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GREEN MOUNTAIN ENERGY SUN CLUB

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REPORT ON FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017

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

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# 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

July 31, 2018

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, 2017, 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, 2017, 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, 2017

ASSETS

Current Assets	
Cash	\$ 2 140 120
Unconditional contributions receivable, net	<u>142 946</u>
Total Current Assets	<u>2 283 066</u>
Total Assets	<u><u>\$ 2 283 066</u></u>

LIABILITIES AND NET ASSETS

Current Liabilities	
Unconditional promises to give	\$ 664 342
Accounts payable - related party	1 504
Other current liabilities	<u>125</u>
Total Current Liabilities	<u>665 971</u>
Net Assets	
Unrestricted	<u>1 617 095</u>
Total Net Assets	<u>1 617 095</u>
Total Liabilities and Net Assets	<u><u>\$ 2 283 066</u></u>

**GREEN MOUNTAIN ENERGY SUN CLUB**

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2017

Unrestricted change in net assets:	
Revenues	
Contributions	\$ 1 867 906
Total Revenues	<u>1 867 906</u>
Expenses	
Program services	27 349
Supporting services	<u>90 125</u>
Total Expenses	<u>117 474</u>
Other Expenses	
Grants and donations	<u>1 087 534</u>
Total Other Expenses	<u>1 087 534</u>
Increase in Unrestricted Net Assets	662 898
Unrestricted Net Assets as of Beginning of Year	<u>954 197</u>
Unrestricted Net Assets as of End of Year	<u><u>\$ 1 617 095</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, 2017

	PROGRAM SERVICES	SUPPORTING SERVICES	Total
	Fundraising	General and Administrative	Expenses
Contract labor	\$ -	\$ 32 101	\$ 32 101
Donated services and facilities	-	42 660	42 660
Meals and entertainment	-	833	833
Postage	( 2 619)	5 947	3 328
Bank charges	-	( 2 002)	( 2 002)
Professional fees	-	10 074	10 074
Professional development	-	278	278
Promotional	29 968	-	29 968
Travel	-	106	106
Other	-	128	128
	-	128	128
Total Expenses	\$ 27 349	\$ 90 125	\$ 117 474

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, 2017

Cash Flows Provided for Operating Activities:	
Increase in net assets	\$ 662 898
Adjustments to reconcile increase in net assets to net cash provided by operating activities	
Changes in Operating Assets and Liabilities	
Increase in unconditional contributions receivable, net	( 66 523)
Decrease in unconditional promises to give	( 559 885)
Increase in other current liabilities	125
Decrease in accounts payable - related party	<u>( 23 103)</u>
Net cash provided by operating activities	<u>13 512</u>
Net Increase in Cash and Cash Equivalents	13 512
Cash - Beginning of Year	<u>2 126 608</u>
Cash - End of Year	<u><u>\$ 2 140 120</u></u>

See Independent Auditors' Report and Accompanying Notes to Financial Statements

# GREEN MOUNTAIN ENERGY SUN CLUB

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2017

### 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 its customers, and NRG Energy, Inc. (“NRG”) employees, 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, 2017 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, 2017. 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.

# GREEN MOUNTAIN ENERGY SUN CLUB

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2017 (Continued)

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

#### 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.

#### 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 throughout the year.

### NOTE (3) CONTRIBUTIONS RECEIVABLE

The Club had contributions receivable in the amount of \$142,946 due from related party Green Mountain Energy Company and NRG at December 31, 2017.

### NOTE (4) ACCOUNTS PAYABLE

The Club had accounts payable in the amount of \$1,504 due to related party NRG at December 31, 2017.

### NOTE (5) UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give that were authorized and unpaid at December 31, 2017 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, 2017:

## GREEN MOUNTAIN ENERGY SUN CLUB

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2017 (Continued)

#### NOTE (5) UNCONDITIONAL PROMISES TO GIVE (Continued)

Old Jail Art Center	\$	95 842
City of Arlington Public Library		200 000
Tree Pittsburgh		34 837
Stone Barns		161 000
Lehigh Gap Nature Preserve		87 048
Common Ground Farm		85 615
Unconditional promises to give, authorized and unpaid	\$	<u>664 342</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 collected voluntary contributions from approximately 21,000 customers in Texas in the amount of \$1,260,240 and collected \$1,611 from employee contributions. Green Mountain Energy Company made contributions in the amount of \$562,707 on behalf of 187,569 average number of northeast customers at a rate of \$0.25 per month per customer.

The related parties contributed services, as related to the use of skilled related party employees, and facilities in the amount of \$39,600 and \$3,060, respectively, for a total of \$42,660 for the year ended December 31, 2017.

The contributions remitted from related parties, and contributions receivable for the year ending December 31, 2017 are summarized as follows:

Green Mountain Energy Company	\$	1 756 211
NRG		<u>1 520</u>
Total contribution remittance	\$	<u>1 757 731</u>
Green Mountain Energy Company	\$	142 855
NRG Energy, Inc.		<u>91</u>
Total accounts receivable	\$	<u>142 946</u>

The total contributions remitted includes collection of December 31, 2016 related party receivables in the amount of \$76,423.

As of December 31, 2017 the Club had accounts payable in the amount of \$1,504 to related parties for expenditures paid by related party on behalf of the Club for fundraising and promotional purposes.

# GREEN MOUNTAIN ENERGY SUN CLUB

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2017 (Continued)

### NOTE (7) SUBSEQUENT EVENTS

In February, March and May of 2018, the Board of Directors reviewed and authorized promises to give in the amount of \$1,021,800. Of these promises to give \$941,800 is considered current, and \$80,000 is considered long term in associated partner program with EcoRise. As of July 31, 2018 the Club's promises to give amounted to \$1,686,142. The Club believes that its contribution income is adequate to fully cover its unconditional promises to give.

IDEA Public School	\$	100 000
Kelly Music for Life		85 300
Plant it Forward		125 000
EcoRise		120 000
My Possibilities		200 000
Trees for Houston		141 500
Park District of Oak Park		100 000
Piermont Civic Association		14 000
Houston Area Research Council		<u>136 000</u>
Authorized promises to give subsequent to December 31, 2017	\$	<u>1 021 800</u>

Subsequent events were evaluated through July 31, 2018 (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.