



**Presentation to the Board of
Directors**

May 8, 2023





AGENDA

- Engagement Objectives
- Your Client Service Team
- Highlights of Financial Statements
- Revenue
- Expenses
- Highlights of Note Disclosures
- Auditors' Communication With Those Charged With Governance



ENGAGEMENT OBJECTIVES

- **Independent Audit** of the Financial Statements of the National Hydropower Association (NHA) in accordance with *Generally Accepted Auditing Standards*
- **Matters Required to be Communicated** with Those Charged With Governance
- Preparation and Technical Advice related to NHA's **Tax Returns**



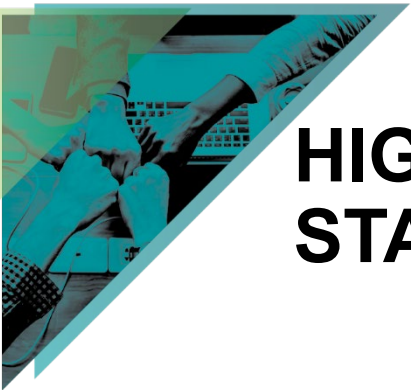
YOUR CLIENT SERVICE TEAM





HIGHLIGHTS OF FINANCIAL STATEMENTS

- Unmodified (clean) opinion issued on financial statements
- Assets totaled \$4.6 million and increased \$327 thousand
 - Cash and cash equivalents decreased \$145 thousand
 - Accounts receivable decreased \$266 thousand
 - Property and equipment, net decreased \$257 thousand
 - Right of use asset - operating increased \$979 thousand
- Liabilities totaled \$2.4 million and increased \$326 thousand
 - Accounts payable and accrued expenses increased \$99 thousand
 - Lease liability – operating increased \$991 thousand
 - Deferred rent and lease incentive decreased \$719 thousand



HIGHLIGHTS OF FINANCIAL STATEMENTS *(CONTINUED)*

- Net assets totaled \$2.2 million and increased \$1 thousand
 - Net assets without donor restrictions decreased \$24 thousand
 - Net assets with donor restrictions increased \$25 thousand
- Operating Revenue and Support totaled \$6.2 million and increased \$351 thousand
 - Conference revenue increased \$596 thousand
 - Sponsorships and contributions increased \$271 thousand
 - Government grants – PPP and ERTC decreased \$363 thousand
 - Investment return decreased \$265 thousand
- Operating Expenses totaled \$6.2 million and increased \$1.0 million
 - Program services increased \$490 thousand
 - Supporting services increased \$524 thousand



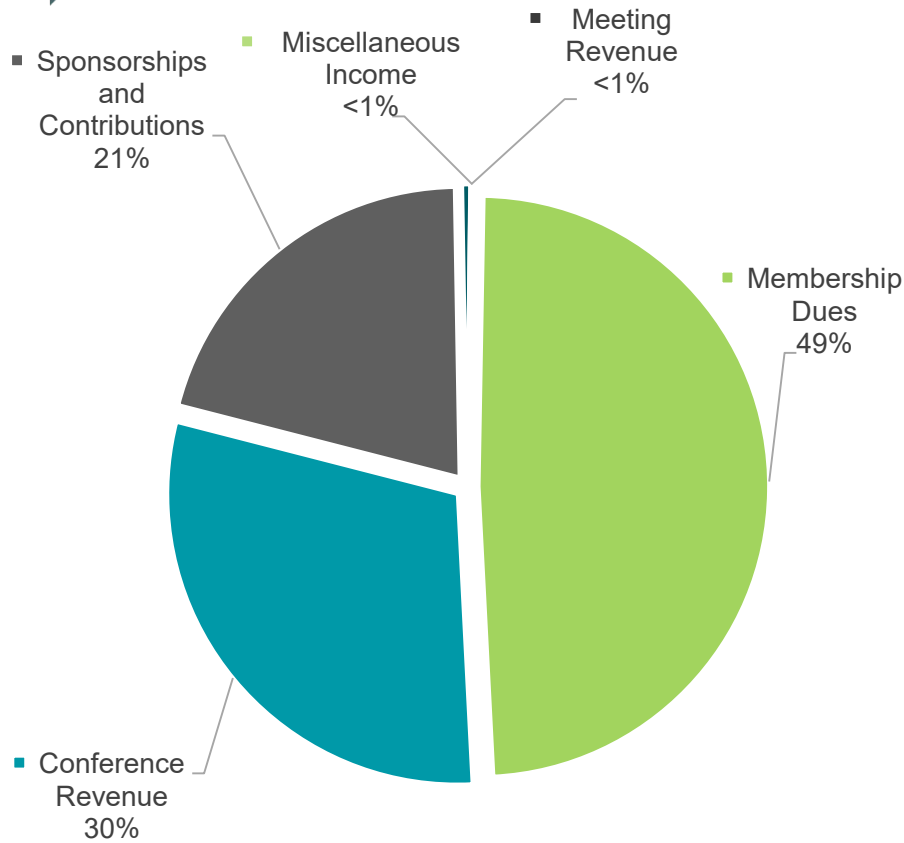
HIGHLIGHTS OF FINANCIAL STATEMENTS *(CONTINUED)*

- **Natural expense fluctuations on the Statement of Functional Expenses**
 - Payroll and benefits increased \$146 thousand
 - Consulting increased \$478 thousand
 - Meetings and travel increased by a combined \$148 thousand
 - Loss from termination of operating lease totaled \$274 thousand
- **Cash flows**
 - Cash provided by operating activities totaled \$299 thousand
 - Cash used in investing activities totaled \$444 thousand



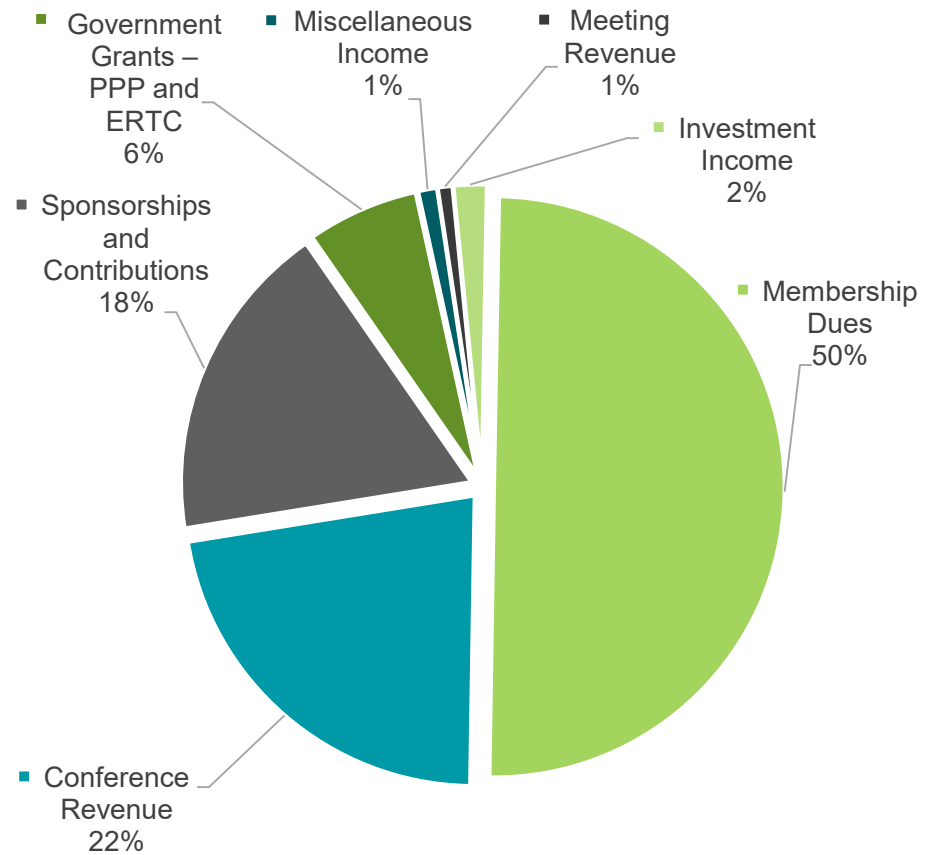
SOURCES OF REVENUE

2022



**Investment income loss totaled (\$158,138) in 2022*

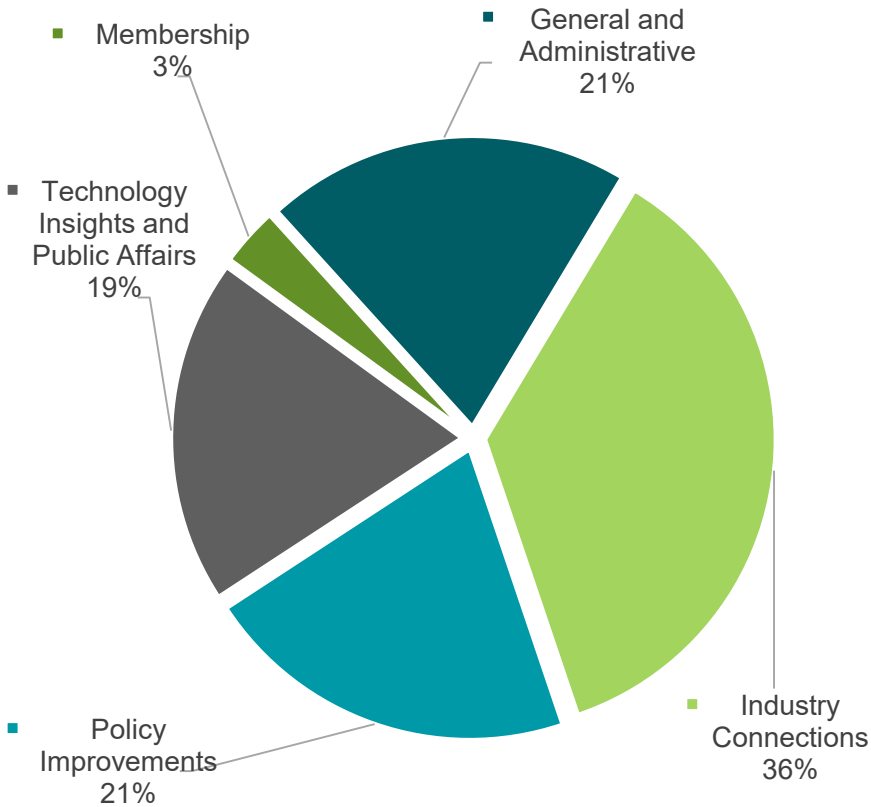
2021



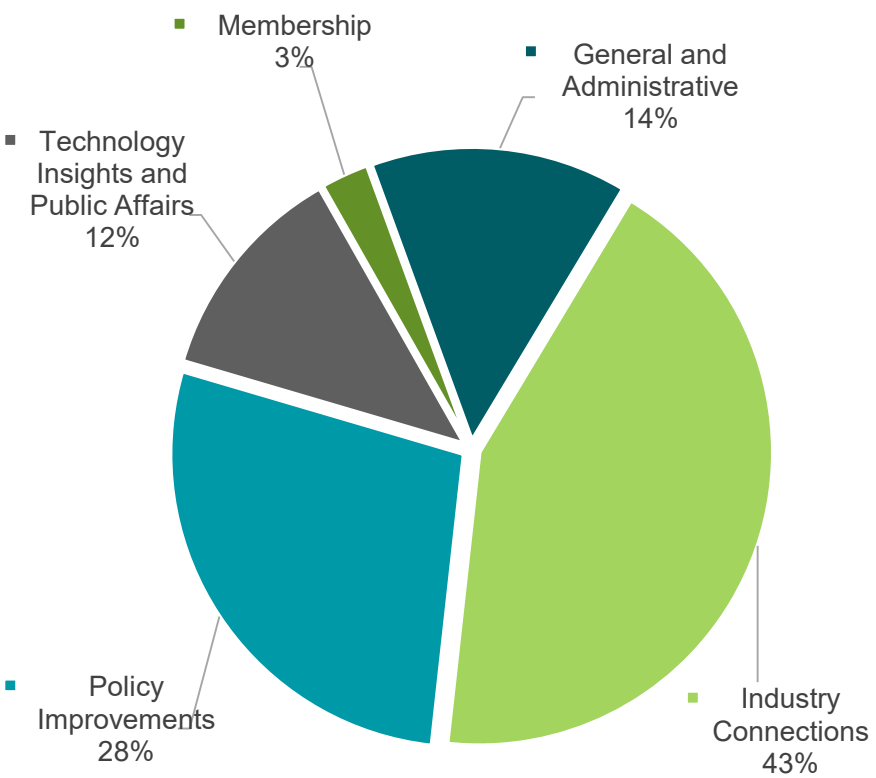


EXPENSES

2022



2021





HIGHLIGHTS OF NOTE DISCLOSURES

- Organization and Summary of Significant Accounting Policies (Note 1) – *new accounting pronouncements*
- Investments and Fair Value Measurement (Note 2) – *primarily CD's and common stocks totaling \$2.5 million*
- Property and Equipment and Accumulated Depreciation and Amortization (Note 3) – *write-off of \$432 thousand of LHI*
- Commitments (Note 4) – *lease termination and ROU asset and lease liability disclosed for new office lease*
- Net Assets With Donor Restrictions (Note 5) - *\$25 thousand restricted for digital media campaign at December 31, 2022, and \$397 thousand released from restrictions during 2022, primarily for digital media campaign*
- Liquidity and Availability (Note 9) - *\$3.5 million of available liquidity as of December 31, 2022*



AUDITORS' COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

Auditors' Communication With Those Charged With Governance, requires communication of various matters to the audit committee on an annual basis. These communications have been issued in a separate report. The areas of required communication:

- Our Responsibility under U.S. Generally Accepted Auditing Standards
 - Significant Risks – *going into the audit (management override, revenue recognition and accounting implementation)*
- Significant Audit Findings
 - Qualitative Aspects of Accounting Practices – *new accounting standards adopted and significant estimates and disclosures*
 - Independence – *no conflicts noted*
 - Difficulties Encountered in Performing the Audit - *none*
 - Corrected and Uncorrected Misstatements – *recorded and waived*
 - Disagreements with Management - *none*
 - Management Representations
 - Management Consultations with Other Independent Accountants
 - Other Audit Findings or Issues – *Internal control matters, significant deficiency over revenue recognition*



QUESTIONS?

- **Questions from the Board of Directors**



THANK YOU

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