INSTITUTE FOR ENERGY ECONOMICS AND FINANCIAL ANALYSIS, INC.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

INSTITUTE FOR ENERGY ECONOMICS
AND FINANCIAL ANALYSIS, INC.

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INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the 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, 2021, 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 accompanying financial statements present fairly, in all material respects, the financial position of the Institute as of December 31, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit 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 the Institute and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter – Correction of Error

As discussed in Note 9 to the financial statements, beginning of the year net assets have been restated to correct certain misstatements during the year ended December 31, 2020. Our opinion is not modified with respect to this matter.

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.

MARCUMGROUP
MEMBER

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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 the Institute's ability to continue as a going concern within one year after the date that the financial statements are available to be 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 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 the Institute'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 the Institute'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.

Marcum LLP

Washington, DC
July 12, 2022

INSTITUTE FOR ENERGY ECONOMICS AND FINANCIAL ANALYSIS, INC.

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2021

Assets	
Cash and cash equivalents	$ 6,402,079
Grants receivable	6,314,434
Prepaid expenses and deposits	589,025
Total Assets	$ 13,305,538
Liabilities and Net Assets	
Liabilities	
Accounts payable and accrued expenses	$ 173,902
Deferred revenue	27,805
Total Liabilities	201,707
Net Assets	
Without donor restrictions	3,575,291
With donor restrictions	9,528,540
Total Net Assets	13,103,831
Total Liabilities and Net Assets	$ 13,305,538

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

INSTITUTE FOR ENERGY ECONOMICS AND FINANCIAL ANALYSIS, INC.

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support			
Grants	$ 2,921,501	$ 10,222,704	$ 13,144,205
Program service fees	108,121	--	108,121
Other	8,405	--	8,405
Net assets released from donor restrictions:			
Satisfaction of purpose restrictions	4,246,125	(4,246,125)	--
Satisfaction of time restrictions	150,000	(150,000)	--
Total Revenue and Support	7,434,152	5,826,579	13,260,731
Expenses			
Program services:			
Research	5,558,367	--	5,558,367
Education	1,274,031	--	1,274,031
Total Program Services	6,832,398	--	6,832,398
Supporting services:			
Administrative	523,718	--	523,718
Fundraising	219,626	--	219,626
Total Supporting Services	743,344	--	743,344
Total Expenses	7,575,742	--	7,575,742
Change in Net Assets	(141,590)	5,826,579	5,684,989
Net Assets, Beginning of Year as Restated	3,716,881	3,701,961	7,418,842
Net Assets, End of Year	$ 3,575,291	$ 9,528,540	$ 13,103,831

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

INSTITUTE FOR ENERGY ECONOMICS
AND FINANCIAL ANALYSIS, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2021

	Program Services			Supporting Services			
	Research	Education	Total Program Services	Administrative	Fundraising	Total Supporting Services	Total
Compensation, taxes, and benefits	$ 489,953	$ 677,646	$ 1,167,599	$ 348,574	$ 104,544	$ 453,118	$ 1,620,717
Professional fees and costs:							
Consulting	4,055,862	34,480	4,090,342	41,422	109,806	151,228	4,241,570
Accounting	--	--	--	62,836	--	62,836	62,836
Legal	36,644	--	36,644	16,874	--	16,874	53,518
Research data and subscriptions	750,946	27,154	778,100	--	--	--	778,100
Media communications	--	267,143	267,143	--	--	--	267,143
Education and training	--	240,509	240,509	--	--	--	240,509
Office and other costs	79,580	23,269	102,849	34,069	4,564	38,633	141,482
Grant expense	140,520	--	140,520	--	--	--	140,520
Rent	2,624	3,830	6,454	6,034	712	6,746	13,200
Insurance	--	--	--	9,479	--	9,479	9,479
Travel	2,238	--	2,238	4,430	--	4,430	6,668
Total Expenses	$ 5,558,367	$ 1,274,031	$ 6,832,398	$ 523,718	$ 219,626	$ 743,344	$ 7,575,742

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

INSTITUTE FOR ENERGY ECONOMICS AND FINANCIAL ANALYSIS, INC.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2021

Cash Flows From Operating Activities	
Change in net assets	$ 5,684,989
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Changes in assets and liabilities:	
Grants receivable	(3,659,524)
Prepaid expenses and deposits	43,244
Other assets	3,650
Accounts payable and accrued expenses	(43,314)
Deferred revenue	20,305
Net Cash Provided By Operating Activities	2,049,350
Cash and Cash Equivalents, Beginning of Year	4,352,729
Cash and Cash Equivalents, End of Year	$ 6,402,079

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

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

PURPOSE

The Institute for Energy Economics and Financial Analysis, Inc.'s (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 and oil reserves, exports and prices; and
- Education – sponsor at least one major two-to-three day conference each year and hold additional webinars, seminars, and other educational events as needed and requested.

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.

In October 2021, the Institute's Board of Directors authorized the creation of IEEFA Australia Limited (IEEFA Australia), an Australian not-for-profit company limited by guarantee for the purpose of carrying out the Institute's mission in Australia. The Institute is the sole member of IEEFA Australia. In December 2021, the Institute transferred $158,181 of cash to IEEFA Australia. At December 31, 2021, the amount was held in a bank account in Australia and is included in cash and cash equivalents in the accompanying statement of financial position as the Institute has control and economic interest in IEEFA Australia. There was no other financial activity for IEEFA Australia for the year ended December 31, 2021 and therefore the activities are not included in these financial statements.

PRESENTATION

The accompanying financial statements are prepared using the accrual basis of accounting. The Institute reports information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions.

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CASH AND CASH EQUIVALENTS

The Institute considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

REVENUE RECOGNITION

The Institute recognizes all unconditional contributed support in the accounting period in which the commitment to give is made. Unconditional grants are considered without donor restrictions and available for general operations, unless specifically restricted by the donor. The Institute reports unconditional grants of cash and other assets as net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets to a particular purpose or to a specific period of time.

When the stipulated time restriction ends or the purpose of the restriction is met, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying statement of activities as net assets released from restrictions.

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in more than one year are recorded at net present value when the discount is significant to the financial statements.

Conditional promises to give, that is those with a measurable performance or other barrier and right of return, are not recognized until the conditions on which they depend have been met.

Revenue from program service fees relates to revenue earned through consulting contracts with various organizations. Revenue from the consulting contracts is recognized as identified performance obligations are satisfied. Any contract payments received in advance of satisfying the performance obligations are included in deferred revenue in the accompanying statement of financial position.

FUNCTIONAL ALLOCATION OF EXPENSE

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying statement of functional expenses. Expenses directly attributed to a specific program or supporting service are reported as expenses of that category, while shared costs that benefit multiple functional areas have been allocated

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FUNCTIONAL ALLOCATION OF EXPENSE (CONTINUED)

among the various programs and supporting services based on estimates determined by management to be equitable. Compensation, taxes, and benefits are allocated based on estimated time and effort while overhead costs including rent and certain office costs are allocated based on the direct labor allocated to the programs or supporting services. Certain consulting fees are allocated based on estimated time and effort.

USE OF ESTIMATES

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

NOTE 2 - GRANTS RECEIVABLE

As of December 31, 2021, grants receivable were due as follows:

Due in less than one year	$ 3,752,767
Due in one to five years	2,561,667
Total Grants Receivable	$ 6,314,434

The present value factor of grants receivable due in one to five years was not considered significant to the Institute's financial statements and, accordingly, is not recognized in the accompanying financial statements.

The Institute considers all grants receivable to be fully collectible. As such, no allowance for uncollectible accounts was recorded as of December 31, 2021.

As of December 31, 2021, the grants receivable balance consisted of $4,350,000 due from two donors, which represents 69% of the total grants receivable balance.

As of December 31, 2021, the Institute had $918,500 due from three donors which was not yet recognized in the accompanying financial statements due to the Institute not yet meeting donor-imposed conditions. Such conditions include measurable performance criteria which create a barrier that must be overcome prior to the Institute receiving future grant installments.

NOTE 3 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of December 31, 2021 are as follows:

Subject to expenditure for a specific purpose:	
Research	$ 5,803,540
Subject to the passage of time	3,725,000
Total Net Assets With Donor Restrictions	$ 9,528,540

NOTE 4 - RISKS AND COMMITMENTS

CONSULTING AGREEMENTS

The Institute has one-year agreements with various professionals in program supporting disciplines that expire at various times in 2022. Each agreement can be terminated in 30 days or less by written notice from either party to the agreement.

SUBSCRIPTION AGREEMENTS

The Institute has entered into four non-cancellable multi-year subscription agreements with a certain vendor for access to various chemical and energy databases. The agreements require advance annual payments during each year of the agreement term. As of December 31, 2021, the remaining payments due under these subscription agreements totaled $836,284 and are all due in 2022.

CONCENTRATION OF CREDIT RISK

The Institute maintains its cash and cash equivalents with certain commercial financial institutions, which aggregate balance, at times, may exceed the Federal Deposit Insurance Corporation (FDIC) insured limit of $250,000 per depositor per institution. As of December 31, 2021, the Institute had demand deposit securities which exceeded the maximum limit insured by the FDIC by approximately $5,994,000. The Institute monitors the creditworthiness of these institutions and has not experienced any credit losses on its cash and cash equivalents.

NOTE 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, 2021 were $37,226.

NOTE 6 - RELATED PARTY TRANSACTIONS

The Institute received grants in 2021 totaling $575,000, from organizations affiliated with certain members of the Institute's Board of Directors.

NOTE 7 – LIQUIDITY AND AVAILABILITY

The following summarizes the Institute's financial assets as of December 31, 2021, reduced by amounts not available for general use within the following year.

Cash and cash equivalents	$ 6,402,079
Grants receivable	6,314,434
Total Financial Assets Available as of December 31, 2021	12,716,513
Less amounts unavailable for general expenditures:	
Grants receivable collectible beyond one year	(2,561,667)
Financial Assets Available to Meet General Expenditures Within One Year	**$ 10,154,846**

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Institute considers contributions restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. As a result, for the year ended December 31, 2021, purpose restricted contributions of $4,991,873 were included in financial assets available to meet cash needs for general expenditures within one year.

Management of the Institute monitors cash flow on a monthly basis. As part of liquidity management, the Institute has a policy to structure its financial assets to be available as its general expenses, liabilities and other obligations come due. In addition, the Institute invests cash in excess of monthly requirements in a money market account.

NOTE 8 - INCOME TAXES

The Institute is exempt from federal and state income taxes on income other than net unrelated business income under Section 501(c)(3) of the Internal Revenue Code. As of December 31, 2021, no tax provision was made, as the Institute had no significant net unrelated business income.

NOTE 8 - INCOME TAXES (CONTINUED)

The Institute performed an evaluation of uncertainty in income taxes for the year ended December 31, 2021 and determined that there were no matters that would require recognition in the financial statements or that may have any effect on its tax-exempt status. As of December 31, 2021, the statute of limitations remained open with the U.S. federal jurisdiction or the various states and local jurisdictions in which the Institute files tax returns; however, there are no examinations pending or in progress. It is the Institute's policy to recognize interest and/or penalties related to uncertainty in income taxes, if any, in income tax or interest expense. As of December 31, 2021, the Institute had no accrual for interest and/or penalties

NOTE 9 - PRIOR PERIOD ADJUSTMENT

During the year ended December 31, 2020, certain grants without measurable performance criteria or other barriers were incorrectly recorded by the Institute as conditional support and certain net assets without donor stipulations limiting the use of the funds were incorrectly classified as net assets with donor restrictions. As a result, beginning of the year net assets were restated for the year ended December 31, 2021 as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Beginning of the Year Net Assets, as Previously Stated	$ 953,714	$ 3,711,500	$ 4,665,214
Adjustments	-	2,753,628	2,753,628
Reclassifications	2,763,167	(2,763,167)	-
Beginning of the Year Net Assets, as Restated	$ 3,716,881	$ 3,701,961	$ 7,418,842

NOTE 10 - SUBSEQUENT EVENTS

In preparing these financial statements, the Institute has evaluated events and transactions for potential recognition or disclosure through July 12, 2022, the date the financial statements were available to be issued. There were no subsequent events identified that require recognition or disclosure in the financial statements.