ALLIANCE TO SAVE ENERGY

FINANCIAL STATEMENTS

DECEMBER 31, 2019

CALIBRE
CPA GROUP

Alliance to Save Energy

Financial Statements

Year Ended December 31, 2019

Contents

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REPORT OF INDEPENDENT AUDITORS

Board of Directors
Alliance to Save Energy

We have audited the accompanying financial statements of the Alliance to Save Energy(the Alliance), which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the year ended December 31, 2019, 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 audits 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 auditors' 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 auditors consider internal control relevant to the Alliance'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 Alliance'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 the Alliance as of December 31, 2019 and 2018, and the changes in its net assets and its cash flows for the year ended December 31, 2019, in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the December 31, 2018 financial statements of the Alliance, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 7, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Emphasis-of-Matter

As discussed in Note 11, the Alliance has incurred deficits from operations and has a deficit in net assets at December 31, 2019. The Alliance is currently evaluating its future plans to strengthen its overall financial condition.

CalibreCPAGroup,PLLC

Bethesda, MD
July 15, 2020

Alliance to Save Energy

Statements of Financial Position

December 31, 2019 and 2018

	2019	2018
Assets		
Current assets		
Cash and cash equivalents	$ 148,859	$ 100,141
Investments	-	100,263
Accounts, grants and contributions receivable	253,038	315,454
Prepaid expenses	18,330	29,473
Total current assets	420,227	545,331
Property and equipment, net	53,719	73,864
Security deposits	70,000	70,000
Total assets	$ 543,946	$ 689,195
Liabilities and Net Assets (Deficit)		
Current liabilities		
Accounts payable and accrued expenses	$ 691,928	$ 497,113
Sublease security deposit	6,059	-
Deferred revenue	152,500	32,500
Deferred lease incentives	53,796	40,014
Total current liabilities	904,283	569,627
Noncurrent liabilities		
Deferred lease incentives, net of current portion	115,832	169,628
Total liabilities	1,020,115	739,255
Net assets (deficit)		
Without donor restrictions	(853,289)	(859,019)
With donor restrictions	377,120	808,959
Total net assets (deficit)	(476,169)	(50,060)
Total liabilities and net assets	$ 543,946	$ 689,195

See accompanying notes to financial statements.

Alliance to Save Energy

Statement of Activities

Year Ended December 31, 2019
(With Comparative Totals for Year Ended December 31, 2018)

	Without Donor Restrictions	With Donor Restrictions	2019 Total	2018 Total
Support and revenue				
Grants and contributions				
Corporate and foundations	$ 286,859	$ 2,014,123	$ 2,300,982	$ 2,774,807
Government	150,668	30,000	180,668	137,873
Membership dues	1,086,250	-	1,086,250	1,188,750
Special events	628,070	-	628,070	653,950
Donated goods and services	445,784	-	445,784	382,565
Rental income	12,000	-	12,000	6,000
Other income	29,105	-	29,105	79,537
Net assets released from restrictions	2,475,962	(2,475,962)	-	-
Total support and revenue	5,114,698	(431,839)	4,682,859	5,223,482
Expenses				
Program services				
Policy	2,018,395	-	2,018,395	2,263,408
Communication	744,062	-	744,062	835,650
Demonstration	1,008,471	-	1,008,471	574,093
Total program services	3,770,928	-	3,770,928	3,673,151
Supporting services				
General and administrative	1,214,627	-	1,214,627	903,988
Fundraising	123,413	-	123,413	236,048
Total supporting services	1,338,040	-	1,338,040	1,140,036
Total expenses	5,108,968	-	5,108,968	4,813,187
Change in net assets	5,730	(431,839)	(426,109)	410,295
Net assets (deficit)				
Beginning of year	(859,019)	808,959	(50,060)	(460,355)
End of year	$ (853,289)	$ 377,120	$ (476,169)	$ (50,060)

See accompanying notes to financial statements.

Alliance to Save Energy

Statement of Functional Expenses

Year Ended December 31, 2019
(With Comparative Totals for Year Ended December 31, 2018)

	Program Services				Supporting Services				
	Policy	Communication	Demonstration	Sub-Total	General and Administrative	Fundraising	Sub-Total	2019 Total	2018 Total
Salaries	$ 751,332	$ 290,305	$ 255,708	$ 1,297,345	$ 256,664	$ 79,722	$ 336,386	$ 1,633,731	$ 1,620,010
Employee benefits and payroll taxes	283,983	109,727	96,651	490,361	97,012	30,133	127,145	617,506	613,062
Professional fees and contract services	511,845	161,950	495,732	1,169,527	528,962	-	528,962	1,698,489	1,486,456
Occupancy and utilities	-	-	-	-	437,604	-	437,604	437,604	435,849
Meeting and conferences	201,929	78,023	68,725	348,677	4,573	-	4,573	353,250	233,533
Travel	35,856	13,854	12,203	61,913	19,419	675	20,094	82,007	157,218
Office expenses	23,651	9,138	8,049	40,838	121,002	-	121,002	161,840	110,901
Periodicals, dues and subscriptions	-	-	-	-	27,853	-	27,853	27,853	59,160
Telephone	1,073	415	365	1,853	46,176	-	46,176	48,029	48,958
Depreciation and amortization	-	-	-	-	20,145	-	20,145	20,145	20,355
Printing and publication	6,948	2,685	2,365	11,998	1,876	-	1,876	13,874	14,173
Repairs and maintenance	-	-	-	-	11,319	-	11,319	11,319	10,176
Postage and shipping	753	291	256	1,300	626	-	626	1,926	3,336
Interest expense	-	-	-	-	1,395	-	1,395	1,395	-
Total direct costs	1,817,370	666,388	940,054	3,423,812	1,574,626	110,530	1,685,156	5,108,968	4,813,187
Indirect allocation	201,025	77,674	68,417	347,116	(359,999)	12,883	(347,116)	-	-
Total expenses	$ 2,018,395	$ 744,062	$ 1,008,471	$ 3,770,928	$ 1,214,627	$ 123,413	$ 1,338,040	$ 5,108,968	$ 4,813,187

See accompanying notes to financial statements.

Alliance to Save Energy

Statement of Cash Flows

Year Ended December 31, 2019

Cash flows from operating activities	
Change in net assets	$ (426,109)
Adjustments to reconcile change in net assets to net cash used for operating activities	
Depreciation and amortization expense	20,145
Changes in assets and liabilities	
Accounts, grants and contributions receivable	62,416
Prepaid expenses	11,143
Accounts payable and accrued expenses	194,815
Deferred revenue	120,000
Deferred lease incentives	(40,014)
Sublease security deposit	6,059
Net cash used for operating activities	(51,545)
Cash flows from investing activities	
Proceeds from sale of investments	100,263
Purchases of investments	-
Net cash provided by investing activities	100,263
Change in cash and cash equivalents	48,718
Cash and cash equivalents	
Beginning of year	100,141
End of year	$ 148,859

See accompanying notes to financial statements.

NOTE 1. ORGANIZATION

The Alliance to Save Energy (the Alliance) is a nonprofit, bipartisan alliance of business, government, environmental and consumer leaders working to expand the economy while using less energy. Its mission is to promote energy productivity worldwide - including through energy efficiency - to achieve a stronger economy, a cleaner environment and greater energy security, affordability and reliability. The Alliance works to achieve this goal by:

- Leading bipartisan initiatives that drive technological innovation and energy efficiency across all sectors of the economy, through policy advocacy, education, communications, and research.

- Convening and engaging in diverse public private partnerships, collaborative efforts and strategic alliances to optimize resources and expand our sphere of influence.

Founded in 1977 by Senators Charles H. Percy (R-Ill.) and Hubert Humphrey (D-Minn.), the Alliance to Save Energy was launched following the oil embargo of the 1970s - a pivotal time in the nation's history that exposed fundamental weaknesses in U.S. economic security and challenged the country to develop innovative energy solutions. Decades later, it continues its mission to create a more energy-productive world.

Improving energy productivity means getting more economic output from every unit of energy used. It is the cheapest, fastest and simplest way to address energy and environmental goals - and a powerful economic catalyst. Improved productivity will save consumers and businesses money, drive innovation, improve U.S competitiveness, create jobs and economic activity, and sharply reduce pollution, including carbon emissions.

The Alliance's Board of Directors (Board) is led by Chair Gil Quiniones, President and Chief Executive Officer (CEO), New York Power Authority. The Board includes CEOs, presidents and senior executives of companies, associations, consumer and environmental organizations, foundations and law firms, as well as officials from state governments. Board members are voted in by the full Board.

The Alliance is also guided by an Honorary Board of Advisors, led by Honorary Chair Senator Jeanne Shaheen (NH). Honorary Vice Chairs include Sen. Rob Portman (R-Ohio) and Sen. Chris Coons (D-Del.). Members include Senators Lamar Alexander (R-Tenn.), Susan Collins (R-Maine), Edward Markey (D-Mass.), Lisa Murkowski (R-Alaska), Mark Warner (D-Va.), and Ron Wyden (D-Ore.); Representatives Michael Burgess (R-Texas), Mike Kelly (R-Penn.), Adam Kinzinger (R-Ill.), David McKinley (R-W. Va.), Bobby Rush (d-Ill.), Paul Tonko (D-N.Y.) and Peter Welch (D-Vt.); and former CEO of Sustainable Energy for All, Kandeh Yumkella.

NOTE 1. ORGANIZATION (CONTINUED)

Over 120 corporations, trade associations and other organizations work together through the Alliance to promote energy productivity as a cornerstone of sound economic policy and the creation of a modern, connected and efficient energy infrastructure. These Alliance "Associates" participate in a range of programs and activities, including Alliance committees, advocacy opportunities and policy events.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting - The accompanying financial statements are presented in accordance with the accrual basis of accounting. Under this basis, revenue is recognized when earned and expenses are recognized when incurred.

Financial Statement Presentation - Financial statement presentation follows the recommendations of U.S. generally accepted accounting principles in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC), *Not-for-Profit Entities - Presentation of Financial Statements*. Under those principles, the Alliance 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 - These net assets are available to finance the general operations of the Alliance. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Alliance, the environment in which it operates, and the purposes specified in its organizing documents.

Net assets with donor restrictions - These net assets result from contributions and other inflows of assets, the use of which by the Alliance is limited by donor-imposed time or purpose restrictions that are either temporary or perpetual.

Cash and Cash Equivalents - For purposes of the statement of cash flows, the Alliance considers all highly liquid instruments, which are to be used for current operations and which have an original maturity of three months or less, to be cash and cash equivalents. All cash and investments held by investment advisors, regardless of maturity, are considered investments.

Financial Risk - The Alliance maintains its cash in bank deposit accounts and its investments in money market accounts which, at times, may exceed federally insured limits. The Alliance has not experienced any losses in such accounts. The Alliance believes it is not exposed to any significant financial risk on cash and cash equivalents and investments since they are held at creditworthy financial institutions.

Investments - At December 31, 2018, investments consisted entirely of amounts held in a money market account which is reported at fair value, generally as determined by published market prices. Income earned is derived from interest income. All investments were liquidated during the year ended December 31, 2019.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable - Accounts receivable are generated from membership dues, special events and prime- and sub-agreements with corporations, nonprofit entities, U.S. governmental agencies, and state and local agencies. Billed amounts represent invoices that have been prepared and sent to the customer. Unbilled amounts represent accumulated costs not yet billed. Accounts receivable are carried at original invoice amount. Management determines the allowance for doubtful accounts by identifying them and by using historical experience applied to an aging of accounts. Receivables are written off when deemed uncollectible as bad debt expense. Recoveries of receivables previously written off are recorded when received. Management believes all receivables to be fully realizable, and consequently, did not record an allowance for uncollectible amounts as of December 31, 2019 and 2018.

Trade Accounts Receivable - Trade accounts receivable consists of amounts due from customers for which the Alliance has an unconditional right to receive payment. Accounts receivable are stated at the amount management expects to be collected. Due to the large number of customers and their dispersion across different geographic areas, there are no significant economic factors that might impact the nature, amount, timing and uncertainty of cash collections. As of December 31, 2019, management has determined that all amounts are fully collectible and that no allowance for doubtful accounts is necessary.

Property and Equipment - Property and equipment acquired with a cost of $2,500 or higher is capitalized at cost and is depreciated using the straight-line method over the estimated useful lives of the assets, which range from three to ten years. Leasehold improvements are amortized over the life of the related lease agreement. Expenditures for major repairs and improvements are capitalized and depreciated over the life of the office lease or the life of the asset, whichever is shorter; expenditures for minor repairs and maintenance costs are expensed when incurred.

Revenue Recognition - Revenue from contracts with customers consists primarily of sponsorship revenue, fee-for-service revenue and grant revenue. Revenue is recognized when control of the promised goods or services is transferred to our members and customers, in an amount that reflects the consideration we expect to be entitled to in exchange for those goods or services. Revenue is recognized net of discounts, waivers, and refunds. Revenue is recognized using the five-step approach required by Accounting Standards Update (ASU) 2014-09, as follows:

- Identification of the contract with a customer;
- Identification of the performance obligations in the contract;
- Determination of the transaction price;
- Allocation of the transaction price to the performance obligations in the contract; and
- Recognition of revenue when, or as, performance obligations are satisfied.

Performance Obligations

A performance obligation is a promise in a contract to transfer a distinct good or service to the customer. A contract’s transaction price is allocated to each performance obligation identified in the arrangement based on the relative standalone selling price of each distinct good or service and recognized as revenue when, or as, the performance obligation is satisfied. If a distinct good or service does not have an observable standalone selling price, then the primary method used to estimate the standalone selling price is the adjusted market assessment approach, under which we evaluate the market and estimate a price that a customer would be willing to pay for the goods and services we provide.

Grants are recognized over the term of the grant. Transaction prices are based on gross prices, net of discounts.

Contract Balances

The timing of billings, cash collections, and revenue recognition result in contract assets and contract liabilities reported in the statement of financial position. Contract assets consist entirely of trade accounts receivable, which are recognized only to the extent that it is probable that the Alliance will collect substantially all of the consideration to which it is entitled in exchange for the goods or services that will be or have been transferred. Contract liabilities consist entirely of deferred revenue that results when the Alliance receives advance payments from our customers before revenue is recognized.

Costs to Obtain a Contract

The Alliance has elected the practical expedient available in ASC Subtopic 340-40, in which any incremental costs of obtaining a contract are recognized as an expense when incurred if the amortization period of the asset that would have been recognized is one year or less.

Practical Expedients and Optional Exemptions

We have made an accounting policy election to exclude from the measurement of the transaction price all taxes assessed by governmental authorities which are both imposed and concurrent with the specific revenue-producing transactions and collected by the Alliance from our customers, e.g., sales and use taxes.

Donated Goods and Services - The Alliance received donations of professional services for the years ended December 31, 2019 and 2018. Donated goods and services are recorded at their estimated fair value as of the date of the donation. These donated services amounted to $445,784 and $382,565 for the years ended December 31, 2019 and 2018, respectively.

Functional Allocation of Expenses - The costs of providing the various programs and supporting activities of the Alliance have been summarized on a functional basis in the statements of activities and functional expenses. Costs that can be specifically identified with a final cost objective are charged directly to that activity. Salaries and related fringe benefits are allocated based on employee time and effort studies.

Program Services - Program services consist of the following three main programs:

Demonstration - Focuses on developing and implementing programs of technical assistance or facilitation nature to bring about cost-efficient energy conservation.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Policy - Focuses on developing the Alliance policy positions in the energy efficiency area and designing and implementing related research projects.

Communications - Focuses on the production and dissemination of publications containing findings on policy and demonstration programs.

Income Taxes - The Alliance is generally exempt from federal income tax under the provisions of Section 501(c)(3) of the Internal Revenue Code (IRC). In addition, the Alliance qualifies for the charitable contributions deduction and has been classified as an organization that is not a private foundation. Income, which is not related to exempt purposes, less applicable deductions is subject to federal and state taxes.

The Alliance follows the standard on accounting for uncertainty in income taxes, which addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under this guidance, the Alliance may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. The guidance on accounting for uncertainty in income taxes also addresses de-recognition, classification, interest and penalties on income taxes, and accounting in interim periods.

Management evaluated the Alliance's tax positions and concluded that the Alliance had taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance. The Alliance files income tax returns in the U.S. Federal jurisdiction. Generally, the Alliance is no longer subject to income tax examinations by the U.S. Federal, state or local tax authorities for years before 2016.

Use of Estimates - The preparation of financial statements in accordance with U.S. 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

New Accounting Pronouncements Adopted - During the year ended December 31, 2019, the Alliance adopted the provisions of ASU 2014-09, *Revenue from Contracts with Customers*. The ASU 2014-09 prescribes a single model for revenue recognition, with a set of principles to be used for determining when revenue should be recognized, including performance obligations in the contract, estimating the amount of variable consideration to include in the transaction price, and allocating the transaction price to each separate performance obligation. It also requires expanded disclosures about the nature, amount, and timing of revenues and cash flows. The effects of this change have been applied retrospectively with the cumulative effect of the change in net assets as of December 31, 2018 reported separately in the statement of activities.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

During the year ended December 31, 2019, the Alliance adopted the provisions of ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. ASU 208-08 provides a framework for determining whether a particular transaction is an exchange or a contribution, including how to evaluate whether a resource provider receives commensurate value in an exchange transaction, and guidance to assist entities in determining whether a contribution is either conditional or unconditional. The ASU had no significant impact on the Alliance's financial statements.

NOTE 3. LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES

As part of the Alliance's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Alliance invests cash in excess of its current requirements in a portfolio of investments designed to maximize long-term earnings with acceptable risk to investment principle.

The following table represents the Alliance's financial assets available to meet cash needs for general expenditures within one year of December 31, 2019 and 2018, respectively.

	2019	2018
Total assets at end of year	$ 543,946	$ 689,195
Less non-financial assets		
Prepaid expenses	(18,330)	(29,473)
Property and equipment, net	(53,719)	(73,864)
Security deposits	(70,000)	(70,000)
Total financial assets at end of year	685,995	862,532
Less amounts not available to meet general expenditures coming due within one year		
Other assets subject to donor-imposed restrictions	(377,120)	(808,959)
Total financial assets available for general expenditure within one year	$ 308,875	$ 53,573

NOTE 4. INVESTMENTS

Investments at December 31, 2018, consisted entirely of amounts held in a money market fund totaling $100,263. These investments are reported at fair value based on Level 1 inputs under the FASB ASC Topic, *Fair Value Measurements and Disclosures*, hierarchy. Investment income for the years ended December 31, 2019 and 2018 consisted of interest and dividends totaling $193 and $1,930, respectively.

NOTE 5. ACCOUNTS, GRANTS AND CONTRIBUTIONS RECEIVABLE

At December 31, 2019 and 2018, accounts, grants and contributions receivable include grant revenue due from state and local governments, corporations, foundations, and special events. All receivables are due within one year.

In 2018, the Alliance received a grant of $150,000 from a donor for the period January 1, 2019 to December 31, 2020. Under the terms of the grant agreement, the Alliance could receive an additional $150,000 for the period January 1, 2020 to December 31, 2020, based on the performance and reporting associated with the grant funds for 2019. Any conditional funds will be recognized as the conditions are met in future periods.

NOTE 6. PROPERTY AND EQUIPMENT

Property and equipment and accumulated depreciation and amortization at December 31, 2019 and 2018 are as follows:

Asset Category	Estimated Lives	Cost 2019	Cost 2018
Leasehold improvements	6-10 Years	$ 501,483	$ 501,483
Furniture and equipment	3-10 Years	223,266	223,266
Computer equipment	3-5 Years	510,211	510,211
		1,234,960	1,234,960
Less: accumulated depreciation and amortization		(1,181,241)	(1,161,096)
		$ 53,719	$ 73,864

Total related depreciation and amortization expense for the years ended December 31, 2019 and 2018 was $20,145 and $20,355, respectively.

NOTE 7. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of December 31, 2019 and 2018, are restricted for use as follows:

	2019	2018
Anonymous	$ -	$ 215,390
GPP/Southeast Sustainability Directors Network	1,534	150,000
JPB Foundation	-	87,975
ClimateWorks Foundation	-	75,307
Sys Efficiency	-	70,807
DDC Advocacy	11,172	64,054
South Jersey Gas	118,196	35,898
MacArthur Foundation	-	29,829
Transportation	45,000	23,331
Knox County	20,233	20,740
New Jersey Natural Gas	43,095	20,628
EE Market Report	-	15,000
EP Cooling	13,584	-
Active Efficiency	109,986	-
San Diego Gas & Electric Company	14,320	-
	$ 377,120	$ 808,959

Net assets released from restrictions due to the satisfaction of purpose restrictions totaled $2,475,962 and $2,204,560 for the years ended December 31, 2019 and 2018, respectively.

NOTE 8. RETIREMENT PLAN

The Alliance sponsors a defined contribution profit-sharing retirement plan (the Plan) that covers all employees who meet length of service requirements. Under the Plan, participants may contribute to the Plan through salary reductions as limited by current tax law. The Alliance matches employee contributions each pay period up to 4% of total eligible compensation. Total employer contributions to the Plan for 2019 and 2018 were $55,135 and $67,706, respectively.

NOTE 9. COMMITMENTS AND CONTINGENCIES

Operating Lease

During 2014, the Alliance substantially restructured its office lease agreements for headquarters space in Washington, D.C. The Alliance remained obligated for a lease of 4,515 square feet of space through August 31, 2017. That space was entirely sublet to unrelated tenants. The Alliance surrendered and reconfigured other office space, and now rents approximately 8,225 square feet of space for its own use under a lease agreement that expires August 31, 2022.

NOTE 9. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Under the terms of the restructured office lease agreement, the Alliance paid a security deposit of $170,000 to the landlord. The security deposit is comprised of a cash payment of $70,000 and a letter of credit with a bank totaling $100,000. The letter of credit expired in 2017 and was not renewed.

The agreements also provide for scheduled, fixed increases in the base rent. The total amounts payable under the terms of the leases are recognized on a straight-line basis in the financial statements. Differences between straight-line rent expense and actual cash payments required are reflected as deferred lease incentives. The landlord also funded leasehold improvement costs, the unamortized portion, which is also reported in the financial statements as deferred lease incentives.

The following is a schedule of future minimum rental payments required under the above lease agreements, by fiscal year, as of December 31, 2019:

Years Ending December 31,	
2020	$ 464,964
2021	476,538
2022	324,629
	$ 1,266,131

Total rent expense under operating lease agreements for 2019 and 2018 was $413,032 and $414,852, respectively.

License Agreement

In July 2018, the Alliance entered into an agreement to license a certain portion of its leased office space to a licensee through June 30, 2020. Under the terms of the license agreement, the Alliance receives license rental income of $1,000 a month throughout the term of the agreement. License income totaled $12,000 for the year ended December 31, 2019.

NOTE 10. REVENUE FROM CONTRACTS WITH CUSTOMERS

Disaggregation of Revenue from Contracts with Customers

The following table disaggregates the Partnership's revenue based on the timing of satisfaction of performance obligations for the years ended December 31, 2019 and 2018.

	2019	2018
Performances satisfied over time		
Membership dues	$ 1,086,250	$ 1,188,750
Performance obligations satisfied at a point in time		
Special Events	628,070	653,950
*Other	2,968,539	3,380,782
	$ 4,682,859	$ 5,223,482

* Due to the nature of these revenue streams, these items are excluded from required disaggregation under ASU 2014-09. The are included here to provide a reconcilation to total revenue reported in the statement of activities.

Contract Balances

All of the Alliance's contract assets are considered accounts receivable and are included within the trade accounts receivable balance in the statements of financial position. All of the Alliance's contract liabilities are included with deferred revenues in the statements of financial position. Balances in these accounts as of the beginning and end of the years ended December 31, 2019 and 2018 are as follows.

	2019	2018	2017
Trade accounts receivable			
Grants	$ 253,038	$ 303,885	$ 209,149
Other	-	11,569	11,569
	$ 253,038	$ 315,454	$ 220,718
Deferred revenue			
Membership dues	$ 92,500	$ 32,500	$ 327,300
Event fees	60,000	-	-
	$ 152,500	$ 32,500	$ 327,300

NOTE 11. MANAGEMENT'S PLAN

The Alliance's Board and senior management have worked diligently for the past five years to right-size the Alliance in terms of scope, numbers and seniority of staff, office space and other expenses. Working with the Board and outside consultants, in early 2017, Alliance's senior staff crafted a new five-year strategic plan that focuses on financial stability and minimal growth; defines our corporate values and culture; confirms our core strengths and priorities; and identifies strategic initiatives and work areas. As part of the strategic planning process, the Board approved a new vision and mission statement for the Alliance. We are no longer strictly focused on using less energy, but on using energy more productively to achieve economic growth, a cleaner environment and greater energy security, affordability and reliability. This subtle shift will keep the organization relevant in a changing energy landscape and is opening new work streams, specifically our Active Efficiency initiative which launched in 2019 and is proving to be a significant source of new revenue.

2019 continued to be a period of significant transition for the organization, with the departure of the President in December 2019. An interim President assumed that leadership position in late December 2019. After the President's departure, the Board of Directors developed a strategy committee which has met alongside the executive committee multiple times in the fourth quarter 2019 and first quarter 2020. These committees reviewed a competitive analysis and opportunities for strategic growth, which resulted in a series of recommendations for the full board which met in March.

Based on board consensus at that meeting, the Alliance adopted three immediate priorities for 2020:

Reduce our operating expenses

- Complete organization restructuring to match the approved, revised budget
- Re-negotiate the current lease which expires in 2022 and right-size the office
- Reduce contracted accounting, HR and IT services
- Upgrade to a new financial system

Refine the Alliance's business model and value proposition

- Leverage strong interest in Active Efficiency to expand the value proposition, activities and outcomes
- Increase board membership and Active Efficiency steering committee companies, especially in new industries
- Reduce foundation funding (plan for zero foundation funding in 2021)
- Increase other funding sources (Department of Energy, joint ventures, increased membership)
- Develop a 2021 and 2022 plan that reflects cost reductions, full-year staffing and revenue growth while building the organizations reserves

NOTE 11. MANAGEMENT'S PLAN (CONTINUED)

Recruit a permanent president for the Alliance. Once recruited and in place:

- Adjust the organization's structure to complement leadership strengths and relationships
- Continue to pursue potential strategic alliances and potential mergers
- Continue to refine the Alliance's value proposition and business model

The impact of the corona virus pandemic has created a different operating environment for the Alliance in 2020. The staff has been teleworking since mid-March without any interruptions in program work. The pandemic has also caused the cancellation of the annual EE Global event, normally held in May. Management has revised the budget and the 2020 plan based on the changing business environment, lowering revenue and expense estimates and holding off on certain staffing plans.

Pursuant to the goal of reducing operating expenses, the restructuring has occurred, lease negotiations have commenced with the landlord and contracted accounting and HR service costs have been reduced by 16.5% in 2020 and are projected to be further reduced by 25% in 2021.

The "worst case" budget adopted by management projects unrestricted changes in net assets to be $471,655 at the end of 2020 which will significantly reduce the current negative net asset position of the Alliance. The Alliance has also secured $249,100 in Paycheck Protection Plan (PPP) funding in April which will further strengthen the 2020 results—this funding will be used entirely for eligible payroll costs and rent expenses and under the guidelines of the PPP program will be fully forgiven by the SBA. The 2020 results along with the PPP funding will reduce the Alliance's negative net asset position by the end of 2020.

NOTE 12. SUBSEQUENT EVENTS

Subsequent to year-end, U.S. and global business and financial markets have been severely impacted by the Coronavirus pandemic. The potential impacts on the Alliance's financial condition and activities cannot be determined at this time. All subsequent events have been evaluated through July 15, 2020, which is the date the financial statements were available to be issued. This review and evaluation revealed no other material event or transaction which would require an adjustment to or disclose in the accompanying financial statements.