

**GREAT PLAINS INSTITUTE FOR
SUSTAINABLE DEVELOPMENT, INC.**

FINANCIAL STATEMENTS

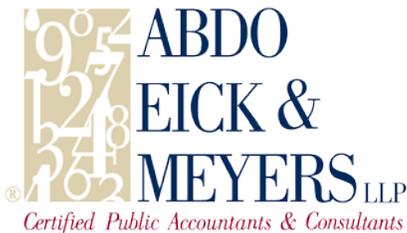
**FOR THE YEAR ENDED
JUNE 30, 2017**

GREAT PLAINS INSTITUTE FOR SUSTAINABLE DEVELOPMENT, INC.

For the Year Ended June 30, 2017
(With Comparative Totals for 2016)

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Great Plains Institute for Sustainable Development, Inc.
Minneapolis, Minnesota

We have audited the accompanying financial statements of Great Plains Institute for Sustainable Development, Inc. (GPI), a Minnesota nonprofit corporation, which comprise the statement of financial position as of June 30, 2017 and the related statements of activities and changes in net assets, functional expenses 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 from 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 a material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relative 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 GPI as of June 30, 2017, 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.

Report on Summarized Comparative Information

We have previously audited the Great Plains Institute for Sustainable Development, Inc.'s June 30, 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 21, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

ABDO, EICK & MEYERS, LLP
Minneapolis, Minnesota
December 16, 2017

FINANCIAL STATEMENTS

GREAT PLAINS INSTITUTE FOR SUSTAINABLE DEVELOPMENT, INC.

STATEMENT OF FINANCIAL POSITION

June 30, 2017

(With Comparative Totals for 2016)

	<u>2017</u>	<u>2016</u>
ASSETS		
Cash and cash equivalents	\$ 3,332,986	\$ 1,808,464
Accounts receivable	165,399	139,553
Pledges receivable	1,185,258	909,075
Security deposit	3,724	3,724
Prepaid expenses	-	5,275
	<u>4,687,367</u>	<u>2,866,091</u>
Leasehold improvements and equipment	106,249	107,076
Less accumulated depreciation	<u>(78,295)</u>	<u>(78,504)</u>
	<u>27,954</u>	<u>28,572</u>
 Total Assets	 <u>\$ 4,715,321</u>	 <u>\$ 2,894,663</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	\$ 351,252	\$ 174,379
Accrued expenses	106,952	69,294
Total liabilities	<u>458,204</u>	<u>243,673</u>
Net assets:		
Unrestricted	579,358	739,304
Unrestricted - board designated	210,797	316,497
Total unrestricted net assets	<u>790,155</u>	<u>1,055,801</u>
Temporarily restricted	3,466,962	1,595,189
Total net assets	<u>4,257,117</u>	<u>2,650,990</u>
 Total Liabilities and Net Assets	 <u>\$ 4,715,321</u>	 <u>\$ 2,894,663</u>

See accompanying notes to financial statements.

GREAT PLAINS INSTITUTE FOR SUSTAINABLE DEVELOPMENT, INC.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

For the Year Ended June 30, 2017
(With Comparative Totals for 2016)

	2017			2016
	Unrestricted	Temporarily restricted	Total	
Support and revenue:				
Contributions	\$ 1,720,041	\$ 4,375,120	\$ 6,095,161	\$ 4,003,293
Government grants and contracts	374,431	-	374,431	274,872
Other contracts	284,019	-	284,019	387,447
Special event, net of direct costs of \$0 and \$86,890 in 2017 and 2016, respectively	-	-	-	(12,280)
In-kind contributions	15,000	-	15,000	2,500
Interest income	2,378	-	2,378	1,800
Other income	4,079	-	4,079	8,283
Net assets released from restrictions	<u>2,503,347</u>	<u>(2,503,347)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>4,903,295</u>	<u>1,871,773</u>	<u>6,775,068</u>	<u>4,665,915</u>
Expenses:				
Program services:				
Electric grid, regional and international	1,098,630	-	1,098,630	1,145,686
Fossil fuels and climate	1,724,890	-	1,724,890	1,766,469
Energy efficiency and sustainable communities	656,302	-	656,302	649,047
Bioenergy and transportation	<u>423,103</u>	<u>-</u>	<u>423,103</u>	<u>378,843</u>
Total program services	3,902,925	-	3,902,925	3,940,045
Management and general	600,370	-	600,370	545,954
Fundraising	<u>665,646</u>	<u>-</u>	<u>665,646</u>	<u>287,748</u>
Total expenses	<u>5,168,941</u>	<u>-</u>	<u>5,168,941</u>	<u>4,773,747</u>
Change in net assets	(265,646)	1,871,773	1,606,127	(107,832)
Net assets, beginning of year	<u>1,055,801</u>	<u>1,595,189</u>	<u>2,650,990</u>	<u>2,758,822</u>
Net assets, end of year	<u>\$ 790,155</u>	<u>\$ 3,466,962</u>	<u>\$ 4,257,117</u>	<u>\$ 2,650,990</u>

See accompanying notes to financial statements.

GREAT PLAINS INSTITUTE FOR SUSTAINABLE DEVELOPMENT, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2017
(With Comparative Totals for 2016)

	2017								
	Electric Grid, Regional and International Collaboration	Fossil Fuels and Climate	Energy Efficiency and Sustainable Communities	Bioenergy and Transportation	Total program services	Management and general	Fund- raising	Total	2016
Payroll	\$ 334,076	\$ 108,453	\$ 348,798	\$ 132,208	\$ 923,535	\$ 311,315	\$ 307,799	\$ 1,542,649	\$ 1,333,534
Payroll taxes	27,589	8,956	28,805	10,918	76,268	25,709	25,420	127,397	113,571
Employee benefits	45,349	14,722	47,347	17,946	125,364	42,259	41,783	209,406	182,140
Total personnel costs	407,014	132,131	424,950	161,072	1,125,167	379,283	375,002	1,879,452	1,629,245
Consultants	330,955	190,974	1,763	10,319	534,011	-	97,639	631,650	513,996
Consultants - partner distribution	120,958	1,319,144	171,185	217,730	1,829,017	-	30,000	1,859,017	1,957,794
Professional services	114	161	271	1,074	1,620	57,482	12,699	71,801	51,048
Office expenses	14,498	9,900	7,399	17,006	48,803	28,715	27,175	104,693	98,321
Occupancy	-	-	-	-	-	88,900	-	88,900	73,463
Travel	94,021	27,129	20,603	9,910	151,663	6,514	7,172	165,349	186,849
Training	804	350	5,336	-	6,490	3,477	1,747	11,714	10,912
Conferences, exhibits	19,020	845	5,297	1,776	26,938	3,000	3,634	33,572	28,516
GPI meeting expenses	111,066	43,900	15,223	1,285	171,474	1,775	21,820	195,069	188,873
Equipment and furniture	180	356	138	1,300	1,974	7,679	-	9,653	15,348
Depreciation	-	-	-	-	-	19,791	-	19,791	14,553
Insurance	-	-	-	1,631	1,631	2,741	-	4,372	4,531
Fundraising event hospitality	-	-	-	-	-	-	86,258	86,258	86,890
Miscellaneous	-	-	4,137	-	4,137	1,013	2,500	7,650	298
Total expenses before event costs	1,098,630	1,724,890	656,302	423,103	3,902,925	600,370	665,646	5,168,941	4,860,637
Event costs	-	-	-	-	-	-	-	-	(86,890)
Total expenses	\$ 1,098,630	\$ 1,724,890	\$ 656,302	\$ 423,103	\$ 3,902,925	\$ 600,370	\$ 665,646	\$ 5,168,941	\$ 4,773,747

See accompanying notes to financial statements.

GREAT PLAINS INSTITUTE FOR SUSTAINABLE DEVELOPMENT, INC.

STATEMENT OF CASH FLOWS

For the Year Ended June 30, 2017
(With Comparative Totals for 2016)

	2017	2016
Cash flows from operating activities:		
Change in net assets	\$ 1,606,127	\$ (107,832)
Adjustments to reconcile the change in net assets to net cash from operating activities:		
Depreciation	19,791	14,553
Changes in operating assets and liabilities:		
Accounts receivable	(25,846)	70,883
Pledges receivable	(276,183)	360,252
Prepaid expenses	5,275	(5,275)
Accounts payable	176,873	(176,840)
Accrued expenses	37,658	8,481
Cash flows from operating activities	1,543,695	164,222
Cash flows from investing activities:		
Purchase of equipment	(19,173)	(14,737)
Net increase in cash and cash equivalents	1,524,522	149,485
Cash and cash equivalents, beginning of year	1,808,464	1,658,979
Cash and cash equivalents, end of year	\$ 3,332,986	\$ 1,808,464

See accompanying notes to financial statements.

GREAT PLAINS INSTITUTE FOR SUSTAINABLE DEVELOPMENT, INC.

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2017
(With Comparative Totals for 2016)

1. ORGANIZATION

Great Plains Institute for Sustainable Development, Inc. (GPI) is a non-partisan, nonprofit organization founded in 1997. GPI takes a pragmatic approach to transforming the way energy is produced, distributed and consumed to be both environmentally and economically sustainable. Through research and analysis, consensus policy development, and technology acceleration, GPI is leading the transition to clean, efficient, and secure energy.

GPI has four major program areas of work that make up its “portfolio approach” to the energy and climate challenge. They are as follows:

Electric Grid, Regional and International Collaboration – GPI envisions an economy that is increasingly electrified (including transportation and heating), and an energy system that relies heavily on renewable resources (wind, solar, hydro, biomass, geothermal) and a robust transmission system that can move clean electricity from one part of the country to another. An electric grid designed for central station power plants and a significant shortage of regional transmission lines that can move large amounts of remote renewable energy have become key barriers to meeting more of our energy needs with renewable resources (e.g., wind and solar). GPI’s focus areas include: 1) working with the Midcontinent Independent System Operator to increase the deployment of renewable electricity, improve the market rules for Demand Response and integrate the full range of Distributed Energy Resources; 2) working with utilities and other key interests to realign the utility business model and regulatory framework to more effectively achieve a low-carbon energy system and meet evolving consumer demands (this includes GPI’s nation-leading e21 Initiative and related work with Madison Gas and Electric).

Fossil Fuels and Climate – Fossil fuels today provide the vast majority of our electricity, heating/cooling and transportation fuel (87% globally) and will likely continue to play a significant role for decades. Yet burning coal, oil and natural gas is also a primary cause of global warming and climate change, and a range of other unintended and negative outcomes. GPI works to develop market-based strategies for reducing harmful fossil fuel emissions and effective transition strategies for industries and communities that depend on fossil fuels. Focus areas include: expanding education, dialogue, and outreach on federal carbon regulation implementation by convening and facilitating the stakeholder groups of the Midcontinent States Environmental and Energy Regulators (MSEER), PJM States Group, and the Midwestern Power Sector Collaborative (MPSC); helping shape the national discourse surrounding the Clean Power Plan by presenting to numerous groups and conferences around the US; and supporting the deployment of carbon capture and sequestration with enhanced oil recovery (CCS-EOR) through incentives and education by convening of the National Enhanced Oil Recovery Initiative (NEORI) and the State CCS-EOR group.

(Continued)

GREAT PLAINS INSTITUTE FOR SUSTAINABLE DEVELOPMENT, INC.

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2017
(With Comparative Totals for 2016)

1. ORGANIZATION (Continued)

Energy Efficiency and Sustainable Communities – Lawrence Livermore National Lab estimates more than 50% of the energy produced in the United States is wasted somewhere along the line, from production and distribution to consumption. GPI is committed to more efficiently using all forms of energy. Focus areas include energy use in communities and the industrial sector, working with the Midwest’s grid operator on better market rules for energy efficiency, and new financing mechanisms to increase investment in energy efficiency. Cities are a key focus because collectively they are big enough to matter and small enough to adopt new ideas and technologies relatively quickly. GPI’s goal is to make it the norm for communities to be economically and environmentally sustainable. GPI’s priorities include: increasing energy efficiency and supporting sustainable communities through Minnesota GreenStep Cities, the Metro Clean Energy Resource Team, small business energy coaching, and RE-AMP Energy Efficiency and Local Solutions Working Groups; increasing the deployment of solar energy and transforming local solar energy markets through solar garden deployment and a Grow Solar Partnership; and improving local planning practices to support clean energy deployment.

Bioenergy and Transportation – GPI focuses on two main strategies for reducing our dependence on foreign oil and greenhouse gases in the transportation sector: less polluting, domestic fuels (electricity, biofuels, CNG, bioCNG and hydrogen); and reducing the need for driving through better urban design. Priorities include: convening the Bioeconomy Coalition of Minnesota – making MN the best place in the world to site the development of advanced biofuel, renewable chemical, and biomass thermal industries; facilitating Drive Electric Minnesota – a statewide electric vehicle partnership working to expand electric vehicle ownership and public charging infrastructure (this may expand to a regional Midwestern effort); and collaborating with Argonne National Lab to make the Greenhouse Gases, Regulated Emissions, and Energy Use in Transportation Model (GREET) more robust and user-friendly.

GPI’s major sources of revenue are contributions from foundations, government grants and contracts, and other contracts.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(Continued)

GREAT PLAINS INSTITUTE FOR SUSTAINABLE DEVELOPMENT, INC.

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2017
(With Comparative Totals for 2016)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation - Revenues and support are classified based on the presence or absence of donor restrictions and reported in the following net asset categories:

- Unrestricted net assets represent the portion of net assets that are not subject to donor restrictions.
- Temporarily restricted net assets arise from contributions that are restricted by donors for specific purposes or time periods.
- Permanently restricted net assets arise from contributions that the donor has stipulated must be maintained in perpetuity. At this time, GPI has no permanently restricted net assets.

Cash and Cash Equivalents - GPI considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. Cash equivalents include certificates of deposit.

Accounts Receivable - Accounts receivable from government grants and contracts are uncollateralized obligations. The carrying amount of receivables is reduced by a valuation allowance that reflects management's best estimate of amounts that will not be collected. Receivables are written off when, in management's estimation, it is probable that the receivable is worthless. As of June 30, 2017 and 2016, management has determined that no allowance is necessary.

Leasehold Improvements and Equipment - Leasehold improvements and equipment are carried at cost, with the exception of donated equipment which is recorded at fair market value at date of gift. Additions with a cost of less than \$1,000 are expensed. Depreciation is computed using the straight-line method over the shorter of the estimated useful life of each asset or the lease term.

Maintenance and repairs are expensed as incurred. Major renewals or betterments that extend the lives of leasehold improvements and equipment are capitalized.

Contributions - Contributions are recognized when the donor makes an unconditional commitment to give to GPI. Conditional contributions are recorded when the conditions have been met and the conditional promise becomes unconditional. Contributions are considered to be unrestricted unless specifically restricted by the donor. Contributions that are restricted by the donor are reported as increases in temporarily restricted net assets and released to unrestricted net assets when restrictions expire or are fulfilled.

Contributions are recorded at the pledged amount. Management believes all amounts will be received when due, therefore no allowance for uncollectible amounts has been provided.

(Continued)

GREAT PLAINS INSTITUTE FOR SUSTAINABLE DEVELOPMENT, INC.

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2017
(With Comparative Totals for 2016)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government Grants and Contracts, Other Contracts - Government grants and contracts and other contracts are generally considered exchange transactions and are recorded as revenue when earned. Revenue is earned when eligible expenditures, as defined in each contract, are incurred. Amounts received in excess of the amount earned are recorded as refundable advances.

Amounts received from various contracting agencies are subject to audit and potential adjustment by the contracting agencies. Any disallowed claims, including amounts already collected, will become a liability of GPI at the time any assessment for refunds is made. It is management's belief that no material amounts received will be required to be returned in the future.

Donated Materials - Donated materials are recorded at fair value when received.

Donated Services - Donated services are recorded as contributions at their estimated fair value only if the services create or enhance a nonfinancial asset or if the services require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. GPI received \$15,000 and \$2,500 of donated services in 2017 and 2016.

Functional Expenses - GPI reports its expenses on a functional basis. Expenses that can be identified with a specific program or support service are allocated directly. Other expenses are allocated to functions based on management estimates of how employees spend their time.

Income Taxes - GPI is exempt from income taxes under Internal Revenue Code Section 501(c)(3) and applicable Minnesota Statutes, except to the extent it has taxable income that is not related to its tax exempt purpose. GPI did not have any unrelated business income in 2017 and 2016. GPI believes it has appropriate support for any tax positions taken and, accordingly, does not have any uncertain tax positions.

Comparative Total Column - The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the financial statements for the year ended June 30, 2016, from which the summarized information was derived.

(Continued)

GREAT PLAINS INSTITUTE FOR SUSTAINABLE DEVELOPMENT, INC.

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2017
(With Comparative Totals for 2016)

3. PLEDGES RECEIVABLES

Pledges receivable of \$1,185,258 are due to be collected in 2018.

4. LINE OF CREDIT

GPI has a \$200,000 bank line of credit that matures March 22, 2018. Interest is at a variable rate based on the Wall Street Journal prime rate plus 100 basis points. The line of credit is secured by a blanket lien on all business assets of GPI. There were no advances on the line of credit at June 30, 2017.

5. NET ASSETS

The board has designated funds from a foundation grant for program work.

Temporarily restricted net assets are available for the following purposes:

	<u>2017</u>	<u>2016</u>
Electric Grid, Regional and International Collaboration	\$ 1,476,802	\$ 798,146
Fossil Fuels and Climate	579,152	5,695
Energy Efficiency and Sustainable Communities	563,745	278,015
Bioenergy and Transportation	473,239	333,333
Capacity Building	374,024	180,000
	<u>\$ 3,466,962</u>	<u>\$ 1,595,189</u>

6. RETIREMENT PLAN

GPI has a 401(k) retirement plan that covers employees who meet eligibility requirements. Employer contributions were \$120,255 and \$105,797 in 2017 and 2016, respectively.

7. COMMITMENTS

GPI leases office space located in Minneapolis under a lease expiring on July 31, 2022. The recently amended lease requires minimum monthly rental payments of \$9,216 beginning August 1, 2017, increasing approximately 2% annually, plus a share of common area maintenance and real estate taxes.

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GREAT PLAINS INSTITUTE FOR SUSTAINABLE DEVELOPMENT, INC.

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2017
(With Comparative Totals for 2016)

7. COMMITMENTS (Continued)

Lease expense was \$59,770 in 2017 and \$49,936 in 2016. The amended lease increases the rentable square footage from approximately 2,700 square feet to 4,200 square feet.

Future minimum lease payments for the years ending June 30 are as follows:

2018	\$	105,261
2019		112,396
2020		114,371
2021		116,346
2022		118,320
Thereafter		9,874
		<hr/>
	\$	<u>576,568</u>

8. CONCENTRATIONS

GPI maintains accounts at several financial institutions which are insured by the Federal Deposit Insurance Corporation up to \$250,000 per institution. Although at times the amount on deposit in these accounts may exceed the federally insured limit, GPI has never experienced any losses. At June 30, 2017, deposits exceeded the insured limit by approximately \$460,561.

During the year ended June 30, 2017, GPI received approximately 50% (\$3,382,000) of its revenue and support from two foundations whose contributions were individually in excess of 10% of total support and revenue.

During the year ended June 30, 2016, GPI received approximately 60% (\$2,832,020) of its revenue and support from three foundations whose contributions were individually in excess of 10% of total support and revenue.

9. SUBSEQUENT EVENTS

Management has evaluated subsequent events through NEED DATE. 2017, the date which the financial statements were available for issue, and identified no significant events or transactions to disclose.