

NEVADA CLEAN ENERGY FUND
AUDITED FINANCIAL STATEMENTS
JUNE 30, 2022

The logo for HRC (Hudson River Council) is located in the bottom right corner. It consists of the letters "HRC" in a white, sans-serif font, centered within a dark blue square. The square has a white border and is set against a background of green curved shapes.

HRC

NEVADA CLEAN ENERGY FUND

JUNE 30, 2022

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Nevada Clean Energy Fund
Reno, Nevada

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying cash basis financial statements of Nevada Clean Energy Fund, which comprise the statement of net position – cash basis as of June 30, 2022 and the related statements of revenues, expenses, and change in net position – cash basis for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Nevada Clean Energy Fund, as of June 30, 2022, and the changes in its financial position for the year then ended in accordance with the cash basis of accounting described in Note 1.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Nevada Clean Energy Fund and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter – Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the cash basis of accounting described in Note 1, and for determining that the cash basis of accounting is an acceptable basis for the preparation of financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Nevada Clean Energy Fund's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.



Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Nevada Clean Energy Fund's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Nevada Clean Energy Fund's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 19, 2022, on our consideration of Nevada Clean Energy Fund'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 the Nevada Clean Energy Fund'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 Nevada Clean Energy Fund's internal control over financial reporting and compliance.

Houldsworth, Russo & Company, P.C.

Las Vegas, Nevada
October 19, 2022

NEVADA CLEAN ENERGY FUND
STATEMENT OF NET POSITION - CASH BASIS
JUNE 30, 2022

ASSETS

Current Assets		
Cash		<u>\$ 288,116</u>
Total assets		<u><u>\$ 288,116</u></u>

NET POSITION

Net Position		
Restricted - expendable		<u>\$ 288,116</u>
Total net position		<u><u>\$ 288,116</u></u>

See notes to the financial statements

NEVADA CLEAN ENERGY FUND
STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION - CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2022

OPERATING REVENUES

Federal grants	\$ 360,000
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OPERATING EXPENSES

Salaries	67,072
Supplies	1,339
Travel	<u>3,473</u>

Total operating expenses	<u>71,884</u>
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Change in net position	<u>288,116</u>
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Net position, beginning of year	<u>-</u>
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Net position, end of year	<u><u>\$ 288,116</u></u>
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See notes to the financial statements

NEVADA CLEAN ENERGY FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

In 2017, Senate Bill 407 established an independent, nonprofit corporation called the Nevada Clean Energy Fund (NCEF or the Organization) to help finance clean energy projects in Nevada. SB 407 also created the Board of Directors and set forth the duties of the Board. SB 407 was codified as NRS 701B.930-995.

NCEF officially launched in January 2022 and was established to:

- provide funding for, and increase significantly, the pace and amount of financing available for qualified clean energy projects in Nevada
- improve the standard of living by promoting more efficient and lower cost clean energy projects that create high-paying, long-term jobs
- foster the development of transparent underwriting standards, standard contractual terms, and measurement and verification protocols for clean energy projects
- promote the creation of performance data that enables effective underwriting, risk management and pro forma modeling of financial performance of qualified clean energy projects to stimulate the development of secondary investment markets
- achieve a level of financing support for clean energy projects in Nevada to help abate climate change and realize energy efficiency potential.

Basis of Presentation

As a majority of the Board members of NCEF are appointed by the Governor of Nevada and other local governments, NCEF is considered a nonprofit governmental organization. The State of Nevada does not consider NCEF to be a component unit.

The financial statements of NCEF have been prepared in accordance with the cash basis of accounting. Revenue is recorded when received and expenditures are recorded when paid. The cash basis of accounting is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

NCEF reports its financial activities and position using a single column enterprise fund presentation.

Cash and Cash Equivalents

For purposes of financial reporting, the Organization considers money market funds and certificates of deposit with original maturities of three months or less to be cash equivalents.

Financial Instruments and Credit Risk

Deposit concentration risk is managed by placing cash, money market accounts, and certificates of deposit with financial institutions believed by the Organization to be creditworthy. At times, amounts on deposit may exceed insured limits. To date, no losses have been experienced in any of these accounts. Credit risk associated with accounts and grants receivable is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from the federal government.

NEVADA CLEAN ENERGY FUND
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position

NCEF classifies net position, revenues, gains, and other support and expenses on the cash basis based on the existence or absence of donor-imposed restrictions. Accordingly, net position of NCEF and changes therein are classified and reported as follows:

Restricted-nonexpendable - Net position subject to donor-imposed stipulations that must be maintained permanently by NCEF.

Restricted-expendable - Net position subject to donor-imposed stipulations that will be transferred to the NCEF for direct use by a designated program.

Unrestricted - Net position not subject to donor-imposed stipulations or received with restrictions that were satisfied in the same period.

Net investment in capital assets - Net position consisting of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets. As NCEF is on the cash basis of accounting, capital assets are recorded as expenses when purchased rather than as assets.

NCEF's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

Revenue Recognition

The Organization receives a substantial portion of its revenue from grants administered by the federal government. Revenue from grants is considered earned as funding is received from grantors. The Organization's operations are significantly dependent upon this revenue.

Income Taxes

The Organization is a not-for-profit organization as described in Section 501(c)(3) of the Internal Revenue Code and is generally exempt from income taxes on related income pursuant to the appropriate section of the Internal Revenue Code.

Subsequent Events

Subsequent events have been evaluated through October 19, 2022, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.

NOTE 3. RETIREMENT PLAN

The Organization sponsors a 401(k) retirement plan for eligible employees. All employees shall be eligible effective after 90 days of employment. Annual discretionary employer contributions up to 100% of employee compensation are determined annually by the Board. The Organization did not contribute to the 401(k) plan during the year ended June 30, 2022.

NEVADA CLEAN ENERGY FUND
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

NOTE 4. RELATED PARTIES AND CONCENTRATIONS

One members of the Board of Directors of NCEF are also Directors with the state of Nevada Governor's Office of Energy, the grantor and sole source of revenue for the Organization during the year ended June 30, 2022.

NOTE 5. RISKS AND UNCERTAINTIES

As of the date these financial statements were able to be issued, in connection with the Coronavirus (COVID-19) pandemic, there have been significant global, federal, state, and local developments. As a result of this worldwide pandemic, which is driving economic uncertainty, the Organization may experience volatility that may impact results and/or impede general operations. The Organization continues to monitor this unprecedented situation and evaluate the impact of this pandemic on its results.

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*

To the Board of Directors
Nevada Clean Energy Fund
Reno, Nevada

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 cash basis financial statements of Nevada Clean Energy Fund, as of and for the year ended June 30, 2022, and the related notes to the financial statements, and have issued our report thereon dated October 19, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Nevada Clean Energy Fund’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 Nevada Clean Energy Fund’s internal control. Accordingly, we do not express an opinion on the effectiveness of Nevada Clean Energy Fund’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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Nevada Clean Energy Fund’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 the 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*.



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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Houldsworth, Russo & Company, P.C.

Las Vegas, Nevada

October 19, 2022