THE FOUNDATION OF THE ASSOCIATION OF ENERGY ENGINEERS, INC.

FINANCIAL STATEMENTS
December 31, 2023 and 2022

THE FOUNDATION OF THE ASSOCIATION OF ENERGY ENGINEERS, INC.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
The Foundation of the Association of Energy Engineers, Inc.

Opinion

We have audited the accompanying financial statements of The Foundation of the Association of Energy Engineers, Inc. (the Foundation), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities and changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Foundation of the Association of Energy Engineers, Inc. as of December 31, 2023 and 2022, and the results of its activities and changes in net assets and its cash flows for the years then ended.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 the Foundation 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 the Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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 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, 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 the Foundation'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 the Foundation'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.

Windham Brannon, LLC

May 13, 2024

THE FOUNDATION OF THE ASSOCIATION OF ENERGY ENGINEERS, INC.

STATEMENTS OF FINANCIAL POSITION
December 31, 2023 and 2022

		2023		2022
ASSETS				
Cash and cash equivalents	**$**	**110,098**	$	159,179
Investments		**416,373**		260,538
Contributions receivable		**70,819**		79,103
Total Assets	**$**	**597,290**	$	498,820
LIABILITIES AND NET ASSETS				
LIABILITIES:				
Accounts payable	**$**	**4,500**	$	500
NET ASSETS:				
Assets without restrictions		**119,784**		75,319
Assets with restrictions		**473,006**		423,001
Total Net Assets		**592,790**		498,320
Total Liabilities and Net Assets	**$**	**597,290**	$	498,820

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

THE FOUNDATION OF THE ASSOCIATION OF ENERGY ENGINEERS, INC.

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
For The Years Ended December 31, 2023 and 2022

	2023			2022		
	Net Assets Without Restrictions	**Net Assets With Restrictions**	**Total**	Net Assets Without Restrictions	Net Assets With Restrictions	Total
REVENUE:						
Contributions	**$ 28,401**	**$ 108,755**	**$ 137,156**	$ 29,453	$ 99,849	$ 129,302
Investment income	**8,632**	**-**	**8,632**	7,141	-	7,141
Realized loss on investments	**-**	**-**	**-**	(8,133)	-	(8,133)
Unrealized gain (loss) on investments	**38,984**	**-**	**38,984**	(55,985)	-	(55,985)
Net assets released from restrictions	**58,750**	**(58,750)**	**-**	52,789	(52,789)	-
Total Revenue	**134,767**	**50,005**	**184,772**	25,265	47,060	72,325
EXPENSES:						
Program Expenses:						
Scholarship awards	**82,750**	**-**	**82,750**	75,060	-	75,060
Total Program Expenses	**82,750**	**-**	**82,750**	75,060	-	75,060
Administrative Expenses:						
Investment expense	**2,961**	**-**	**2,961**	2,839	-	2,839
Miscellaneous	**74**	**-**	**74**	30	-	30
Website	**17**	**-**	**17**	377	-	377
Marketing	**-**	**-**	**-**	124	-	124
Accounting	**4,500**	**-**	**4,500**	4,000	-	4,000
Total Administrative Expenses	**7,552**	**-**	**7,552**	7,370	-	7,370
Fundraising Expenses	**-**	**-**	**-**	100	-	100
Total Expenses	**90,302**	**-**	**90,302**	82,530	-	82,530
CHANGE IN NET ASSETS	**44,465**	**50,005**	**94,470**	(57,265)	47,060	(10,205)
NET ASSETS, Beginning of Year	**75,319**	**423,001**	**498,320**	132,584	375,941	508,525
NET ASSETS, End of Year	**$ 119,784**	**$ 473,006**	**$ 592,790**	$ 75,319	$ 423,001	$ 498,320

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

THE FOUNDATION OF THE ASSOCIATION OF ENERGY ENGINEERS, INC.

STATEMENTS OF CASH FLOWS
For The Years Ended December 31, 2023 and 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	**$ 94,470**	$ (10,205)
Adjustments to reconcile change in net assets		
to net cash provided by operating activities:		
Unrealized (gain) loss on investments	**(38,984)**	55,985
Realized loss on investments	**-**	8,133
Change in:		
Contributions receivable	**8,284**	(32,097)
Accounts payable	**4,000**	(750)
Net Cash Provided By Operating Activities	**67,770**	21,066
CASH FLOWS FROM INVESTING ACTIVITIES:		
Sale of investments	**24,816**	16,326
Purchase of investments	**(141,667)**	-
Net Cash (Used In) Provided By Investing Activities	**(116,851)**	16,326
NET CHANGE IN CASH AND CASH EQUIVALENTS	**(49,081)**	37,392
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	**159,179**	121,787
CASH AND CASH EQUIVALENTS, END OF YEAR	**$ 110,098**	$ 159,179

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

THE FOUNDATION OF THE ASSOCIATION OF ENERGY ENGINEERS, INC.

NOTES TO FINANCIAL STATEMENTS
December 31, 2023 and 2022

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUTING POLICIES

The Foundation of The Association of Energy Engineers, Inc. (the Foundation) is a not-for-profit corporation, headquartered in Atlanta, Georgia, formed for the purpose of awarding scholarships to further education in the energy engineering field. Scholarships are awarded to undergraduate degree candidates who are enrolled in engineering or management programs at accredited colleges or universities.

Basis of Accounting and Financial Reporting

The accompanying financial statements are presented on the accrual basis of accounting.

Expenses in the statements of activities and changes in net assets have been reported by their functional classifications, major class of program services, and supporting services. Program services are the activities that result in goods and services distributions to beneficiaries and members, and which fulfill the purpose or mission of the Foundation. Supporting services are the day-to-day activities required to keep the Foundation operational. Costs have been allocated among programs and supporting services based typically on usage.

The Foundation is required to report information regarding its statements of financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. These two classifications are defined as follows:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed stipulations, including board designated endowments.

Net assets with donor restrictions - Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Foundation and/or the passage of time or that require the donated assets be maintained permanently by the Foundation.

Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions which affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Cash and Cash Equivalents

For the purposes of the statements of cash flows, the Foundation considers all deposits in banks or money market accounts to be cash equivalents.

Investments

Investments are stated at fair value. Fair value is 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. Purchase and sales of securities are recorded on a trade-date basis. See Note 3 for a discussion of fair value measurements.

Revenue Recognition

Unconditional contributions are recognized as support to the Foundation in the period received. Contributions with donor-imposed restrictions are classified as with donor restrictions according to the donor stipulations.

When restrictions on contributions received with donor-imposed restrictions are met within in the same year, the contributions are recorded as without donor restrictions. For the years ended December 31, 2023 and 2022, there were no such contributions.

Income Taxes

The Foundation is a non-profit organization and is exempt, under Section 501(c)(3), of the Internal Revenue Code (the Code), from federal, state, and local income taxes whereby only unrelated business income, if any, as defined by Section 512(a)(1) of the Code, is subject to federal income tax. The Foundation did not have any material unrelated business income for the years ended December 31, 2023 and 2022.

Management of the Foundation considers the likelihood of changes by taxing authorities and recognizes a liability for or discloses potential significant changes that management believes are more likely than not to occur, including changes to the Foundation's status as a not-for-profit entity. Management believes that the Foundation met the requirements to maintain its tax-exempt status and has appropriately reported income subject to unrelated business income tax. The provision for unrelated business income taxes is reported as an expense in these financial statements. The income tax returns for the Foundation for the past three years are subject to examination by tax authorities, and may change upon examination.

Subsequent Events

Management evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through May 13, 2024, which is the date the financial statements were available to be issued.

2. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

Financial assets available to meet cash needs for general expenditure within one year at December 31, 2023 and 2022 are $180,917 and $238,282, respectively, which includes the balances of cash and cash equivalents and contributions receivable. Net assets at December 31, 2023 and 2022 totaling $473,006 and $423,001, respectively, are subject to donor restrictions that make them unavailable for general expenditure. The donor restrictions are all related to specific named scholarships and are available to be awarded within one year of the balance sheet date. The Foundation has a goal to maintain financial assets which consist of cash on hand to meet six months of normal operating expenses which is approximately $35,000.

3. FAIR VALUE MEASUREMENTS

The Financial Accounting Standards Board established a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three levels. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities, and the lowest priority to unobservable inputs. The three levels of the fair value hierarchy are described as follows:

Level 1 – unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access

Level 2 – other observable data, including quoted prices for similar assets in inactive markets

Level 3 – unobservable inputs

Observable inputs are those based on market data obtained from sources independent of the Foundation, and unobservable inputs reflect the Foundation's own assumptions based on the best information available. The input levels are not necessarily an indication of the risk or liquidity associated with financial instruments at that level.

Investments consist primarily of mutual funds and treasury bills, which are valued at quoted market prices for the identical security in an active market (Level 1).

The table below represents the fair value measurement hierarchy of the investments at fair value as of December 31, 2023 and 2022:

	2023			
	Level 1	Level 2	Level 3	Total
Mutual funds	$ 364,393	$ -	$ -	**$ 364,393**
Treasury bills	51,980	-	-	**51,980**
Total	**$ 416,373**	**$ -**	**$ -**	**$ 416,373**

	2022			
	Level 1	Level 2	Level 3	Total
Mutual funds	$ 260,538	$ -	$ -	$ 260,538
Total	$ 260,538	$ -	$ -	$ 260,538

4. RELATED PARTY TRANSACITONS

The Association of Energy Engineers, Inc. (the Association) is a not-for-profit corporation and has been ruled tax exempt under the Internal Revenue Code Section 501(c)(6). The Association was formed to shape the future of the energy industry through networking, energy awareness, education, training, professional certification, and recognition. The Foundation and Association have common officers and office facilities with the Association. The Foundation's Board of Directors is made up of primarily the same members of the Board of Directors of the Association. Chapters of the Foundation throughout the world are also affiliated with the Association. Members of the Association may include contributions for the Foundation with their membership dues payment to the Association. As of December 31, 2023 and 2022, the Foundation is owed $70,819 and $79,103 from the Association, respectively, and is included in contributions receivable on the statements of financial position. All amounts due to the Foundation from the Association are deemed to be collectible, therefore no allowance is necessary.

During 2023 and 2022, the Association did not charge the Foundation for its portion of these expenses since they are considered to be minimal.

5. RESTRICTIONS ON NET ASSETS AND NET ASSETS RELEASED FROM RESTRICTIONS

Assets with restrictions are donor-restricted contributions requiring that scholarships be awarded in the name of specific named funds or chapters. At the time the scholarships are awarded, the funds are reclassified from net assets with restrictions to net assets without restrictions.

Net assets are considered to be released from donor restrictions by incurring expenses satisfying the donor-imposed restriction, due to the issuing of scholarships, or by the occurrence of other events specified by donors.

As of December 31, 2023 and 2022, net assets with donor restrictions consisted of the following:

		Scholarship Restricted Funds
Balance at December 31, 2021	$	375,941
Additions		99,849
Net assets released from restrictions		(52,789)
Balance at December 31, 2022		423,001
Additions		108,755
Net assets released from restrictions		(58,750)
Balance at December 31, 2023	**$**	**473,006**