

Ohio Energy Project  
*Audited Financial Statements*

As of and for the Years Ended  
June 30, 2021 and 2020

Draft

**CONTENTS**

**PAGE**

Independent Auditor's Report .....	1
Statements of Financial Position .....	2
Statements of Activities and Changes in Net Assets .....	3-4
Statements of Functional Expenses .....	5-6
Statements of Cash Flows.....	7
Notes to the Financial Statements .....	8-12

Draft

## INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees  
Ohio Energy Project  
Worthington, Ohio

### Report on the Financial Statements

We have audited the accompanying financial statements of the Ohio Energy Project (the "Organization"), which comprise the statements of financial position as of June 30, 2021 and 2020, the related statements of activities, 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 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 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 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 entity'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 entity'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 the Ohio Energy Project as of June 30, 2021 and 2020, 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.

Rea & Associates, Inc.  
Dublin, Ohio  
December 2, 2021

OHIO ENERGY PROJECT

STATEMENTS OF FINANCIAL POSITION  
AS OF JUNE 30, 2021 AND 2020

	<u>ASSETS</u>	
	2021	2020
<b>CURRENT ASSETS:</b>		
Cash	\$ 1,140,590	\$ 868,596
Grants and accounts receivable	78,629	201,515
Total current assets	<u>1,219,219</u>	<u>1,070,111</u>
<b>PROPERTY AND EQUIPMENT:</b>		
Office equipment	85,538	120,711
Vehicles	60,146	60,146
Property and equipment, at cost	<u>145,684</u>	<u>180,857</u>
Less: accumulated depreciation	(110,898)	(135,526)
Property and equipment, net	<u>34,786</u>	<u>45,331</u>
 Total assets	 <u>\$ 1,254,005</u>	 <u>\$ 1,115,442</u>
	<u>LIABILITIES AND NET ASSETS</u>	
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 23,140	\$ 37,361
Accrued expenses	4,610	5,423
Refundable advances	-	35,000
Total liabilities	<u>27,750</u>	<u>77,784</u>
<b>NET ASSETS:</b>		
Net assets without donor restrictions	1,204,530	949,730
Net assets with donor restrictions	21,725	87,928
Total net assets	<u>1,226,255</u>	<u>1,037,658</u>
 Total liabilities and net assets	 <u>\$ 1,254,005</u>	 <u>\$ 1,115,442</u>

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

OHIO ENERGY PROJECT

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2021

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
<b>REVENUES, GAINS, AND SUPPORT:</b>			
Contract revenue	\$ 1,693,092	\$ -	\$ 1,693,092
Contributions	143,671	25,000	168,671
Contributed goods and services	12,798	-	12,798
Other program fees	15,136	-	15,136
Net assets released from restrictions	91,203	(91,203)	-
<b>Total revenues, gains, and support</b>	<b>1,955,900</b>	<b>(66,203)</b>	<b>1,889,697</b>
<b>FUNCTIONAL EXPENSES:</b>			
Program services	1,500,291	-	1,500,291
Management and general	167,483	-	167,483
Fund-raising	33,326	-	33,326
<b>Total functional expenses</b>	<b>1,701,100</b>	<b>-</b>	<b>1,701,100</b>
Changes in net assets	254,800	(66,203)	188,597
<b>NET ASSETS, beginning of the year</b>	<b>949,730</b>	<b>87,928</b>	<b>1,037,658</b>
<b>NET ASSETS, end of the year</b>	<b>\$ 1,204,530</b>	<b>\$ 21,725</b>	<b>\$ 1,226,255</b>

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

OHIO ENERGY PROJECT

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2020

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
<b>REVENUES, GAINS, AND SUPPORT:</b>			
Contract revenue	\$ 2,090,609	\$ -	\$ 2,090,609
Contributions	76,000	125,000	201,000
Contributed goods and services	12,798	-	12,798
Other program fees	29,401	-	29,401
Net assets released from restrictions	53,791	(53,791)	-
Total revenues, gains, and support	<u>2,262,599</u>	<u>71,209</u>	<u>2,333,808</u>
<b>FUNCTIONAL EXPENSES:</b>			
Program services	1,734,836	-	1,734,836
Management and general	172,809	-	172,809
Fund-raising	33,652	-	33,652
Total functional expenses	<u>1,941,297</u>	<u>-</u>	<u>1,941,297</u>
Changes in net assets	321,302	71,209	392,511
NET ASSETS, beginning of the year	<u>628,428</u>	<u>16,719</u>	<u>645,147</u>
NET ASSETS, end of the year	<u>\$ 949,730</u>	<u>\$ 87,928</u>	<u>\$ 1,037,658</u>

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

OHIO ENERGY PROJECT

STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2021

	PROGRAM SERVICES	MANAGEMENT AND GENERAL	FUND-RAISING	TOTAL
<b>FUNCTIONAL EXPENSES:</b>				
Salaries and wages	\$ 263,608	\$ 87,763	\$ 28,175	\$ 379,546
Payroll taxes	19,262	6,413	2,059	27,734
Employee benefits	27,004	8,991	2,886	38,881
Program expenses	1,148,826	-	-	1,148,826
Contracted labor	5,316	-	-	5,316
Rent	11,020	11,020	-	22,040
Professional fees	-	26,889	-	26,889
Printing and postage	8,222	-	-	8,222
Depreciation	6,098	6,098	-	12,196
Travel	4,469	620	206	5,295
Telephone and utilities	2,504	2,505	-	5,009
Miscellaneous	-	2,679	-	2,679
Insurance	-	6,563	-	6,563
Repairs and maintenance	3,962	3,962	-	7,924
Office supplies	-	3,980	-	3,980
Total functional expenses	\$ 1,500,291	\$ 167,483	\$ 33,326	\$ 1,701,100

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

OHIO ENERGY PROJECT

STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2020

	PROGRAM SERVICES	MANAGEMENT AND GENERAL	FUND-RAISING	TOTAL
<b>FUNCTIONAL EXPENSES:</b>				
Salaries and wages	\$ 267,243	\$ 88,973	\$ 28,563	\$ 384,779
Payroll taxes	20,153	6,709	2,154	29,016
Employee benefits	22,936	7,636	2,451	33,023
Program expenses	1,370,260	-	-	1,370,260
Contracted labor	10,714	-	-	10,714
Rent	10,919	10,919	-	21,838
Professional fees	-	29,392	-	29,392
Printing and postage	10,317	-	-	10,317
Depreciation	4,514	4,513	-	9,027
Travel	10,475	1,453	484	12,412
Telephone and utilities	2,484	2,485	-	4,969
Miscellaneous	198	3,610	-	3,808
Insurance	-	8,605	-	8,605
Repairs and maintenance	4,623	4,624	-	9,247
Office supplies	-	3,890	-	3,890
<b>Total functional expenses</b>	<b>\$ 1,734,836</b>	<b>\$ 172,809</b>	<b>\$ 33,652</b>	<b>\$ 1,941,297</b>

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



OHIO ENERGY PROJECT

STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Changes in net assets	\$ 188,597	\$ 392,511
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation expense	12,196	9,027
(Increase) decrease in operating assets:		
Grants and accounts receivable	122,886	(15,304)
Increase (decrease) in operating liabilities:		
Accounts payable	(14,221)	7,491
Accrued expenses	(813)	200
Refundable advances	(35,000)	(15,091)
Total adjustments	<u>85,048</u>	<u>(13,677)</u>
Net cash provided by operating activities	<u>273,645</u>	<u>378,834</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Payments for the purchase of property and equipment	(1,651)	(34,500)
Net cash used in investing activities	<u>(1,651)</u>	<u>(34,500)</u>
Increase in cash	271,994	344,334
CASH, beginning of the year	868,596	524,262
CASH, end of the year	<u>\$ 1,140,590</u>	<u>\$ 868,596</u>

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

# OHIO ENERGY PROJECT

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Organization and Purpose

The Ohio Energy Project (the “Organization”) is an affiliate of the National Energy Education Development (“NEED”) Project. The Organization provides unbiased energy education materials, leadership training for students, and professional development opportunities for teachers throughout Ohio. The Organization’s goal is to increase energy knowledge and leadership skills through energy education materials and leadership training workshops.

#### Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“GAAP”).

#### Use of Management 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 certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

#### Accounting Pronouncements Adopted

The Financial Accounting Standards Board (“FASB”) Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers*, as amended, supersedes or replaces nearly all GAAP revenue recognition guidance. These standards establish a new contract and control-based revenue recognition model, change the basis for deciding when revenue is recognized over time or at a point in time, and expand disclosures about revenue. The Organization has implemented Topic 606 using the modified retrospective approach to all contracts when adopting this standard. The Organization’s contracts with customers include contract revenue and other program service fees, which are disaggregated on the statement of activities.

Analysis of various provisions of this standard resulted in no significant changes in the way the Organization recognizes revenue, and therefore no changes to the previously issued financial statements were required on a retrospective basis. The presentation and disclosures of revenue have been enhanced in accordance with the standard.

#### Net Assets and Financial Statement Presentation

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net Assets Without Donor Restriction – Net assets without donor restrictions are available for use at the discretion of the Board of Directors (the “Board”) and/or management for general operating purposes. From time to time, the Board may designate a portion of these net assets for specific purposes which makes them unavailable for use at management’s discretion.

Net Assets With Donor Restrictions – Net assets with donor restrictions consist of assets whose use is limited by donor-imposed, time and/or purpose restrictions. The Organization reports gifts of cash and other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, the net assets are reclassified as net assets without donor restriction and reported in the statements of activities as net assets released from restrictions. Net assets with donor restrictions consist of restrictions related to specific programs and totaled \$21,725 and \$87,928 as of June 30, 2021 and 2020, respectively.

## OHIO ENERGY PROJECT

### NOTES TO THE FINANCIAL STATEMENTS

#### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### Programs and Supporting Services

The mission of the Ohio Energy Project is to inspire leadership and energy innovation in Ohio's students, teachers and communities. We develop unbiased, hands-on, real-world curriculum and materials combined with professional development and programming for Ohio's teachers, students and communities. All materials and programs are thoroughly evaluated and correlated to state and national content learning standards.

The following programs and supporting services are included in the accompanying financial statements:

- ***STEM Design Challenges*** – students use the engineering design process in their classroom to solve an energy related challenge.
- ***Energy Efficiency Programs*** – professional development for teachers in energy efficiency concepts, combined with student efficiency kits for students that are installed at home.
- ***Energy Careers Program*** – teachers and students participate in VFT's (Virtual Field Trips) at sites throughout of Ohio to experience energy related careers in the energy industry.
- ***Energy Sources Tour*** – involves a 3- day professional development and bus tour for teachers to experience energy up close at some of the best Ohio energy sites.
- ***Energy Sources Blitz*** – involves a 1 - day professional development and bus tour for teachers to experience energy up close in one region of Ohio.
- ***Grade Level Programs (3, 4, 5, 7, 9th)*** – teachers attend professional development for hands-on experience with curriculum and the materials needed to address specific learning standards for their grade level.
- ***District-wide Programs*** – OEP delivers teacher and student programming in Westerville and Worthington, with funding from the city and school district.
- ***Youth Energy Celebration*** – teachers, students and partners are recognized for their contributions in achieving the mission and vision of the Ohio Energy Project.

##### Revenue and Support Recognition

The Organization's specific revenue and support recognition policies are as follows:

##### Contract Revenue

The Organization receives contract funding from various corporations and state and local government agencies. These funds are deferred and recognized as revenue when earned, which is over time as the performance obligations of providing the services (workshops and other program services listed above) are satisfied.

##### Contributions

Contributions are recognized when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met.

##### Contributed Property, Goods, Services and Facilities

Contributions of property or services are recognized at their estimated fair value, if the services received a) create or enhance non-financial assets or, b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, and are recorded as expenses for program services. Contributed services and promises to give services that do not meet the aforementioned criteria are not recognized. Contributions of facilities are recorded at their fair value at the time of donation.

## OHIO ENERGY PROJECT

### NOTES TO THE FINANCIAL STATEMENTS

#### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In addition, a substantial number of unpaid volunteers have made significant contributions of their time to the Organization. Since the majority of contributed services are not at an expert level, it has been determined to not include these services as in-kind contributions.

##### Other Program Fees

Receipts from programs are deferred and recognized as revenue at a point in time, which is when the performance obligations of delivering goods and services to the customer are satisfied.

##### Grants and Accounts Receivable

Grants and accounts receivable represent various grants, contributions, and/or fees due to the Organization and all are considered fully collectible at year-end. Accordingly, management has not provided for an allowance for doubtful accounts as of June 30, 2021 and 2020. Management provides for doubtful accounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual receivables. Grants and accounts receivable are considered past due when they are outstanding 90 days or more and are written off when deemed uncollectible. Recoveries of receivables previously written off are recorded as revenue when received.

##### Property and Equipment

Property and equipment are stated at cost if purchased and at fair value if donated, less accumulated depreciation. Depreciation is provided using the straight-line method over the estimated useful lives of the underlying assets, ranging from 3 to 7 years. Maintenance and repairs are charged to operations when incurred. Renewals and betterments of a nature considered to materially extend the useful lives of the assets, greater than \$500, are capitalized. When assets are retired or otherwise disposed of, the assets and related allowances for depreciation are eliminated from the accounts and any resulting gain or loss is reflected in revenues, gains, and support.

##### Refundable Advances

Refundable advances consist of funding received in advance of revenue recognition. Refundable advances of \$35,000 were received from the City of Westerville for the year ended June 30, 2020 and recognized as revenue during the year ended June 30, 2021.

##### Allocation of Functional Expenses

The Organization allocates costs to program services, management and general and fund-raising in accordance with generally accepted accounting principles. Cost allocation occurs whenever costs are associated with more than one activity and are attributed to each activity specifically.

##### Income Taxes

The Organization is exempt from federal income taxes under Section 501(c) (3) of the Internal Revenue Code. However, certain business activities of the Organization may be subject to federal income taxes. No provision for federal, state, or local income taxes was necessary for the years ended June 30, 2021 and 2020.

Generally accepted accounting principles require the Organization to evaluate the level of uncertainty related to whether tax positions taken will be sustained upon examination. Any positions taken that do not meet the more-likely-than-not threshold must be quantified and recorded as a liability for unrecognized tax benefits in the accompanying statements of financial position along with any associated interest and penalties that would be payable to the taxing authorities upon examination. Management believes that none of the tax positions taken would materially impact the financial statements and no such liabilities have been recorded.

## OHIO ENERGY PROJECT

### NOTES TO THE FINANCIAL STATEMENTS

#### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### Related Parties

Related parties exist when an entity has the ability to significantly influence the management or operating policies of another entity to the extent that one of the transacting parties might be prevented from fully pursuing its own separate interest. Related parties include any affiliate of the Organization along with management.

##### Recently Issued But Not Yet Effective Accounting Pronouncements

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*, which will change the Organization's statement of financial position by adding lease-related assets and liabilities. This may affect compliance with any contractual agreements and loan covenants. This new standard is effective for the Organization's annual reporting periods beginning after December 15, 2021, with early implementation permitted. Management has not yet determined whether this new standard will have a material effect on its financial statements.

##### Subsequent Events

Subsequent events have been evaluated through December 2, 2021 which is the date the financial statements were available to be issued. Management has determined that there were no transactions or events requiring disclosure as of the evaluation date.

#### NOTE 2: RISKS AND UNCERTAINTIES

##### Uninsured Risk – Cash Deposits

The Organization maintains its cash balances in financial institutions located in Ohio. Deposits in interest-bearing and non-interest-bearing accounts are collectively insured by the Federal Deposit Insurance Corporation ("FDIC") up to a coverage limit of \$250,000 at each FDIC-insured depository institution. As a result, the Organization may have balances that exceed the insured limit.

##### Concentration Risk – Support

The Organization receives a significant portion of its revenue and support from a small number of utility corporations and their related foundations. A significant reduction from or loss of these funding sources would have a significant impact on the Organization's programs and operations.

##### Global Pandemic

In March 2020, the World Health Organization recognized the outbreak of COVID-19 disease as a pandemic. Governments worldwide continue to take actions to prevent the spread of the outbreak, including event cancellations and quarantines that have created widespread adverse impacts to the global economy as well as business interruptions. Given the dynamic nature of these circumstances and the duration of business disruption, the future financial impact on the Organization cannot be reasonably estimated at this time.

#### NOTE 3: OPERATING LEASE OBLIGATIONS

The Organization leases an office location in central Ohio under an agreement renewable annually. In exchange for the rental space, the Organization is required to provide education consulting services, the fair value of which is expected to equal the lessor's regular rent for that property. The Organization also rents storage space and miscellaneous office equipment on a short-term basis. Total rent expense was \$22,040 and \$21,838 for the years ended June 30, 2021 and 2020, respectively.

# OHIO ENERGY PROJECT

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 4: LINE OF CREDIT

The Organization had entered into a line of credit agreement that allowed the Organization to borrow up to \$60,000. The agreement required monthly interest payments calculated at the bank's prime rate plus 2.95%. The line of credit was secured by substantially all business assets and expired in June 2021. There was no balance on this line of credit as of June 30, 2021 and 2020.

### NOTE 5: RETIREMENT PLAN

The Organization sponsors a noncontributory, tax-deferred, salary reduction arrangement plan qualified under Section 403(b) of the Internal Revenue code. The plan covers the full-time employees. Employees may make discretionary contributions to the plan up to the maximum allowed by the Internal Revenue Code. The Organization did not make any discretionary contributions for the years ended June 30, 2021 and 2020.

### NOTE 6: LIQUIDITY AND FUNDS AVAILABLE

The following reflects the Organization's financial assets as of the statement of financial position date, reduced by amounts not available for general use within one year of June 30, 2021 because of contractual or donor-imposed restrictions or internal designations. The Organization's financial assets available within one year of the statements of financial position date for general expenditure are as follows:

Financial assets:	
Cash	\$ 1,140,590
Grants and accounts receivable	78,629
Financial assets, at year-end	<u>1,219,219</u>
Less those unavailable for general expenditure within one year, due to:	
Contractual or donor-imposed restrictions:	
Donor-restricted contributions	<u>(21,725)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 1,197,494</u></u>

#### Liquidity Policy

As part of the Organization's liquidity management, it maintains a sufficient level of operating cash to be available as its general expenditures, liabilities, and other obligations come due.