Energy Outreach Colorado

Financial Statements and Supplementary Information

September 30, 2021

(With Independent Auditor's Report Thereon)

Kundinger, Corder & Engle, P.C.

Certified Public Accountants

Energy Outreach Colorado

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Single Audit Reports

Kundinger, Corder & Engle, P.C.

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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, 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.

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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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, 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.

Board of Directors
Energy Outreach Colorado

Other Matters-Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 13, 2022, on our consideration of Energy Outreach's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Energy Outreach's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Energy Outreach's internal control over financial reporting and compliance.

Kundinger, Corder & Engle, P.C.

January 13, 2022

Energy Outreach Colorado
Statement of Financial Position
September 30, 2021

Assets		
Cash and cash equivalents	$	1,294,930
Grant and contract receivables, net		3,462,058
Investments (notes 3 and 6)		19,619,335
Other assets		421,962
Total assets	$	24,798,285
Liabilities		
Accounts payable and accrued expenses	$	2,648,236
Grant payable (note 4)		423,855
Total liabilities		3,072,091
Net Assets		
Without donor restrictions		21,257,553
With donor restrictions (note 8)		468,641
Total net assets		21,726,194
Commitments (notes 6, 7 and 9)		
Total liabilities and net assets	$	24,798,285

See the accompanying notes to the financial statements.

Energy Outreach Colorado
Statement of Activities
Year Ended September 30, 2021

	Without donor restrictions	With donor restrictions	Total
Public Support and Revenue			
Public support			
Customer contributions	$ 2,102,465	–	2,102,465
Utility and corporate contributions (note 5)	11,153,304	1,888,518	13,041,822
Unclaimed utility deposits and refunds (note 4)	423,855	–	423,855
Less amount passed through to LEAP	(423,855)	–	(423,855)
Foundation grants	312,724	–	312,724
Other government funding	12,955,768	5,000,000	17,955,768
Special event revenue	186,606	–	186,606
Less direct benefits to donors	(75,326)	–	(75,326)
Net assets released from restrictions (note 8)	6,741,414	(6,741,414)	–
Total public support	33,376,955	147,104	33,524,059
Revenue			
Owner participation	497,432	–	497,432
Investment return (note 3)	3,019,907	–	3,019,907
Other income	150,027	–	150,027
Total revenue	3,667,366	–	3,667,366
Total public support and revenue	37,044,321	147,104	37,191,425
Expenses			
Program services			
Low-income home energy assistance	100,432	–	100,432
EOC cash assistance program	12,789,726	–	12,789,726
Energy Solutions Grants	5,976,474	–	5,976,474
Crisis Intervention Program	5,313,517	–	5,313,517
NEEP programs	2,668,606	–	2,668,606
Advocacy programs	727,225	–	727,225
Weatherization assistance for low-income persons	5,358,906	–	5,358,906
Central 70	286,294	–	286,294
Other programs	536,255	–	536,255
Total program services	33,757,435	–	33,757,435
Supporting services			
General and administrative	1,134,573	–	1,134,573
Fund raising	807,185	–	807,185
Total supporting services	1,941,758	–	1,941,758
Total expenses	35,699,193	–	35,699,193
Change in net assets	1,345,128	147,104	1,492,232
Net assets at beginning of year	19,912,425	321,537	20,233,962
Net assets at end of year	$ 21,257,553	468,641	21,726,194

See the accompanying notes to the financial statements.

Energy Outreach Colorado

Statement of Functional Expenses

Year Ended September 30, 2021

	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 Admini-strative	Fund Raising	Total Expenses
Energy assistance payments	$ –	4,466,327	–	–	–	–	–	–	–	4,466,327	–	–	4,466,327
Other grants	–	8,047,940	453,782	–	260,330	3,000	–	–	–	8,765,052	–	–	8,765,052
Salaries and benefits	35,693	180,548	256,547	199,790	187,477	290,373	564,514	40,967	229,009	1,984,918	749,486	477,054	3,211,458
Professional fees and contract service	–	9,267	5,156,382	5,052,090	2,163,891	380,713	4,620,190	228,455	226,036	17,837,024	199,745	88,717	18,125,486
Equipment maintenance and supplies	2,864	26,372	47,179	29,082	26,515	18,944	68,788	6,823	33,522	260,089	82,033	55,418	397,540
Telephones and website	59,838	40,113	10,252	5,484	6,474	2,463	10,136	1,446	4,694	140,900	10,286	7,816	159,002
Building rent and parking	1,728	14,537	28,514	17,221	13,928	11,437	37,933	4,339	19,921	149,558	44,994	33,090	227,642
Printing and publications	–	283	485	23	434	6	1,901	–	5,042	8,174	353	82,972	91,499
Office expense	20	2,236	3,313	622	750	16,175	16,389	48	11,269	50,822	18,240	105,085	174,147
Meetings and conferences	65	66	3,079	96	494	2,623	1,606	–	11	8,040	15,105	27,430	50,575
Insurance	88	823	12,769	7,627	6,487	584	32,566	3,948	4,812	69,704	2,175	1,728	73,607
Travel	–	–	706	143	621	–	1,957	–	356	3,783	245	161	4,189
Depreciation	136	1,214	2,221	1,339	1,185	902	2,926	268	1,583	11,774	2,937	2,643	17,354
Other expenses	–	–	1,245	–	20	5	–	–	–	1,270	65,611	397	67,278
	100,432	12,789,726	5,976,474	5,313,517	2,668,606	727,225	5,358,906	286,294	536,255	33,757,435	1,191,210	882,511	35,831,156
Less investment and special even expenses netted with revenue	–	–	–	–	–	–	–	–	–	–	(56,637)	(75,326)	(131,963)
Total expenses	$ 100,432	12,789,726	5,976,474	5,313,517	2,668,606	727,225	5,358,906	286,294	536,255	33,757,435	1,134,573	807,185	35,699,193

See the accompanying notes to the financial statements.

Energy Outreach Colorado

Statement of Cash Flows

Year Ended September 30, 2021

Cash flows from operating activities	
Cash received from contributions and grants	$ 31,737,481
Interest and dividends received	499,739
Other cash received	647,459
Cash paid to employees, suppliers and service recipients	(38,965,232)
Net cash used in operating activities	(6,080,553)
Cash flows from investing activities	
Purchases of fixed assets	(255,638)
Sales of investments	5,316,993
Purchases of investments	(2,514,462)
Net cash provided by investing activities	2,546,893
Net decrease in cash and cash equivalents	(3,533,660)
Cash and cash equivalents at beginning of year	4,828,590
Cash and cash equivalents at end of year	$ 1,294,930

See the accompanying notes to the financial statements.

(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. As of September 30, 2021, 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.

(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, 2021, approximately $3,000,000 of the 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.

(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, 2021.

(1) Summary of Significant Accounting Policies, Continued

(j) Revenue Recognition

Public Support

Public support in the statement of activities consists of revenue from contributions and grants. Contributions and grants are recognized when cash, securities, or other assets, and unconditional promises to give, or 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 substantially met. Should Energy Outreach substantially meet the conditions in the same period that the contribution was received, and barring any further donor-imposed restrictions, Energy Outreach has elected to recognize the revenue in net assets without donor restrictions. Payments received in advance of conditions being met are recorded as refundable advances in the statement of financial position.

Government grants are treated as contributions that are conditioned upon certain performance requirements and the incurrence of allowable qualifying expenses. There are no conditional contributions related to these grants at September 30, 2021.

Contributions and grants 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 donor 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.

Contracts with Customers

Owner participation and earned revenue from contracts to complete weatherization assistance projects. Revenue from exchange transactions is recorded as performance obligations are met under the contracts. Amounts received in advance are deferred until such time as they are earned.

Donated Goods and Services

Donated goods are recorded at fair value at the date of the donation. 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. There were no in-kind contributions recognized for the year ended September 30, 2021.

(k) 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, 2021:

Furniture and equipment	$ 159,043
Leasehold improvements	73,772
Software	437,850
	670,665
Less: accumulated depreciation	(268,687)
	$ 401,978

Depreciation expense for the year ended September 30, 2021 was $17,354.

(1) Summary of Significant Accounting Policies, Continued

(l) 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.

(m) 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.

(n) Subsequent Events

Energy Outreach has evaluated all subsequent events through January 13, 2022, which is the date the financial statements were available to be issued.

(2) Liquidity and Availability of Financial Assets

The following reflects Energy Outreach's financial assets as of September 30, 2021, 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.

(2) Liquidity and Availability of Financial Assets, Continued

The table below presents financial assets available for general expenditures within one year at September 30, 2021:

Financial assets at year-end	
Cash and cash equivalents	$ 1,294,930
Grants and contracts receivable within one year	3,462,058
Total financial assets at year-end	4,756,988
Investments approved by the board for expenditure	1,400,000
Less net assets with purpose restrictions not expected to be met within one year	(290,491)
Financial assets available to meet general and specific expenditures within one year	$ 5,866,497

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 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, 2021, the level of liquidity and reserves was managed within the policy requirements.

Board designated for next year's expenditures	$ 1,400,000
Undesignated	19,857,553
Total net assets without donor restrictions	$ 21,257,553

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.

(2) Liquidity and Availability of Financial Assets, Continued

Board Designated Assets and Investment Policy, Continued

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.

(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, 2021:

Money market funds	$ 105,625
Bond funds:	
Fixed income	3,502,528
Floating rate corporate loans	1,318,076
Total bond funds	4,820,604
Equity funds and managed equities:	
Large cap growth	3,426,772
Mid cap growth	774,276
Small cap equity	787,377
International equity	2,590,917
Emerging markets	959,264
Real estate investment trust	497,675
Energy funds	632,738
Total managed equity and equity funds	9,669,019
Alternative investments:	
Low correlated hedge funds	3,046,807
Real estate	878,140
Private equity	1,099,140
Total alternative investments	5,024,087
	$ 19,619,335

(3) Investments, Continued

Investment return is summarized as follows:

Investment interest and dividend income	$ 499,739
Realized and unrealized gains on investments	2,576,805
Less investment expenses	(56,637)
Total investment return	$ 3,019,907

The following table summarizes the valuation of Energy Outreach's financial instruments by the fair value hierarchy levels as of September 30, 2021:

	Fair Value	(Level 1)
Investments measured at fair value		
Money market funds	$ 105,625	105,625
Bond funds	4,820,604	4,820,604
Equity funds and managed equities	9,669,019	9,669,019
	14,595,248	14,595,248
Investments measured at NAV		
Alternative investments	5,024,087	
Total	$ 19,619,335	14,595,248

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.

The following table summarizes the significant information related to investments measured at NAV as of September 30, 2021:

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Limited Liability Corporation (a)	$ 1,488,267	None	Semi-annually	95 days
Limited Partnership (b)	1,558,540	None	Quarterly or Monthly	60 days or 90 days
Real Estate (c)	878,140	None	Quarterly	60 days
Private Equity Fund (d)	1,099,140	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) 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 2021, Energy Outreach received $294,939 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. There is $423,855 that is owed to LEAP at September 30, 2021.

(5) Significant Contributions

During the year ended September 30, 2021, Xcel made contributions to Energy Outreach totaling $1,120,313 based on customer late payments. Xcel also provided funding for the non-profit energy efficiency program, multi-family and single family weatherization programs totaling $5,658,140. Furthermore, Xcel remitted $23,125 representing unclaimed deposits. Xcel customers contributed $735,474 to Energy Outreach during the year ended September 30, 2021.

(6) Margin Agreement

Energy Outreach has a $7,253,135 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, 2021. Interest is variable with an average variable rate of 1.90% at September 30, 2021. 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 $206,891 in 2021. 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, 2021 consist of $468,641 in unexpended funds related to restricted grants. Net assets released from restrictions during 2021 consisted of expenditures totaling $6,741,414 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, 2022. Rent expense for this office space lease was $160,418 in 2021. Energy Outreach has separate operating lease agreements for rental of a copier through June 2026 and rental of a postage machine on a month-to-month basis. Rent expense under theses leases totaled $12,751 during 2021.

(9) Commitments, Continued

Future minimum lease payments are as follows for the years ending September 30:

2022	$ 97,142
2023	3,547
2024	3,547
2025	3,547
2026	2,660
	$ 110,443

Energy Outreach Colorado
Schedule of Expenditures of Federal Awards
Year Ended September 30, 2021

Federal grantor/pass-through grantor/program title	Grant number	Federal award year	Assistance listing number	Federal expen-ditures
U.S. Department of Energy				
Pass-through from the Colorado Energy Office				
Weatherization Assistance for Low-Income Persons	CTGG1 2020-2004	7/1/20-6/30/21	81.042	$ 265,697
Weatherization Assistance for Low-Income Persons	CTGG1 2020-2004 A3	7/1/21-6/30/22	81.042	19,969
Total Weatherization Assistance for Low-Income Persons				285,666
Total U.S. Department of Energy				285,666
U.S. Department of Health and Human Services				
Pass-through from the Colorado Energy Office				
Low-Income Home Energy Assistance	CTGG1 2020-2004	7/1/20-6/30/21	93.568	972,270
Low-Income Home Energy Assistance	CTGG1 2020-2004 A3	7/1/21-6/30/22	93.568	392,701
Total Low-Income Home Energy Assistance				1,364,971
Total U.S. Department of Health and Human Services				1,364,971
U.S. Department of the Treasury				
Pass-through from the Colorado Energy Office				
COVID-19 Coronavirus Relief Fund	CTGG1 EFAA 21-2199	7/1/20-6/30/21	21.019	2,567,539
Pass-through from the Colorado Department of Local Affairs				
Emergency Rental Assistance Program	H1ERA21143	7/1/20-6/30/21	21.023	846,009
Total U.S. Department of the Treasury				3,413,548
Total expenditures of federal awards				$ 5,064,185

Notes to the Schedule of Expenditures of Federal Awards

Note 1: Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award grant activity of Energy Outreach Colorado under programs of the federal government for the year ended September 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirement for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Energy Outreach Colorado, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Energy Outreach Colorado.

(Continued)

Energy Outreach Colorado
Schedule of Expenditures of Federal Awards
Year Ended September 30, 2021

Notes to the Schedule of Expenditures of Federal Awards, Continued

Note 2: Summary of Significant Accounting Policies
Expenditures reported in the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3: Indirect Cost Rate
Energy Outreach Colorado has elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 4: Subrecipient Awards
There were no awards passed through by Energy Outreach Colorado to subrecipients for the year ended September 30, 2021.

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Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

Board of Directors
Energy Outreach Colorado

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Energy Outreach Colorado, which comprise the statement of financial position as of September 30, 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, and have issued our report thereon dated January 13, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Energy Outreach Colorado's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Energy Outreach Colorado's internal control. Accordingly, we do not express an opinion on the effectiveness of Energy Outreach Colorado's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Energy Outreach Colorado's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Board of Directors
Energy Outreach Colorado

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Kundinger, Corder & Engle, P.C.

January 13, 2022

Kundinger, Corder & Engle, P.C.

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Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance

Board of Directors
Energy Outreach Colorado

Report on Compliance for Each Major Federal Program

We have audited Energy Outreach Colorado's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Energy Outreach Colorado's major federal programs for the year ended September 30, 2021. Energy Outreach Colorado's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Energy Outreach Colorado's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Energy Outreach Colorado's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Energy Outreach Colorado's compliance.

Opinion on Each Major Federal Program

In our opinion, Energy Outreach Colorado complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2021.

Board of Directors
Energy Outreach Colorado

Report on Internal Control over Compliance

Management of Energy Outreach Colorado is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Energy Outreach Colorado's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Energy Outreach Colorado's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Kundinger, Corder & Engle, P.C.

January 13, 2022

Energy Outreach Colorado
Schedule of Findings and Questioned Costs
Year Ended September 30, 2021

A. Summary of Auditor's Results

1. The auditor's report expresses an unmodified opinion on whether the financial statements of Energy Outreach Colorado were prepared in accordance with GAAP.
2. No significant deficiencies relating to the audit of the financial statements are reported in the *Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with* Government Auditing Standards.
3. No instances of noncompliance material to the financial statements of Energy Outreach Colorado, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award program are reported in the *Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance*.
5. The auditor's report on compliance for the major federal award program for Energy Outreach Colorado expresses an unmodified opinion on its major federal program.
6. Audit findings that are required to be reported in accordance with 2 CFR section 200.516(a) are reported in this Schedule.
7. COVID-19 Coronavirus Relief Fund (Assistance Listing No. 21.019) and Emergency Rental Assistance Program (Assistance Listing No. 21.023) were tested as a major program.
8. The threshold used for distinguishing between Type A and B programs was $750,000.
9. Energy Outreach Colorado qualified as a low-risk auditee.

B. Findings–Financial Statements Audit

None.

C. Findings and Questioned Costs–Major Federal Award Programs Audit

None.

Energy Outreach Colorado
Summary Schedule of Prior Audit Findings
Year Ended September 30, 2021

None.