
GREEN MOUNTAIN ENERGY SUN CLUB

REPORT ON FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

BREEDLOVE & CO., P.C.
CERTIFIED PUBLIC ACCOUNTANTS

TABLE OF CONTENTS

INDEPENDENT AUDITORS' REPORT.....	1
FINANCIAL STATEMENTS	
Statement of Financial Position.....	3
Statement of Activities	4
Statement of Functional Activities	5
Statement of Cash Flows.....	6
NOTES TO FINANCIAL STATEMENTS.....	7-10

BREEDLOVE & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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RICHARD W. BREEDLOVE, CPA
President

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Vice President

INDEPENDENT AUDITORS' REPORT

August 4, 2017

Board of Directors
Green Mountain Energy Sun Club

We have audited the accompanying financial statements of Green Mountain Energy Sun Club (a non-profit organization) which comprise the statement of financial position as of December 31, 2016, and the related statements of activities 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 Green Mountain Energy Sun Club as of December 31, 2016, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Breedlove & Co., P.C.

GREEN MOUNTAIN ENERGY SUN CLUB

STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2016

ASSETS

Current Assets	
Cash	\$ 2 126 608
Unconditional contributions receivable, net	<u>76 423</u>
Total Current Assets	<u>2 203 031</u>
Total Assets	<u>\$ 2 203 031</u>

LIABILITIES AND NET ASSETS

Current Liabilities	
Unconditional promises to give	\$ 1 224 227
Accounts payable - related party	<u>24 607</u>
Total Current Liabilities	<u>1 248 834</u>
Net Assets	
Unrestricted	<u>954 197</u>
Total Net Assets	<u>954 197</u>
Total Liabilities and Net Assets	<u>\$ 2 203 031</u>

GREEN MOUNTAIN ENERGY SUN CLUB

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2016

Unrestricted change in net assets:	
Revenues	
Contributions	\$ 1 680 980
Total Revenues	<u>1 680 980</u>
Expenses	
Program services	32 727
Supporting services	<u>43 754</u>
Total Expenses	<u>76 481</u>
Other Expenses	
Grants and donations	<u>1 475 627</u>
Total Other Expenses	<u>1 475 627</u>
Increase in Unrestricted Net Assets	128 872
Unrestricted Net Assets as of Beginning of Year	<u>825 325</u>
Unrestricted Net Assets as of End of Year	<u><u>\$ 954 197</u></u>

See Independent Auditors' Report and Accompanying Notes to Financial Statements

GREEN MOUNTAIN ENERGY SUN CLUB

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>PROGRAM</u> <u>SERVICES</u>	<u>SUPPORTING</u> <u>SERVICES</u>	
	<u>Fundraising</u>	General and <u>Administrative</u>	Total <u>Expenses</u>
Contract labor	\$ -	\$ 17 076	\$ 17 076
Donated services and facilities	-	3 888	3 888
Meals and entertainment	-	514	514
Postage	2 619	54	2 673
Bank charges	-	7 877	7 877
Professional fees	-	6 018	6 018
Professional development	-	7 480	7 480
Promotional	30 108	-	30 108
Other	-	847	847
Total Expenses	<u>\$ 32 727</u>	<u>\$ 43 754</u>	<u>\$ 76 481</u>

See Independent Auditors' Report and Accompanying Notes to Financial Statements

GREEN MOUNTAIN ENERGY SUN CLUB

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Cash Flows Provided for Operating Activities:	
Increase in net assets	\$ 128 872
Adjustments to reconcile net income to net cash provided by by operating activities	
Changes in Operating Assets and Liabilities	
Decrease in unconditional contributions receivable	86 972
Increase in unconditional promises to give	774 677
Increase in accounts payable - related party	<u>24 607</u>
Net cash provided by operating activities	<u>1 015 128</u>
Net Increase in Cash and Cash Equivalents	1 015 128
Cash - Beginning of Year	<u>1 111 480</u>
Cash - End of Year	<u><u>\$ 2 126 608</u></u>

See Independent Auditors' Report and Accompanying Notes to Financial Statements

GREEN MOUNTAIN ENERGY SUN CLUB

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2016

NOTE (1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Green Mountain Energy Sun Club (the “Club”) is a non-profit organization, which was incorporated on May 20, 2015 for charitable, religious, literary, educational, and scientific purposes, and for the prevention of cruelty to children and animals, including, for such purposes, the making of distributions to other charitable organizations. The Club is supported primarily through contributions from Green Mountain Energy Company and NRG Energy, Inc. (“NRG”), both of which are related parties of the Club. Thus, changes in the economy may potentially impact the amounts of contributions received. The Club commenced operations in October 2015.

Basis of Accounting

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Cash and Cash Equivalents

Cash and cash equivalents include all monies in banks and highly liquid investments with maturity dates of three months or less. During the year ended December 31, 2016 the Club did not have any cash equivalents.

Receivables and Allowance for Uncollectible Accounts

Receivables are recorded when a promise is made but the funds are not yet received. Management considers accounts receivable to be fully collectible at December 31, 2016. Accordingly, no allowance for doubtful accounts is required.

Donated Materials, Services, and Use of Facilities

Donated materials, services and use of facilities are recorded as revenue at fair value when an unconditional commitment is received from the donor. The related expense is recorded as the item is used or when the service is provided. Contributions of services are recognized when services received (a) create or enhance nonfinancial assets, or (b) require specialized skills, are provided by individual possessing those skills, and would typically need to be purchased if not provided by donation.

Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Federal Income Tax Status

The Club is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code. The Club is classified as a public charity under sections 590(a)(1), 170(b)(1)(A) and 170(c). The Club files an annual federal information return and is subject to routine examinations of its return; however, there are no examinations for any periods currently in progress.

GREEN MOUNTAIN ENERGY SUN CLUB

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2016 (Continued)

NOTE (1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurement

The fair value of donated assets is the purchase price less accumulated depreciation at the time of donation.

Functional Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services.

Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

NOTE (2) CONCENTRATIONS OF CREDIT RISK

The Club maintains cash balances at one financial institution. Accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000. In the normal course of business, the Club has deposits that exceed the insured balance.

NOTE (3) CONTRIBUTIONS RECEIVABLE

The Club has contributions receivable in the amount of \$76,423 due from related party Green Mountain Energy Company for the year ended December 31, 2016.

NOTE (4) ACCOUNTS PAYABLE

The Club has accounts payable in the amount of \$24,607 due to related party NRG. for the year ending December 31, 2016.

NOTE (5) UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give that were authorized and unpaid at December 31, 2016 are reported as liabilities. All unconditional promises to give are expected to be paid within one year. The following is a summary of unconditional promises to give authorized and payable at December 31, 2016:

GREEN MOUNTAIN ENERGY SUN CLUB

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2016 (Continued)

NOTE (5) UNCONDITIONAL PROMISES TO GIVE (Continued)

Wesley Community Center	\$	93 600
Evelyn's Park		223 000
Mission Waco - Urban R.E.A.P.		234 000
Impact at University of Texas Arlington		58 000
Brookfield Zoo		300 000
Ronald McDonald House		<u>315 627</u>
Unconditional promises to give, authorized and unpaid	\$	<u><u>1 224 227</u></u>

NOTE (6) RELATED PARTY TRANSACTIONS

The Club was created and organized by Green Mountain Energy Company for the benefit of the community. The Club is operated by employees of Green Mountain Energy Company and its affiliate NRG.

The related parties contribute financial assets, services, and facilities to the Club. The following is a summary of contributions received from related parties for the year ended December 31, 2016:

Green Mountain Energy Company	\$	1 674 822
NRG		<u>2 270</u>
Total contributions	\$	<u><u>1 677 092</u></u>

The related parties contributed services, as related to the use of skilled related party employees, and facilities in the amount of \$3,600 and \$288, respectively, for the year ended December 31, 2016.

The following is a summary of categorized accounts payable to related parties for expenditures paid by related party on behalf of the Club for the year ended December 31, 2016:

Contract labor	\$	9 762
Professional fees		6 018
Fundraising and promotional		1 347
Professional development		<u>7 480</u>
Accounts payable - related party	\$	<u><u>24 607</u></u>

GREEN MOUNTAIN ENERGY SUN CLUB

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016
(Continued)

NOTE (7) SUBSEQUENT EVENTS

In February and May of 2017, the Board of Directors reviewed and authorized promises to give in the amount of \$551,717. As of August 4, 2017 the Club's promises to give amounted to \$1,775,954. The Club believes that its contribution income is adequate to fully cover its unconditional promises to give.

Overbrook School for the Blind	\$ 201 480
National Butterfly Center	87 000
Tree Pittsburg	34 837
Teens for Food Justice	126 000
Greener Partners	<u>102 400</u>
Authorized promises to give subsequent to December 31, 2016	<u>\$ 551 717</u>

Subsequent events were evaluated through August 4, 2017 (the financial statements were available to be issued) and concluded that no additional subsequent events have occurred that would require recognition in the financial statement or disclosure in the notes to the financial statements.