

Energy Outreach Colorado

Financial Statements

September 30, 2019

(With Independent Auditor's Report Thereon)

Kundinger, Corder & Engle, P.C.

Certified Public Accountants

Independent Auditor's Report

Board of Directors Energy Outreach Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of Energy Outreach Colorado (Energy Outreach), which comprise the statement of financial position as of September 30, 2019, and the related statement of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 Energy Outreach as of September 30, 2019, 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.

**Board of Directors
Energy Outreach Colorado**

Emphasis of Matter

As discussed in note 1, Energy Outreach adopted the Financial Accounting Standards Board's Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*, as of and for the year ended September 30, 2019. Our opinion is not modified with respect to this matter.

Kuendinger, Corda & Congle, P.C.

January 14, 2020

Energy Outreach Colorado
Statement of Financial Position
September 30, 2019

Assets	
Cash and cash equivalents	\$ 4,766,280
Grant and contract receivables, net	2,626,511
Investments (notes 3 and 6)	19,539,712
Other assets	<u>85,014</u>
Total assets	<u>\$ 27,017,517</u>
 Liabilities	
Accounts payable and accrued expenses	\$ 1,029,928
Deferred revenue	3,771,845
Grant payable (note 4)	<u>510,894</u>
Total liabilities	<u>5,312,667</u>
 Net Assets	
Without donor restrictions	20,001,983
With donor restrictions (note 8)	<u>1,702,867</u>
Total net assets	21,704,850
Commitments (notes 6, 7 and 9)	<u> </u>
Total liabilities and net assets	<u>\$ 27,017,517</u>

See the accompanying notes to the financial statements.

Energy Outreach Colorado
Statement of Activities
Year Ended September 30, 2019

	Without donor restrictions	With donor restrictions	Total
Public Support and Revenue			
Public support			
Customer contributions	\$ 1,757,823	–	1,757,823
Utility and corporate contributions (note 5)	10,152,768	5,439,588	15,592,356
Unclaimed utility deposits and refunds (note 4)	956,159	–	956,159
Less amount passed through to LEAP	(510,894)	–	(510,894)
Foundation grants	42,549	363,080	405,629
Other government funding	7,286,668	–	7,286,668
Special event revenue	213,296	–	213,296
Less direct benefits to donors	(71,269)	–	(71,269)
Net assets released from restrictions due to satisfaction of time and program requirements	4,171,340	(4,171,340)	–
Total public support	<u>23,998,440</u>	<u>1,631,328</u>	<u>25,629,768</u>
Revenue			
Owner participation	494,505	–	494,505
Investment return (note 3)	427,569	–	427,569
Other income	61,985	–	61,985
Total revenue	<u>984,059</u>	<u>–</u>	<u>984,059</u>
Total public support and revenue	<u>24,982,499</u>	<u>1,631,328</u>	<u>26,613,827</u>
Expenses			
Program services			
Low-income home energy assistance	43,240	–	43,240
EOC cash assistance program	7,413,898	–	7,413,898
Energy Solutions Grants	6,867,085	–	6,867,085
Crisis Intervention Program	3,010,046	–	3,010,046
NEEP programs	1,908,737	–	1,908,737
Advocacy programs	371,403	–	371,403
Weatherization assistance for low-income persons	5,246,655	–	5,246,655
Central 70	910,898	–	910,898
Other programs	358,244	–	358,244
Total program services	<u>26,130,206</u>	<u>–</u>	<u>26,130,206</u>
Supporting services			
General and administrative	675,806	–	675,806
Fund raising	730,081	–	730,081
Total supporting services	<u>1,405,887</u>	<u>–</u>	<u>1,405,887</u>
Total expenses	<u>27,536,093</u>	<u>–</u>	<u>27,536,093</u>
Change in net assets	(2,553,594)	1,631,328	(922,266)
Net assets at beginning of year	<u>22,555,577</u>	<u>71,539</u>	<u>22,627,116</u>
Net assets at end of year	<u>\$ 20,001,983</u>	<u>1,702,867</u>	<u>21,704,850</u>

See the accompanying notes to the financial statements.

Energy Outreach Colorado
Statement of Functional Expenses
Year Ended September 30, 2019

	Program Services									Supporting Services			
	Low-Income Home Energy Assistance	EOC Cash Assistance Program	Energy Solutions Grants	Crisis Intervention Program	NEEP Programs	Advocacy Programs	Weatherization Assistance for Low-Income Persons	Central 70	Other Programs	Total Program Services	General and Administrative	Fund Raising	Total Expenses
Energy assistance payments	\$ -	7,167,838	-	-	-	-	-	-	-	7,167,838	-	-	7,167,838
Other grants	-	-	336,188	-	-	4,750	-	-	-	340,938	-	-	340,938
Salaries and benefits	36,678	146,697	489,879	170,642	207,801	119,036	383,540	77,696	147,505	1,779,474	432,972	413,955	2,626,401
Professional fees and contract services	-	8,589	5,853,113	2,805,128	1,657,428	228,395	4,763,426	819,160	150,653	16,285,892	220,913	149,766	16,656,571
Equipment maintenance and supplies	1,050	4,198	90,220	6,440	6,675	2,508	10,291	1,682	6,707	129,771	21,468	10,565	161,804
Telephones and website	382	64,579	11,292	3,407	4,628	934	5,697	1,456	2,900	95,275	4,883	4,758	104,916
Building rent and parking	3,193	12,770	50,110	16,457	19,893	7,739	31,869	5,073	17,191	164,295	22,006	31,132	217,433
Printing and publications	497	2,073	4,435	388	92	301	1,146	1,182	4,750	14,864	822	76,630	92,316
Office expense	95	2,297	5,057	1,500	1,231	2,931	4,155	273	2,572	20,111	8,052	78,048	106,211
Meetings and conferences	458	4,857	20,390	3,926	2,918	2,040	5,807	102	12,590	53,088	14,754	24,707	92,549
Other expenses	887	-	6,401	2,158	8,071	2,769	40,724	4,274	13,376	78,660	20,018	11,789	110,467
	43,240	7,413,898	6,867,085	3,010,046	1,908,737	371,403	5,246,655	910,898	358,244	26,130,206	745,888	801,350	27,677,444
Less investment and special event expenses netted with revenue	-	-	-	-	-	-	-	-	-	-	(70,082)	(71,269)	(141,351)
Total expenses	\$ 43,240	7,413,898	6,867,085	3,010,046	1,908,737	371,403	5,246,655	910,898	358,244	26,130,206	675,806	730,081	27,536,093

See the accompanying notes to the financial statements.

Energy Outreach Colorado
Statement of Cash Flows
Year Ended September 30, 2019

Cash flows from operating activities

Cash received from contributions and grants	\$ 24,834,514
Interest and dividends received	342,602
Other cash received	556,490
Cash paid to employees, suppliers and service recipients	<u>(22,745,487)</u>
Net cash provided by operating activities	<u>2,988,119</u>

Cash flows from investing activities

Purchases of fixed assets	(62,640)
Sales of investments	3,279,119
Purchases of investments	<u>(2,082,989)</u>
Net cash provided by investing activities	<u>1,133,490</u>

Net increase in cash and cash equivalents 4,121,609

Cash and cash equivalents at beginning of year 644,671

Cash and cash equivalents at end of year \$ 4,766,280

See the accompanying notes to the financial statements.

Energy Outreach Colorado
Notes to Financial Statements
September 30, 2019

(1) Summary of Significant Accounting Policies

(a) Organization

Energy Outreach Colorado (Energy Outreach), formerly Colorado Energy Assistance Foundation, was established in 1989 to enable the Colorado Commission on Low-Income Energy Assistance (the Commission) to raise funds for the purpose of providing cash payments to low-income individuals and families to meet the cost of home energy. A significant portion of the funds are distributed through the Colorado Low Income Home Energy Assistance Program (LEAP). In addition to LEAP, Energy Outreach delivers funds and services through a network of agencies in the State of Colorado. Energy Outreach provides funds for creative energy efficiency, educational and housing ventures related to conservation of resources through its Energy Savings Grants and educational grants. Energy Outreach also provides energy efficient upgrades for non-profit agencies throughout the state and the city of Denver through its Nonprofit Energy Efficiency Program (NEEP).

(b) Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

(c) Financial Statement Presentation

Energy Outreach is required to present information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of Energy Outreach. These net assets may be used at the discretion of Energy Outreach's management and the board of directors.

Net assets with donor restrictions - Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of Energy Outreach or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. At September 30, 2019, there are no net assets with perpetual donor restrictions.

(d) Cash and Cash Equivalents

Energy Outreach considers all highly liquid investments with an initial maturity of three months or less, and which are not held by investment managers as a part of the investments portfolio or subject to donor restrictions for long-term purposes, to be cash equivalents.

(e) Concentrations of Credit Risk

Financial instruments that potentially subject Energy Outreach to concentrations of credit risk consist principally of investment securities. Energy Outreach places its cash and temporary investments with creditworthy, high quality institutions. A significant portion of the funds are not insured by the FDIC or related institutions. Energy Outreach's investments in fixed income and equity securities are managed by investment advisors who are engaged by the board of directors.

Energy Outreach Colorado Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(e) Concentrations of Credit Risk, Continued

These investments are subject to the risk of fluctuations in market value but, in the opinion of the board of directors, the risk is appropriate in view of the amount and term of the investment funds. Credit risk with respect to receivables is limited due to the number and credit worthiness of the government entities, individuals and organizations from whom the amounts are due.

(f) Investments

Investments are recorded at cost if purchased, or at fair value, if donated. Thereafter, investments are reported at their fair value in the statement of financial position. Fair value is more fully described in note 1(g). Management is responsible for the fair value measurement of investments reported in the financial statements and believes that the reported values are reasonable.

Investment return consists of Energy Outreach's distributive share of any interest, dividends, and capital gains and losses generated from investments. Gains and losses attributable to investments are realized and reported upon a sale or disposition of the investment. Unrealized gains and losses are included in the change in net assets in the statement of activities.

Investment funds in liquidation are reported as investment redemptions receivable upon notification by the investment manager that a redemption is in process.

Energy Outreach has an investment policy that permits it to provide additional funding for its on-going programs using a portion of the corpus of its investments. The amount of the additional funding available under that policy is based on 5% of the corpus. During the year ended September 30, 2019, approximately \$1,500,000 of corpus was utilized for core program activities.

(g) Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Generally accepted accounting principles in the U.S. establishes a fair value hierarchy that prioritizes investments based on the assumptions market participants would use when pricing an asset. The fair value hierarchy gives the highest priority to quoted prices in active markets (observable inputs) and the lowest priority to an entity's assumptions (unobservable inputs).

Assets are grouped at fair value in three levels based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. These levels are:

- Level 1 Unadjusted quoted market prices for identical assets or liabilities in active markets as of the measurement date.
- Level 2 Inputs other than quoted market prices that are observable for the asset/liability, either directly or indirectly.
- Level 3 Unobservable inputs that cannot be corroborated by observable market data.

Energy Outreach Colorado
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(g) Fair Value Measurements, Continued

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. These classifications (Level 1, 2 and 3) are intended to reflect the observability of inputs used in the valuation of investments and are not necessarily an indication of risk or liquidity.

In addition, certain investments are reported using the "practical expedient" method. The practical expedient method allows net asset value per share or its equivalent to represent fair value for reporting purposes when the criteria for using this method are met. Investments valued using net asset value per share or its equivalent are not categorized within the hierarchy.

Investments in marketable equity and fixed income securities with readily determinable market values are reported at fair value based on quoted prices in active markets. Investments in equity securities fluctuate in value in response to many factors such as the activities and financial condition of individual companies, business and industry market conditions and the general economic environment. Alternative investments are not publicly traded on national security markets exchanges, are generally illiquid, and may be valued differently than if readily available markets existed for such investments. The market value for alternative investments represents the pro-rata interest in the net assets of the investment and is based on financial information determined and reported by the investment manager. Based on inherent uncertainties of valuation of alternative investments, the reported market value of the investment may differ significantly from realizable value.

(h) 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 and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(i) Accounts Receivable

Accounts receivable represent amounts due resulting from the performance of services provided to other organizations and individuals. The allowance for doubtful accounts is based on past experience and on analysis of the collectibility of current accounts receivable. Accounts deemed uncollectible are charged to the allowance in the year they are deemed uncollectible. Accounts receivable are considered to be past due based on contractual terms. Management considers all receivables to be fully collectible at September 30, 2019.

Energy Outreach Colorado
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(j) Contributions and Contributions Receivable

Contributions are recognized when cash, securities, or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Contributions receivable are recorded at net realizable value if expected to be collected in one year and at fair value if expected to be collected in more than one year. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met. Energy Outreach did not have any conditional contributions receivable at September 30, 2019.

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

(k) Donated Goods and Services

Contributed services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by Energy Outreach. Accordingly, these are reflected as contributions in the accompanying statements at their estimated values at date of receipt. Contributed goods are recorded as contributions at their estimated fair value at the date of donation. The amounts are recorded as both revenue and expense in the statement of activities.

(l) Property and Equipment

Property and equipment are recorded at cost and depreciated using the straight-line method over the estimated useful lives of the assets, which are generally three to five years. Property and equipment consisted of the following at September 30, 2019:

Furniture and equipment	\$ 159,043
Leasehold improvements	73,772
Software	<u>35,872</u>
	268,687
Less: accumulated depreciation	<u>(208,060)</u>
	\$ <u>60,627</u>

(m) Deferred revenue

Xcel rebates and severance tax payments issued by the State of Colorado were received by Energy Outreach for distribution in the next fiscal year.

Energy Outreach Colorado
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(n) Functional Allocation of Expenses

The costs of providing program and supporting services have been summarized on a functional basis in the accompanying statement of functional expenses. Energy Outreach incurs expenses that directly relate to, and can be assigned to, a specific program or supporting activity. Energy Outreach also conducts a number of activities which benefit both its program objectives as well as supporting services (i.e. fund raising and general and administrative activities). These costs, which are not specifically attributable to a specific program or supporting activity, are allocated by management on a consistent basis among program and supporting services benefited, based on either financial or nonfinancial data, such as headcount, square-footage, or estimates of time and effort incurred by personnel.

(o) Income Taxes

Energy Outreach is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and qualifies for the charitable contribution deduction. However, income from activities not directly related to its tax-exempt purpose is subject to taxation as unrelated business income.

Energy Outreach follows the *Accounting for Uncertainty in Income Taxes* accounting standard which requires Energy Outreach to determine whether a tax position is more likely than not to be sustained upon examination by the applicable taxing authority, based solely on the technical merits of the position. Energy Outreach has analyzed the tax positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements and determined there are none. The three previous tax years remain subject to examination by the IRS.

(p) Subsequent Events

Energy Outreach has evaluated all subsequent events through January 14, 2020, which is the date the financial statements were available to be issued.

(q) New Accounting Pronouncement

During 2019, Energy Outreach adopted ASU No. 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*, which is intended to improve how a not-for-profit entity classifies its net assets, as well as the information it presents in its financial statements about its liquidity and availability of resources, expenses and investment returns, and cash flows. The guidance replaces the three classes of net assets previously presented in the statement of financial position with two new classes of net assets, which are based on the existence or absence of donor-imposed restrictions.

Energy Outreach Colorado
Notes to Financial Statements, Continued

(2) Liquidity and Availability of Financial Assets

The following reflects Energy Outreach's financial assets as of September 30, 2019, reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid, not convertible to cash within one year, or when restricted by donors for purposes more limited than general expenditures. General expenditures include general and administrative expenses, fund raising expenses and grant commitments expected to be paid in the subsequent year. Annual operations are defined as activities occurring during Energy Outreach's fiscal year.

Energy Outreach's Grant Committee (the Committee) meets annually to review and approve grant requests. Due to this timing, Energy Outreach strives to maintain financial assets available to meet general expenditures at a level that represents 100% of annual expenses for administrative, general, and fund raising expenses plus an amount that represents the next expected payment for annual grant commitments approved by the Committee, which represents the expected annual grant cash needs.

The board designates 5% of the investment balance as of August 31st for the following year's expenditures.

The table below presents financial assets available for general expenditures within one year at September 30, 2019:

Financial assets at year-end	
Cash and cash equivalents	\$ 4,766,280
Grants and contracts receivable within one year	<u>2,626,511</u>
Total financial assets at year-end	7,392,791
Investments approved by the Board for expenditure	3,000,000
Less net assets with purpose restrictions not expected to be met within one year	<u>(500,000)</u>
Financial assets available to meet general and specific expenditures within one year	<u>\$ 9,892,791</u>

Energy Outreach receives significant contributions and grants restricted by donors, and 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. Energy Outreach manages its liquidity and reserves following three guiding principles:

- Operating within a prudent range of financial soundness and stability.
- Maintaining adequate liquid assets.
- Maintaining sufficient reserves to provide reasonable assurance that long-term grant commitments and obligations under endowments with donor restrictions and quasi-endowments that support mission fulfillment will continue to be met, ensuring the sustainability of Energy Outreach.

Energy Outreach Colorado
Notes to Financial Statements, Continued

(2) Liquidity and Availability of Financial Assets, Continued

Energy Outreach has a liquidity policy to maintain cash and cash equivalents at a minimum of 30 days of operating expenses. Energy Outreach has a policy to target a year-end balance of reserves of net assets without donor restrictions to meet 15 to 30 days of expected expenditures. To achieve these targets, Energy Outreach forecasts its future cash flows and monitors its liquidity quarterly, and monitors its reserves annually. During the year ended September 30, 2019, the level of liquidity and reserves was managed within the policy requirements.

Board designated for next year's expenditures	\$ 3,000,000
Undesignated	<u>17,001,983</u>
Total net assets without donor restrictions	\$ <u>20,001,983</u>

Board Designated Assets and Investment Policy

Energy Outreach has a reserve balance that has accumulated as a result of several large one-time settlements resulting from decisions made by the Colorado Public Utilities Commission. Energy Outreach advocated that the funds received be used to support the needs of low-income Colorado energy consumers.

Energy Outreach's reserve funds are held in a quasi-endowment. As a quasi-endowment, the corpus does not have the same legal restrictions and obligations as a technical endowment. Since Energy Outreach's reserve funds represent accumulated income, the Board of Directors has decided to treat these funds as permanent capital, and, unlike a technical endowment, both the income and principal can be spent at the Board's discretion. The Board recognizes that the need for energy assistance will likely persist over time and wants to ensure that future generations are served as energy price volatility and rapidly changing technologies affect the low-income population's ability to afford home energy costs.

Energy Outreach has an investment policy that permits it to provide additional funding for its on-going programs using a portion of the corpus of its investments. The amount of the additional funding available under that policy is based on a 5% floor of the corpus as valued on a date on or around July 31st – August 31st of any given year whereby the upcoming year's budget is being formed. The board approves the annual spend from these funds at the time the budget is approved.

Energy Outreach Colorado
Notes to Financial Statements, Continued

(3) Investments

Energy Outreach's investment assets, which include private and publicly held investments, are dedicated to providing the financial resources needed to meet Energy Outreach's charitable objectives. Investments are stated at fair value and are comprised of the following at September 30, 2019:

Money market funds	\$ 238,596
Bond funds:	
Fixed income	3,738,967
Floating rate corporate loans	<u>1,270,883</u>
Total bond funds	5,009,850
Equity funds and managed equities:	
Large cap value	1,506,255
Large cap growth	1,637,874
Mid cap growth	676,968
Small cap equity	558,177
International equity	2,762,015
Emerging markets	859,573
Real estate investment trust	<u>24,225</u>
Total managed equity and equity funds	8,025,087
Alternative investments:	
Low correlated hedge funds	3,123,631
Real estate	1,152,428
Master limited partnerships	838,176
Private equity	<u>1,151,944</u>
Total alternative investments	<u>6,266,179</u>
	<u>\$ 19,539,712</u>

Investment return is summarized as follows:

Investment interest and dividend income	\$ 342,602
Realized and unrealized gains on investments	155,049
Less investment expenses	<u>(70,082)</u>
Total investment return	<u>\$ 427,569</u>

Energy Outreach's interests in alternative investments, value

	<u>Fair Value</u>	<u>(Level 1)</u>
Investments measured at fair value		
Money market funds	\$ 238,596	238,596
Bond funds	5,009,850	5,009,850
Equity funds and managed equities	<u>8,025,087</u>	<u>8,025,087</u>
	13,273,533	13,273,533
Investments measured at NAV		
Alternative investments	<u>6,266,179</u>	
Total	<u>\$ 19,539,712</u>	<u>13,273,533</u>

Level 1 assets have been valued using a market approach. All other investment have been valued at net asset value per share as reported by the investment manager or sponsor as a practical expedient. There were no changes in the valuation techniques during the current year.

Energy Outreach Colorado
Notes to Financial Statements, Continued

(3) Investments, Continued

The following table summarizes the significant information related to investments measured at NAV as of September 30, 2019:

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Limited Liability Corporation (a)	\$ 1,630,397	None	Semi-annually	95 days
Limited Partnership (b)	1,493,234	None	Quarterly or Monthly	60 days or 90 days
Real Estate (c)	1,152,428	None	Quarterly	60 days
Master Limited Partnership (d)	838,176	None	Quarterly	15 days
Private Equity Fund (e)	1,151,944	None	Quarterly	60 days

- (a) The objective of this limited liability corporation is capital appreciation with limited variability of returns. The fund attempts to achieve this objective by allocating capital among a number of underlying funds, which follow alternative investment strategies. These underlying funds are commonly described as hedge funds and, therefore, the fund is referred to as a fund of hedge funds.
- (b) The objective of this partnership is to maximize capital appreciation over the long term pursuant to a “multi-manager” investment philosophy. The partnership seeks to achieve this objective by allocating its asset primarily among a select group of sub-advisers, who principally employ “long/short” investment strategies in the global equity markets.
- (c) This limited partnership invests directly into real estate for long-term capital appreciation.
- (d) This master limited partnership’s objective is to seek a high level of total return by investing in equity securities of pipeline master limited partnerships.
- (e) The objective of this private equity fund is to seek attractive long-term capital appreciation by investing in a globally diversified portfolio of private equity and debt investments.

(4) Unclaimed Utility Deposits and Refunds

Unclaimed utility deposits represent revenue that is available to Energy Outreach as a result of the enactment by the Colorado Legislature in 1990 of a bill which requires utilities to remit to Energy Outreach unclaimed customer and security deposits two or more years old. In addition, the Colorado Legislature passed a bill in 1992, whereby the PUC can order up to 90% of undistributed overcharge refunds to be made available to Energy Outreach on a case-by-case basis. During fiscal year 2019, Energy Outreach received \$476,891 from unclaimed deposits and refunds. Under the Colorado Revised Statutes, any unclaimed deposits and refunds received by Energy Outreach must be forwarded to LEAP, and as such are not included in total revenues of Energy Outreach. Energy Outreach also received unclaimed LEAP payments of \$479,268 refunded to Energy Outreach by various utility companies. Furthermore, during fiscal year 2019, the Colorado Office of Economic Security allowed Energy Outreach to keep \$445,265 of LEAP funds collected in the prior year and restricted it to Energy Outreach’s basic utility benefit assistance program and to eligible households in need of home energy bill payment assistance, resulting in no payments being made to LEAP in 2019 for amounts owed in the prior year. There is \$510,894 that is owed to LEAP at September 30, 2019.

Energy Outreach Colorado
Notes to Financial Statements, Continued

(5) Significant Contributions

During the year ended September 30, 2019, Xcel made contributions to Energy Outreach totaling \$5,288,634 based on customer late payments. Xcel also provided funding for the non-profit energy efficiency program, multi-family and single family weatherization programs totaling \$6,818,733. Furthermore, Xcel remitted \$61,710 representing unclaimed deposits. Xcel customers contributed \$737,664 to Energy Outreach during the year ended September 30, 2019.

(6) Margin Agreement

Energy Outreach has a \$1,250,000 margin agreement with its investment manager with the intention of using these funds, if necessary, to support working capital needs. There was no balance outstanding on this margin agreement at September 30, 2019. Interest is variable with an average variable rate of 7.29% at September 30, 2019. Energy Outreach's investments with the investment manager are collateral for the agreement.

(7) Employee Retirement Plan

Energy Outreach has a retirement plan for employees, which requires Energy Outreach to contribute 8% of an employee's salary to the plan. The contributions are vested over a two-year period. Energy Outreach's contributions to the plan were \$159,404 in 2019. In addition, full-time employees may contribute to a tax deferred annuity plan after they have been employed by Energy Outreach for 90 days.

(8) Net Assets with Donor Restrictions

Net assets with donor restrictions at September 30, 2019 consist of \$1,702,867 in unexpended funds related to restricted grants. Net assets released from restrictions during 2019 consisted of expenditures totaling \$4,171,340 related to restricted grants and contributions.

(9) Commitments

Energy Outreach is obligated under an operating lease for rental of office space, which expires June 30, 2021. Rent expense for this office space lease was \$163,066 in 2019. Energy Outreach has separate operating lease agreements for rental of a copier through June 2021 and rental of a postage machine on a month-to-month basis. Rent expense under these leases totaled \$8,123 during 2019.

Rental commitments remaining under all leases for future years are as follows:

2020	\$ 153,783
2021	<u>118,131</u>
	<u>\$ 271,914</u>