

NEVADA CLEAN ENERGY FUND
AUDITED FINANCIAL STATEMENTS
JUNE 30, 2024

The logo for HRC (Hatch Runners Club) 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, 2024

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**NEVADA CLEAN ENERGY FUND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024**

The following discussion and analysis of Nevada Clean Energy Fund (NCEF or Organization) provides an overview of the Organization's financial activities for the year ended June 30, 2024. As management of NCEF, we encourage readers to consider the information presented here in conjunction with the financial statements and related notes to the financial statements.

The financial statements have been prepared in accordance with Governmental Accounting Standards Board (GASB) Codification. The financial statements presented focus on the financial condition of NCEF and the results of operations and cash flows of the Organization as a whole.

Financial Highlights

- The Organization's net position totals \$1,372,256 and represents an increase from prior year primarily as a result of increased contributions, grants, and programmatic revenues.
- Total assets increased by approximately \$1.4 million, primarily as a result of additional cash received from government grants that is deferred to future periods.
- Operating expenses increased from the prior year by approximately \$317,000 due to increased operational activities of NCEF as it continues to grow.

Overview of the Financial Statements

There are three financial statements presented: the statement of net position; the statement of revenues, expenses, and change in net position; and the statement of cash flows. They are prepared using the accrual basis of accounting.

The statement of net position presents information on all of the Organization's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as useful indicators of whether the financial position of the Organization is improving or deteriorating.

The statement of revenues, expenses, and change in net position presents information showing how the Organization's net position changed during the most recent fiscal year. Changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

The statement of cash flows provides relevant information about the cash receipts and cash payments during a period.

The notes to the financial statements provide additional information that is essential to a full understanding of the information provided in the financial statements and should be read with the financial statements.

The Organization as a Whole

One important question asked about the Organization's finances is: "Is the Organization better or worse off as a result of the year's activities?" The information in the accompanying financial statements helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is the basis of accounting used by most private-sector companies.

The changes in net position (the difference between total assets and total liabilities) over time is one indicator of whether the Organization's financial health is improving or deteriorating. However,

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MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024**

consideration should be given to other non-financial factors in making an assessment of the Organization's health, such as the success of efforts to raise additional funds from various sources, the ongoing growth of the programs in operations, changes in the economy, and communications from the grantors and federal oversight agencies in assessing the overall health of the Organization.

Condensed Statements of Net Position

	<u>2024</u>	<u>2023</u>	<u>Change</u>
Current and other assets	\$ 1,450,186	\$ 68,458	\$ 1,381,728
Current liabilities	<u>77,930</u>	<u>-</u>	<u>77,930</u>
Net position	<u>\$ 1,372,256</u>	<u>\$ 68,458</u>	<u>\$ 1,303,798</u>

The increase in current assets and current liabilities is primarily due to refundable advances received under grant programs.

Condensed Statements of Revenues, Expenses, and Change in Net Position

	<u>2024</u>	<u>2023</u>	<u>Change</u>
Revenue			
Grants and contributions	\$ 1,898,474	\$ 75,435	\$ 1,823,039
Other program revenue	22,598	-	22,598
Interest income	<u>35,113</u>	<u>-</u>	<u>35,113</u>
Total revenue	1,956,185	75,435	1,880,750
Expenses			
Program expenses	450,147	231,214	219,017
Administrative expenses	<u>202,240</u>	<u>103,879</u>	<u>98,399</u>
Total expenses	<u>652,387</u>	<u>335,093</u>	<u>317,416</u>
Change in net position	<u>\$ 1,303,798</u>	<u>\$ (259,658)</u>	<u>\$ 1,563,456</u>

NCEF receives the largest portion of its funding through grant awards from state and federal sources. The \$1,956,185 of revenue in FY24 represented a 2493% increase over the prior fiscal year and included \$1,000,000 related to an allocation for the biennium from the Nevada State Legislature as part of Senate Bill 341 (2023), \$550,000 philanthropic grant from Invest in Our Future, \$100,000 related to a prize from the U.S. Department of Energy (DOE), \$82,381 related to a grant from the Solar and Energy Loan Fund, \$50,000 related to a grant from the Federal Home Loan Bank of San Francisco, \$35,113 from interest income, \$22,598 from other program revenue such as program and consulting fees, and the remaining \$116,093 from various philanthropic and federal sources. The \$652,387 of expenses in FY24 represented a 95% increase over the prior fiscal year, largely consisting of an increase in personnel expenses of \$301,605 as NCEF hired additional staff capacity to ramp up programmatic and operational activities, growing from two employees at year-end to seven employees by year-end FY24.

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Other Financial and Program Related Information

In FY24, NCEF received or was awarded several grants that it has not yet fully drawn down that will provide funding for years to come, including:

- A \$156,120,000 grant from the U.S. Environmental Protection Agency (EPA)'s Solar for All program with a performance period beginning May 1, 2024 and ending April 30, 2029.
- A \$7,704,604 grant for EPA's Clean School Bus program with a performance period beginning April 1, 2024 and ending March 31, 2027.
- A \$1,678,783 federal subgrant from the Nevada Governor's Office of Energy using funds from DOE's Energy Efficiency and Conservation Block Grant program.
- The usage of the remaining \$1,000,000 allocation for the biennium from the Nevada State Legislature in Senate Bill 341 (2023).
- The usage of the \$550,000 philanthropic grant from Invest in Our Future.

In addition, since the end of FY24, NCEF has been awarded another \$19,987,957 federal grant from EPA's Community Change Grants program, a \$941,267 federal subgrant from the Nevada Governor's Office of Energy using funds from DOE's Energy Efficiency Revolving Loan Fund Capitalization Grant Program, and a \$200,000 prize from DOE's Energizing Rural Communities Prize.

NCEF plans to use a significant portion of these funds to implement its programs and provide financial assistance to clean energy projects. To administer these large grants, NCEF is expanding its programs, investment activity, personnel, and operations.

Request for Information

The financial report is designed to provide a general overview of the Organization's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Nevada Clean Energy Fund at info@nevadacef.org and telephone number (775) 689-9933.

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 financial statements of Nevada Clean Energy Fund (NCEF), which comprise the statement of net position as of June 30, 2024, and the related statements of revenue, expenses, and change in net position, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of NCEF as of June 30, 2024, and the changes in its net position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 NCEF 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.

Responsibilities of Management for the Financial Statements

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

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 NCEF'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 opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 NCEF'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 NCEF'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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the financial statements. Such information is the responsibility of management and, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Houldsworth, Russo & Company, P.C.

Reno, Nevada
December 18, 2024

NEVADA CLEAN ENERGY FUND
STATEMENT OF NET POSITION
JUNE 30, 2024

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 249,704
Cash and cash equivalents, restricted - expendable	1,178,515
Accounts receivable	3,220
Grants receivable	2,877
Interest receivable	8,314
Prepaid expenses	<u>7,556</u>
	1,450,186

LIABILITIES AND NET POSITION

CURRENT LIABILITIES

Accounts payable and accrued expenses	\$ 35,777
Refundable advances	<u>42,153</u>
	77,930

NET POSITION

Unrestricted	193,741
Restricted - expendable, capacity building	<u>1,178,515</u>
	<u>1,372,256</u>
	<u>\$ 1,450,186</u>

See notes to financial statements

NEVADA CLEAN ENERGY FUND
STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2024

OPERATING REVENUES	
Government grants	\$ 1,102,877
Contributions and private grants	795,597
Other program revenue	22,598
Interest income	<u>35,113</u>
Total revenues	1,956,185
OPERATING EXPENSES	
Program expenses	450,147
Administrative expenses	<u>202,240</u>
Total operating expenses	<u>652,387</u>
CHANGE IN NET POSITION	1,303,798
NET POSITION, BEGINNING OF YEAR	<u>68,458</u>
NET POSITION, END OF YEAR	<u><u>\$ 1,372,256</u></u>

See notes to financial statements

**NEVADA CLEAN ENERGY FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2024**

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from contributions and private and government grants	\$ 1,977,750
Receipts from program activities	19,378
Receipts from interest on cash equivalents	26,799
Payments for employee compensation	(499,114)
Payments to vendors for goods and services	<u>(125,052)</u>
Net cash provided by operating activities	<u>1,399,761</u>
NET CHANGE IN CASH	1,399,761
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>28,458</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 1,428,219</u></u>
 RECONCILIATION OF CHANGE IN OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Change in operating income	\$ 1,303,798
Changes in operating assets and liabilities:	
Change in accounts receivable	(3,220)
Change in grants receivable	37,123
Change in interest receivable	(8,314)
Change in prepaid expenses	(7,556)
Change in accrued expenses	35,777
Change in refundable advances	<u>42,153</u>
Net cash provided by operating activities	<u><u>\$ 1,399,761</u></u>
SUMMARY OF CASH ACCOUNTS	\$ 249,704
Cash and cash equivalents	<u>1,178,515</u>
Cash and cash equivalents, restricted - expendable	<u><u>\$ 1,428,219</u></u>

See notes to financial statements

NEVADA CLEAN ENERGY FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

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 (Board) 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 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 generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB) Codification.

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

The financial statements of NCEF have been prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. The statement of net position and the statement of revenues, expenses, and change in net position display information about NCEF.

The statement of revenues, expenses, and change in net position is the statement of financial activities related to the current period. Expenses are allocated among program and administrative expenses based on an estimate of time spent in each function.

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.

NEVADA CLEAN ENERGY FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

Net Position – NCEF classifies net position, revenues, gains, and other support and expenses 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 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.

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.

Use of Estimates – Timely preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts, some of which may require revision in future periods.

Receivables – Accounts, grants, and interest receivable represent revenues earned but not yet received as of year-end. As all amounts are expected to be collected, not allowance has been determined necessary.

Capital Assets – NCEF capitalizes all expenditures for property and equipment in excess of \$5,000 and with a useful life of greater than one year. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation and depreciated over their estimated useful lives.

Refundable Advance – Refundable advance consists of funds advanced by various government and private sources where conditions to recognition have not been met as of year-end.

NEVADA CLEAN ENERGY FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Advertising – NCEF expensed all of its advertising and marketing costs as they were incurred.

Subsequent Events – Subsequent events have been evaluated through December 18, 2024, which represents the date the financial statements were available to be issued.

NOTE 2. DEPOSITS WITH FINANCIAL INSTITUTIONS

NCEF has concentrated its credit risk by maintaining deposits in financial institutions, which at times could exceed amounts covered by the Federal Deposit Insurance Corporation (FDIC). The loss would represent the excess of the deposit liabilities reported by the banks over the amounts that would have been covered by Federal insurance. NCEF mitigates this risk through a sweep account and has not experienced any losses in such accounts and does not believe it is exposed to a significant credit risk to cash and cash equivalents.

NOTE 3. RETIREMENT PLAN

NCEF sponsors an Individual Retirement Account (IRA) plan for eligible employees. All employees shall be eligible at the start of their employment, and after 90 days of employment, NCEF makes a dollar-for-dollar match on employee contributions to their retirement plan up to a maximum percentage of the employee’s compensation. During the year ended June 30, 2024, NCEF contributed \$10,342 to employees’ retirement plans.

NOTE 4. CHANGE IN ACCOUNTING PRINCIPLE

During the year ended June 30, 2024, NCEF adopted the accrual basis of accounting as it had previously prepared financial statements on the cash basis of accounting. This resulted in a grant receivable outstanding from fiscal year 2022 being recorded as of June 30, 2023 with an increase in net position as follows:

	Original Value	Restated Value	Change
Statement of Net Position:			
Grants receivable	\$ -	\$ 40,000	\$ 40,000
Unrestricted net position	\$ 28,458	\$ 68,458	\$ 40,000

There was no impact to the statement of revenues, expenses, and change in net position as a result of this change in accounting principle.

**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 financial statements of the Nevada Clean Energy Fund, as of and for the year ended June 30, 2024, and the related notes to the financial statements, and have issued our report thereon dated December 18, 2024.

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.

Reno, Nevada
December 18, 2024