operating lease for office space that requires minimum monthly payments of $1,000. Future minimum lease payments due under this lease are $4,000 in 2018.

Rent expense was $11,600 and $11,700 in 2017 and 2016, respectively.

Consulting

The Institute has one year agreements with various professionals in program supporting disciplines that expire at various times in 2018 and provide for aggregate monthly fees of approximately $139,000. Each agreement can be terminated at any time by written notice from either party to the agreement.

5. Retirement plan:

The Institute sponsors the IEEFA 401(k) Retirement Savings Plan (the "Plan") under the safe harbor plan provisions. Under the provisions of the Plan, the Institute matches 100% of the first 3% of each eligible employee's compensation deferred and 50% of each eligible employee's compensation voluntarily deferred in excess of 3% up to 5%. Matching contributions for the year ended December 31, 2017 and 2016 were $8,325 and $8,331, respectively.

6. Subsequent events:

Management has undertaken a review of events occurring subsequent to December 31, 2017 through the date the financial statements were available to be issued, June 14, 2018. Management has determined that no events occurring subsequent to December 31, 2017 required adjustment to amounts originally recorded or additional disclosures.