



AMERICAN COUNCIL FOR AN ENERGY-EFFICIENT ECONOMY

**AUDITED FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

DECEMBER 31, 2024

AMERICAN COUNCIL FOR AN ENERGY-EFFICIENT ECONOMY

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Independent Auditor's Report

Board of Directors
American Council for an Energy-Efficient Economy
Washington, D.C.

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of American Council for an Energy-Efficient Economy (ACEEE) (a nonprofit organization), which comprise the statement of financial position as of December 31, 2024, and the related statements of activities, functional expenses, 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 ACEEE as of December 31, 2024, and the changes in its net assets 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 ACEEE 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 opinions.

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 ACEEE'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 and *Government Auditing Standards* will always detect a material misstatement when it exists.

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

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 ACEEE'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 ACEEE'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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 4, 2025, on our consideration of ACEEE'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 ACEEE'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 ACEEE's internal control over financial reporting and compliance.

Report on Summarized Comparative Information

We have previously audited ACEEE's 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 24, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Councilor, Buchanan + Mitchell, P.C.

Bethesda, Maryland
June 4, 2025

Certified Public Accountants

AMERICAN COUNCIL FOR AN ENERGY-EFFICIENT ECONOMY

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2024

(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2023)

	<u>2024</u>	<u>2023</u>
Assets		
Current Assets		
Cash and Cash Equivalents	\$ 392,658	\$ 446,080
Investments	9,569,024	9,833,135
Contributions Receivable	4,379,411	3,489,177
Prepaid Expenses	<u>90,372</u>	<u>220,655</u>
Total Current Assets	14,431,465	13,989,047
Operating Right-of-Use Asset	4,332,406	4,854,240
Property and Equipment, Net	769,270	848,014
Other Assets		
Security Deposit	<u>37,754</u>	<u>37,754</u>
Total Assets	<u><u>\$ 19,570,895</u></u>	<u><u>\$ 19,729,055</u></u>
Liabilities and Net Assets		
Current Liabilities		
Accounts Payable	\$ 488,154	\$ 575,072
Accrued Expenses	602,617	450,007
Operating Lease Liability	654,644	626,112
Deferred Revenue	758,686	1,364,758
Funds Held on Behalf of NASEM Collaborative	<u>179,551</u>	<u>137,185</u>
Total Current Liabilities	<u>2,683,652</u>	<u>3,153,134</u>
Long-Term Liabilities		
Operating Lease Liability, Net of Current Portion	<u>5,088,728</u>	<u>5,743,371</u>
Total Long-Term Liabilities	<u>5,088,728</u>	<u>5,743,371</u>
Net Assets		
Net Assets Without Donor Restrictions		
Undesignated	7,058,760	5,744,836
Board Designated	<u>25,000</u>	<u>25,000</u>
Total Net Assets Without Donor Restrictions	7,083,760	5,769,836
Net Assets With Donor Restrictions	<u>4,714,755</u>	<u>5,062,714</u>
Total Net Assets	<u>11,798,515</u>	<u>10,832,550</u>
Total Liabilities and Net Assets	<u><u>\$ 19,570,895</u></u>	<u><u>\$ 19,729,055</u></u>

See accompanying Notes to Financial Statements.

AMERICAN COUNCIL FOR AN ENERGY-EFFICIENT ECONOMY

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2024
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2023)**

	<u>2024</u>	<u>2023</u>
Activities Without Donor Restrictions		
Revenue and Support		
Conference	\$ 1,824,836	\$ 1,776,173
Contracts	1,862,652	2,115,911
Ally Program	808,673	735,981
Investment Income	360,072	134,334
Contributions	166,693	143,936
Other Income	33,927	30,233
Net Assets Released from Restrictions	<u>11,031,084</u>	<u>8,951,000</u>
Total Revenue and Support	<u>16,087,937</u>	<u>13,887,568</u>
Expenses		
Program Services		
Research Programs	10,831,635	9,156,689
Conference	1,383,646	1,613,551
Lobbying	<u>269,681</u>	<u>247,787</u>
Total Program Services	<u>12,484,962</u>	<u>11,018,027</u>
Supporting Services		
General and Administration	2,586,963	2,562,392
Development	<u>477,908</u>	<u>368,245</u>
Total Supporting Services	<u>3,064,871</u>	<u>2,930,637</u>
Total Expenses	<u>15,549,833</u>	<u>13,948,664</u>
Change in Net Assets Without Donor Restrictions before Investment Gain (Loss)	538,104	(61,096)
Unrealized Gain on Investments	<u>775,820</u>	<u>1,114,978</u>
Change in Net Assets Without Donor Restrictions	<u>1,313,924</u>	<u>1,053,882</u>
Activities With Donor Restrictions		
Foundation Grants	5,974,961	6,943,889
Research Contributions and Projects	4,708,164	1,876,607
Net Assets Released from Restrictions	<u>(11,031,084)</u>	<u>(8,951,000)</u>
Change in Net Assets With Donor Restrictions	<u>(347,959)</u>	<u>(130,504)</u>
Change in Net Assets	965,965	923,378
Net Assets, Beginning of Year	<u>10,832,550</u>	<u>9,909,172</u>
Net Assets, End of Year	<u><u>\$ 11,798,515</u></u>	<u><u>\$ 10,832,550</u></u>

See accompanying Notes to Financial Statements.

AMERICAN COUNCIL FOR AN ENERGY-EFFICIENT ECONOMY

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2024
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2023)**

	Program Services			Total Program Services	Supporting Services		Total Supporting Services	2024 Total	2023 Total
	Research Programs	Conference	Lobbying		General and Administrative	Development			
Salaries	\$ 4,940,973	\$ 270,285	\$ 5,597	\$ 5,216,855	\$ 1,373,768	\$ 271,910	\$ 1,645,678	\$ 6,862,533	\$ 6,373,871
Fringe Benefits	2,328,330	127,593	2,550	2,458,473	564,865	128,551	693,416	3,151,889	2,988,385
Total Personnel Expense	7,269,303	397,878	8,147	7,675,328	1,938,633	400,461	2,339,094	10,014,422	9,362,256
Consultants	2,653,271	69,363	21	2,722,655	137,044	1,917	138,961	2,861,616	2,116,373
Operating Lease Expense	449,471	24,466	497	474,434	121,026	24,584	145,610	620,044	620,044
Variable Lease Expense	14,895	811	17	15,723	4,011	814	4,825	20,548	38,563
Conferences and Meetings	42,386	817,014	-	859,400	18,962	14,946	33,908	893,308	872,671
Depreciation and Amortization	80,451	4,369	89	84,909	22,420	4,394	26,814	111,723	114,727
Publications and Subscriptions	64,093	19,654	30	83,777	117,444	1,461	118,905	202,682	166,801
Telephone	31,632	3,601	29	35,262	-	1,440	1,440	36,702	49,740
Travel	163,080	14,229	-	177,309	27,422	25,333	52,755	230,064	177,670
Supplies	38,070	14,328	33	52,431	-	1,932	1,932	54,363	36,725
Accounting Fees	-	-	-	-	67,311	-	67,311	67,311	30,323
Lobbying Expense	-	-	260,205	260,205	-	-	-	260,205	220,000
Insurance	-	-	-	-	26,825	-	26,825	26,825	20,198
Legal Fees	22,404	37	-	22,441	15,679	626	16,305	38,746	32,786
Bank Charges	427	5,436	-	5,863	5,830	-	5,830	11,693	17,378
Other Expenses	2,152	12,460	613	15,225	84,356	-	84,356	99,581	72,409
Total Expenses	\$ 10,831,635	\$ 1,383,646	\$ 269,681	\$ 12,484,962	\$ 2,586,963	\$ 477,908	\$ 3,064,871	\$ 15,549,833	\$ 13,948,664

See accompanying Notes to Financial Statements.

AMERICAN COUNCIL FOR AN ENERGY-EFFICIENT ECONOMY

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2024
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2023)

	2024	2023
Cash Flows from Operating Activities		
Change in Net Assets	\$ 965,965	\$ 923,378
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used in) Operating Activities		
Depreciation and Amortization	111,723	114,727
Operating Lease Expense	620,044	620,044
Unrealized Loss (Gain) on Investments	915,286	(953,663)
<u>(Increase) Decrease in Assets</u>		
Contributions Receivable	(890,234)	(1,902,316)
Prepaid Expenses	130,283	(121,283)
<u>Increase (Decrease) in Liabilities</u>		
Accounts Payable	(86,918)	56,655
Accrued Expenses	152,610	67,975
Funds Held on Behalf of NASEM Collaborative	42,366	658
Deferred Revenue	(606,072)	706,202
Operating Lease Liability	(724,321)	(706,679)
Net Cash Provided by (Used in) Operating Activities	630,732	(1,194,302)
Cash Flows from Investing Activities		
Purchases of Property and Equipment	(32,979)	(46,896)
Purchases of Investments	(2,470,580)	(2,145,649)
Proceeds from Sales of Investments	1,819,405	3,204,884
Net Cash (Used in) Provided by Investing Activities	(684,154)	1,012,339
Net Decrease in Cash and Cash Equivalents	(53,422)	(181,963)
Cash and Cash Equivalents, Beginning of Year	446,080	628,043
Cash and Cash Equivalents, End of Year	\$ 392,658	\$ 446,080

See accompanying Notes to Financial Statements.

AMERICAN COUNCIL FOR AN ENERGY-EFFICIENT ECONOMY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

American Council for an Energy-Efficient Economy (ACEEE) is a nonprofit organization incorporated under the laws of California during February 1980. The objectives of ACEEE are to gather, evaluate, and disseminate information to stimulate greater efficiency of energy use. ACEEE focuses on program areas including energy policy, research, and outreach. ACEEE offers conferences, publications, and other forums for professionals and other organizations within the field.

ACEEE carries out its mission by conducting technical and policy analyses; advising policy makers and program managers; working with businesses, government officials, public interest groups, and other organizations; assisting traditional and new media to cover energy efficiency policy and activities and technical issues; and educating consumers and businesses through ACEEE's conferences, press, and websites.

Program Services

Program service descriptions are as follows:

Research programs: ACEEE's research programs seek to improve energy efficiency through lowering energy costs, improving economic productivity, and decreasing environmental pollution.

Conference: ACEEE's conferences disseminate information to stimulate the efficiency of energy use in the economy.

Lobbying: ACEEE lobbies on behalf of appliance energy efficiency standards, federal appropriations for energy efficiency research and development, and new federal programs to promote energy efficiency.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting.

A summary of ACEEE's significant accounting policies are as follows:

Basis of Presentation

ACEEE is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net Assets Without Donor Restrictions

Net assets without donor restriction include those net assets whose use is not restricted by donors, even though their use may be limited in other respects, such as by board designation. At December 31, 2024, designated net assets consist of amounts set aside by ACEEE's Board of Directors for the Halfway There Fund for certain future projects.

Net Assets With Donor Restrictions

Net assets with donor restrictions consist of assets whose use is limited by donor-imposed time and/or purpose restrictions. ACEEE reports contributions as revenue with donor restrictions if they are received with donor stipulations that limit the use of the donated assets.

AMERICAN COUNCIL FOR AN ENERGY-EFFICIENT ECONOMY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets With Donor Restrictions (Continued)

When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, the net assets are reclassified as net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Cash and Cash Equivalents

For purposes of reporting cash flows, ACEEE considers currency on hand, demand deposits, and highly liquid investments purchased from financial institutions with an original maturity of three months or less to be cash and cash equivalents, except cash held in the investment portfolio.

Investments

Investments consist of mutual and exchange-traded funds (equity, fixed income) and money market funds. Investments with readily determinable fair values are reflected at fair value.

Financial Risk

ACEEE maintains demand deposits with various financial institutions. At times, certain balances held within these accounts may not be fully guaranteed or insured by the U.S. federal government. The uninsured positions of these accounts are backed solely by the assets of the underlying institution. As such, the failure of an underlying institution could result in financial loss to ACEEE. ACEEE has not experienced any such losses in the past and does not believe it is exposed to any significant financial risk on these balances.

ACEEE's investments are exposed to various risks, such as fluctuations in market value. As a result, investment balances reported in the accompanying financial statements may not be reflective of the portfolio's fair value during subsequent periods.

Contributions Receivable

Contributions receivable consist of foundation grants. Contributions receivable are recorded at net realizable value. Contributions receivable that are past due are individually analyzed for collectability. When all collection efforts have been exhausted, the account is written off against an allowance account. Management adjusts the allowance account annually based upon its estimate of those receivables determined to be uncollectible. Bad debt expense was \$-0- at December 31, 2024. At December 31, 2024, management deemed all contributions receivable to be collectable.

Right-of-Use Assets and Lease Liabilities

The determination of whether an arrangement is a lease is made at the lease's inception. Under the Financial Accounting Standards Board's (FASB) Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*, a contract is (or contains) a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is defined under the standard as having both the right to obtain substantially all of the economic benefits from use of the asset and the right to direct the use of the asset. Management only reassesses its determination if the terms and conditions of the contract are changed.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Right-of-Use Assets and Lease Liabilities (Continued)

Lease liabilities are initially measured at the present value of minimum lease payments using a risk-free rate that approximates the remaining term of the lease. The right-of-use asset is the lease liability adjusted for other lease-related accounts. Management considers the likelihood of exercising renewal or termination clauses (if any) in measuring ACEEE's right-of-use assets and lease liabilities. Operating lease expense is allocated over the remaining lease term on a straight-line basis. ACEEE considers leases with initial terms of twelve months or less, and no option to purchase the underlying asset, to be short-term leases. Accordingly, short-term lease costs are expensed over the remaining lease term, with no corresponding right-of-use asset or lease liability. In addition, ACEEE does not separate non-lease components from lease components (if any) when determining the payments for leases of office equipment.

Property and Equipment

Property and equipment acquisitions with a cost greater than \$1,000 and a projected useful life exceeding one year are capitalized at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range from three to seven years. Leasehold improvements are amortized using the straight-line method over the shorter of the estimated lives of the related assets or the remaining lease term and are limited by the expected lease term unless there is a transfer of title or purchase option reasonably certain of exercise.

Revenue from Conferences

Conference revenue consists primarily of registration and sponsorship fees. Attendees at in-person or virtual conferences receive educational content, networking opportunities, and access to industry experts and sponsors. Sponsors receive multiple forms of recognition, access to attendees, one or more registrations, promotional opportunities and discounts, and significant non-monetary networking value, all provided at the conference.

There is a sliding scale of benefits provided to sponsors commensurate with fees paid. All performance obligations for meeting attendees and sponsors are satisfied as the conference takes place; revenue is therefore recognized at the point in time the conference takes place. Fees are generally collected in advance of the conference and recorded as deferred revenue in the statement of financial position until the conference occurs.

Prices for the conference registrations and sponsorship fees are specific to distinct performance obligations and do not consist of multiple transactions. They do not include significant financing components as the performance obligations are typically satisfied within a year of receipt of payment. ACEEE did not have any impairment or credit losses on any receivables or contract assets arising from contracts with customers. There is also no incremental cost of obtaining a contract, and there are no significant changes in the judgements affecting the determination of the amount and timing of revenue from contracts. ACEEE recognized \$677,191 of prior year deferred revenue during the year ended December 31, 2024.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue from Conferences (Continued)

Economic factors driven by consumer confidence, employment, inflation, and other world events impact the timing and level of cash received and revenue recognized by ACEEE. Period of economic downturn resulting from any of the above factors may result in declines in future cash flows and recognized revenue of ACEEE or can have a positive impact on cash flows in favorable economic conditions.

Revenue from Contracts

Revenue from contracts is derived primarily from fees for providing analysis and education related to state level clean lighting policy adoption. Revenue is recognized in the period in which it is earned. ACEEE performs an evaluation at contract inception focused on whether a performance obligation is satisfied over time or at a point in time. If a performance obligation meets certain specific criteria, the related revenue is recognized over time if ACEEE is able to reasonably measure its progress toward complete satisfaction of the performance obligation using reliable information. Output methods and input methods are used to measure progress for goods and services for which control has been transferred to the customer. If the specific criteria are not met, revenue is recognized at a point in time.

Contributions

ACEEE's contributions include donations from individuals, Ally program, research contributions and projects from companies and government agencies, and foundation grants. Unconditional contributions are recorded as support with or without donor restrictions, depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in net assets with donor restrictions and then reclassified to net assets without donor restrictions when the restriction expires.

Sources of Revenue

During the year ended December 31, 2024, ACEEE derived approximately 28% of its total support and revenue from four significant donors.

Functional Allocation of Expenses

Costs of ACEEE's various programs and activities have been summarized on a functional basis in the accompanying statement of activities and statement of functional expenses.

Expenses that are attributable to more than one program or supporting function require allocation on a reasonable basis that is consistently applied. Publications and subscriptions, supplies, and telephone expenses have been allocated on the basis of employee effort. Salaries and fringe benefits, operating and variable lease expense, depreciation and amortization, and all other expenses are directly charged to the applicable functional areas.

AMERICAN COUNCIL FOR AN ENERGY-EFFICIENT ECONOMY

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Tax

ACEEE is exempt from the payment of income taxes on its exempt activities under Section 501(c)(3) of the Internal Revenue Code and is classified as other than a private foundation by the Internal Revenue Code. ACEEE may be subject to tax on unrelated business income activities. ACEEE had no unrelated business income for the year ended December 31, 2024.

Use of Estimates

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

Prior Year Information

The financial statements include certain prior year summarized comparative totals as of and for the year ended December 31, 2023. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the financial statements for the year ended December 31, 2023, from which the summarized information was derived.

2. LIQUIDITY AND AVAILABILITY OF RESOURCES

ACEEE regularly monitors the availability of resources required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period, ACEEE considers all expenditures related to its ongoing research and educational activities as well as the conduct of services undertaken to support those activities to be general expenditures.

Financial assets available for general expenditure within one year are as follows as of December 31, 2024:

Liquid Financial Assets at Year End

Cash and Cash Equivalents	\$ 392,658
Contributions Receivable	4,379,411
Investments Available for Operating Purposes	<u>9,569,024</u>
Total Financial Assets	14,341,093

Restricted Liquid Financial Assets at Year End

Cash Collateral Held for Lease Security Deposit	(55,178)
Funds Held on Behalf of NASEM Collaborative	(179,551)
Board-Designated Assets for Use in Future Periods	(25,000)
Net Assets Restricted by Donors	<u>(4,714,755)</u>

Financial Assets Available to Meet Cash Needs for General Expenditures within One Year	<u><u>\$ 9,366,609</u></u>
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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

3. FAIR VALUE MEASUREMENTS AND INVESTMENTS

The Fair Value Measurement Topic of the Accounting Standards Codification (ASC) defines fair value as 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, and sets out a fair value hierarchy. The fair value hierarchy gives the highest priority to quote prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). Inputs are broadly defined under this topic as assumptions market participants would use in pricing an asset or liability. The input levels used for valuing investments are not necessarily an indication of risk.

Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. As required by the Fair Value Measurement Topic, ACEEE does not adjust the quoted prices for these investments even in situations where ACEEE holds a large position, and a sale could reasonably impact the quoted price.

Level 2 - Inputs other than quoted prices within Level 1 that are observable for the asset or liability, either directly or indirectly, and fair value is determined through the use of models or other valuation methodologies. A significant adjustment to a Level 2 input could result in the Level 2 measurement becoming a Level 3 measurement. There were no Level 2 inputs for any assets or liabilities held by ACEEE as of December 31, 2024.

Level 3 - Inputs are unobservable for the asset or liability and include situations where there is little, if any, market activity for the asset or liability. The inputs into the determination of fair value are based upon the best information in the circumstances and may require significant management judgement or estimation. Investments that are included in this category are investments where fair value is not based on a net asset value (NAV) practical expedient.

There were no Level 3 inputs for any assets or liabilities held by ACEEE as of December 31, 2024.

As of December 31, 2024, the only assets and liabilities of ACEEE which were measured at fair value on a recurring basis were ACEEE's investments. Investments recorded at fair value which are classified within Level 1 include equity, fixed income, and money market funds, the fair values for which were based on quoted prices for identical assets in active markets. Management believes the estimated fair values to be a reasonable approximation of the exit price for these investments.

Cash included in the investment portfolio is recorded at cost and is not required to be classified in one of the levels prescribed by the fair value hierarchy.

AMERICAN COUNCIL FOR AN ENERGY-EFFICIENT ECONOMY

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

3. FAIR VALUE MEASUREMENTS AND INVESTMENTS (CONTINUED)

Fair values of assets measured on a recurring basis at December 31, 2024, are as follows:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments, at Fair Value				
Mutual Funds - Bond Funds	\$ 2,996,466	\$ 2,996,466	\$ -	\$ -
Mutual Funds - Equity Funds	5,581,701	5,581,701	-	-
Money Market Fund	<u>868,123</u>	<u>868,123</u>	-	-
Investments, at Fair Value	9,446,290	<u>\$ 9,446,290</u>	<u>\$ -</u>	<u>\$ -</u>
Cash	<u>122,734</u>			
	<u>\$ 9,569,024</u>			

4. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31, 2024:

Furniture and Equipment	\$ 465,283
Software	85,590
Leasehold Improvements	<u>781,664</u>
	1,332,537
Less Accumulated Depreciation and Amortization	<u>(563,267)</u>
Property and Equipment, Net	<u>\$ 769,270</u>

5. RETIREMENT PLAN

A qualified 403(b) retirement plan (the Plan) has been established for which all eligible employees are eligible to participate and make salary deferral contributions up to the federal limits annually. Under the Plan, ACEEE makes a 3% contribution and will match up to 3% of eligible employee compensation. Total employer contributions to the Plan totaled \$454,607 for the year ended December 31, 2024.

6. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted as follows as of December 31, 2024:

Restricted by Purpose	
Foundation Grants	\$ 4,142,352
Research Contributions	528,058
Linda Latham Scholarship Fund	34,820
Harry Misuirello Fund	7,848
BECC and Other Programs	<u>1,677</u>
	<u>\$ 4,714,755</u>

During the year ended December 31, 2024, net assets of \$11,031,084 were released from restrictions either as expenses were incurred which satisfied the restricted purposes of the net assets or by the occurrence of other events, as specified by the donors.

AMERICAN COUNCIL FOR AN ENERGY-EFFICIENT ECONOMY

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

7. COMMITMENTS AND CONTINGENCIES

Operating Lease under Topic 842

In March 2008, ACEEE entered into an operating lease agreement for office space which was originally scheduled to expire in July 2018 with an option to renew for an additional five years. The lease was amended effective May 2014 to expand the original office space and extend the expiration to July 31, 2021. In August 2020, the lease was amended to extend the expiration to July 31, 2032, with an option to renew for an additional five years, and with an option to terminate five years early. The amendment also contained an abatement of rental payments for 12 months, escalation clauses, charges for other costs related to the leased office space, tenant allowances for improvements, and other stipulations.

In accordance with the August 2020 amendment, ACEEE has an irrevocable letter of credit in the amount of \$55,178 as a security deposit, secured by a cash collateral account. The cash collateral account is included in investments in the accompanying statement of financial position.

Under accounting principles generally accepted in the United States of America (GAAP), operating lease expense is recognized on a straight-line basis over the remaining lease term. Operating lease expenses for the year ended December 31, 2024, was approximately \$620,000 and is included in the statement of functional expenses. For the year ended December 31, 2024, ACEEE recognized approximately \$21,000 variable lease expenses related to utilities, common area maintenance, and year-end reconciliations. These costs are excluded from lease liabilities as they are not based on an index or rate, in accordance with ASC 842.

Maturity of the operating lease liability as of December 31, 2024, is as follows:

For the Years Ending December 31,

2025	\$ 742,413
2026	760,970
2027	779,974
2028	799,498
2029	819,544
Thereafter	<u>2,210,568</u>
Total Undiscounted Minimum Lease Payments	6,112,967
Less Discount to Present Value	<u>(369,595)</u>
Total Operating Lease Liability	<u><u>\$ 5,743,372</u></u>

The supplementary qualitative operating lease information is as follows:

<u>Supplementary Qualitative Operating Lease Information</u>	<u>Amount</u>
Weighted-Average Remaining Lease Term (Years)	7.58
Weighted-Average Discount Rate	1.63%

AMERICAN COUNCIL FOR AN ENERGY-EFFICIENT ECONOMY

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

8. RELATED PARTY TRANSACTIONS

ACEEE, in conjunction with one other organization, host the Behavior, Energy & Climate Change conference (BECC). The two organizations share equally in the financial risk of BECC. All surpluses and losses are tracked in a restricted net asset fund by ACEEE, which is included in net assets with donor restrictions in the statement of financial position.

Additionally, ACEEE is administering funds for the North American Strategic Energy Management Collaborative (SEM Collaborative), a group of organizations (including ACEEE) considering formation of a legal entity. ACEEE is acting in an agency capacity, collecting, and disbursing funds on behalf of the collaborative as a whole. ACEEE does not have variance power over the funds, which are reported as a liability in the statement of financial position.

9. CONTINGENCY FOR FEDERAL AWARD INCOME

ACEEE receives revenues from federal government grants, contracts, and sub-awards. The ultimate determination of amounts received under these programs is generally based upon allowable costs, which are subject to audit. Management believes that adjustments, if any, arising from such audits, will not have a material effect on the financial statements. However, any significant reduction in funding from these government grants may impact ACEEE's ability to carry out its programs and other activities. Any changes in government priorities, budget constraints, or shifts in policy could result in decreased grant funding or alterations to the terms of existing grants.

10. SUBSEQUENT EVENTS

Subsequent events have been evaluated through June 4, 2025, which is the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

AMERICAN COUNCIL FOR AN ENERGY-EFFICIENT ECONOMY

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
DECEMBER 31, 2024**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Total Federal Expenditures	Passed Through to Subrecipients
Research and Development Cluster			
U.S. Department of Energy			
Pass-Through from Energywerx			
Energy Efficiency and Conservation Block Grant Program (EECBG)	81.128	\$ 726,311	\$ -
Pass-Through from Battle Memorial Institute			
Pacific Northwest National Laboratory			
2024 Energy Efficiency (EE) and Electrification Research	81.DE-AC05-76RL01830	202,862	-
2023 Energy Efficiency (EE) and Electrification Research	81.DE-AC05-76RL01830	14,389	-
Pass-Through from Alliance for Sustainable Energy, LLC			
National Renewable Energy Laboratory			
Evaluating Transportation System Efficiency in Cities			
Using the Mobility Energy Productivity (MEP) Metric	81.DE-AC36-08GO28308	74,369	-
Buildings Upgrade Prize Phase 2 & 3 Support	81.DE-AC36-08GO28308	218,180	-
Buildings Upgrade Prize Phase 2 Support	81.DE-AC36-08GO28308	998,651	-
Market, Policy, and Equity for Buildings Energy			
Storage Solutions	81.DE-AC36-08GO28308	162,660	-
Support for State and Local Clean Energy Workforce			
Development Program Evaluation Framework	81.DE-AC36-08GO28308	9,195	-
Total Research and Development Cluster		2,406,617	-
Other Program			
U.S. Department of Energy			
Energy Efficiency and Renewable Energy Information Dissemination, Outreach, Training, and Technical Analysis/Assistance	81.117	891,345	128,271
U.S. Department of Agriculture			
Data-Driven Market Transformation for Controlled Environment Agriculture	10.912	10,582	10,582
Total Expenditures of Federal Awards		\$ 3,308,544	\$ 138,853

AMERICAN COUNCIL FOR AN ENERGY-EFFICIENT ECONOMY

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2024

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of ACEEE, under programs of the federal government for the year ended December 31, 2024. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of ACEEE, it is not intended to and does not present the financial position, changes in net assets, or cash flows of ACEEE.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. INDIRECT COSTS

ACEEE has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

4. RECONCILIATION OF SCHEDULE OF FEDERAL EXPENDITURES TO STATEMENT OF ACTIVITIES

The financial statements of ACEEE are presented in accordance with U.S. generally accepted accounting principles. Expenditures per the schedule of expenditures of federal awards are reported on the statement of activities in the audited financial statements as follows:

Description	Total
Research Contributions and Projects per Statement of Activities	\$ 4,708,164
Less State, Local, and Private Contributions	(1,399,620)
Total Schedule of Expenditures of Federal Awards	<u>\$ 3,308,544</u>

**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***

Board of Directors
American Council for an Energy-Efficient Economy
Washington, D.C.

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 American Council for an Energy-Efficient Economy (ACEEE) (a nonprofit organization), which comprise the statement of financial position as of December 31, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 4, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered ACEEE’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 ACEEE’s internal control. Accordingly, we do not express an opinion on the effectiveness of ACEEE’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 ACEEE’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*.

Board of Directors
American Council for an Energy-Efficient Economy

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 ACEEE's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering ACEEE's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Councilor, Buchanan + Mitchell, P.C.

Bethesda, Maryland
June 4, 2025

Certified Public Accountants

**Independent Auditor’s Report on Compliance for Each Major
Program and on Internal Control over Compliance
Required by the Uniform Guidance**

Board of Directors
American Council for an Energy-Efficient Economy
Washington, D.C.

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited American Council for an Energy-Efficient Economy’s (ACEEE) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of ACEEE’s major federal programs for the year ended December 31, 2024. ACEEE’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, ACEEE’s complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of ACEEE and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of ACEEE’s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to ACEEE’s federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on ACEEE's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about ACEEE's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 ACEEE's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of ACEEE's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of ACEEE's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Report on Internal Control over Compliance (Continued)

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Councilor, Buchanan + Mitchell, P.C.

Bethesda, Maryland
June 4, 2025

Certified Public Accountants

AMERICAN COUNCIL FOR AN ENERGY-EFFICIENT ECONOMY

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

 Material weakness(es) identified? No

 Significant deficiency(ies) identified that are not considered to be material weakness(es)? None reported

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

 Material weakness(es) identified? No

 Significant deficiency(ies) identified that are not considered to be material weakness(es)? None reported

Type of auditor's report issued on compliance for major programs:

Federal Assistance Listing Number	Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Type of Auditor's Report
	Research and Development Cluster	Unmodified
	U.S. Department of Energy	
81.128	Pass-Through from Energywerx	
81.DE-AC05-76RL01830	Pass-Through from Battelle Memorial Institute Pacific Northwest National Laboratory	
81.DE-AC36-08GO28308	Pass-Through from Alliance for Sustainable Energy, LLC National Renewable Energy Laboratory	
	Total Research and Development Cluster	
	Other Program	
	U.S. Department of Energy	
81.117	Energy Efficiency and Renewable Energy Information Dissemination, Outreach, Training, and Technical Analysis/Assistance	Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)? No

AMERICAN COUNCIL FOR AN ENERGY-EFFICIENT ECONOMY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2024

Section I - Summary of Auditor's Results (Continued)

Identification of Major Programs

<u>Federal Assistance Listing Number</u>	<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>
	Research and Development Cluster
	U.S. Department of Energy
81.128	Pass-Through from Energywerx
81.DE-AC05-76RL01830	Pass-Through from Battelle Memorial Institute Pacific Northwest National Laboratory
81.DE-AC36-08GO28308	Pass-Through from Alliance for Sustainable Energy, LLC National Renewable Energy Laboratory Total Research and Development Cluster
	Other Program
	U.S. Department of Energy
81.117	Energy Efficiency and Renewable Energy Information Dissemination, Outreach, Training, and Technical Analysis/Assistance

Dollar threshold used to distinguish between
Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? No

Section II - Financial Statement Findings

None reported.

Section III - Federal Award Findings and Questioned Costs

None reported.

Section IV - Status of Prior Audit Findings

None.