

FINANCIAL STATEMENTS  
OF  
ORGANIZATION OF MISO STATES, INC.  
AT  
DECEMBER 31, 2015 AND 2014

## TABLE OF CONTENTS

	<u>Page</u>
Independent Auditors' Report	1 - 2
Financial Statements:	
Statements of Financial Position	3
Statements of Activities	4
Statements of Cash Flows	5
Notes to Financial Statements	6 - 8



Certified Public Accountants

Stephen D. Givens, CPA

Curtis E. Brand, CPA

Timothy K. DeVries, CPA

Kathy A. French, CPA

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Organization of MISO States, Inc.

We have audited the accompanying financial statements of the Organization of MISO States, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities and cash flows for the years 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.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

To the Board of Directors  
Organization of MISO States, Inc.  
Page Two

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization of MISO States, Inc. as of December 31, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

RYUN, GIVENS & COMPANY, P.L.C.

  
\_\_\_\_\_  
Certified Public Accountants

June 2, 2016

**ORGANIZATION OF MISO STATES, INC.**

**STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
<b>ASSETS:</b>		
Cash	\$ -	\$ 122,486
Prepaid Expenses	26,673	40,166
Property and Equipment	<u>19,549</u>	<u>22,496</u>
Total Assets	<u>\$ 46,222</u>	<u>\$ 185,148</u>
<b>LIABILITIES AND NET ASSETS (DEFICIT):</b>		
<b>Liabilities:</b>		
Cash Overdraft	\$ 75,383	\$ -
Accounts Payable	14,419	16,805
Accrued Expenses	<u>52,118</u>	<u>50,299</u>
Total Liabilities	<u>141,920</u>	<u>67,104</u>
<b>Net Assets:</b>		
Unrestricted Net Assets (Deficit)	<u>(95,698)</u>	<u>118,044</u>
Total Liabilities and Net Assets (Deficit)	<u>\$ 46,222</u>	<u>\$ 185,148</u>

**ORGANIZATION OF MISO STATES, INC.**

**STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
Revenues, Gains, and Other Support:		
MISO Grant	\$ 955,135	\$ 829,000
Interest Income	<u>14</u>	<u>28</u>
Total Revenues, Gains, and Other Support	<u>955,149</u>	<u>829,028</u>
Expenses:		
Personnel Expenses	411,243	369,270
Office Expenses	115,995	119,986
Insurance	8,090	6,709
Professional Fees and Consultants	281,426	6,936
Meetings and Travel	<u>352,137</u>	<u>362,347</u>
Total Expenses	<u>1,168,891</u>	<u>865,248</u>
Change in Net Assets	(213,742)	(36,220)
Net Assets, Beginning of Year	<u>118,044</u>	<u>154,264</u>
Net Assets (Deficit), End of Year	<u>\$ (95,698)</u>	<u>\$ 118,044</u>

**ORGANIZATION OF MISO STATES, INC.**

**STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
Cash Flows from Operating Activities:		
Changes in Net Assets	\$ (213,742)	\$ (36,220)
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	6,043	6,065
(Increase) Decrease In:		
Prepaid Expenses	13,493	(30,265)
Increase (Decrease) In:		
Accounts Payable	(2,386)	(1,336)
Accrued Expense	<u>1,819</u>	<u>11,237</u>
Net Cash Provided (Used) by Operating Activities	<u>(194,773)</u>	<u>(50,519)</u>
Cash Flows from Investing Activities:		
Purchase of Property and Equipment	<u>(3,096)</u>	<u>(5,628)</u>
Net Cash Provided (Used) by Investing Activities	<u>(3,096)</u>	<u>(5,628)</u>
Net Increase (Decrease) in Cash	(197,869)	(56,147)
Cash, Beginning of Year	<u>122,486</u>	<u>178,633</u>
Cash (Overdraft), End of Year	<u>\$ (75,383)</u>	<u>\$ 122,486</u>

# **ORGANIZATION OF MISO STATES, INC.**

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2015 AND 2014**

### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **Nature of Activities**

The Organization of MISO States, Inc. (OMS) is a nonprofit, self-governing organization of representatives from each state with regulatory jurisdiction over entities participating in the Midcontinent Independent Transmission System Operator, Inc. (MISO), a regional transmission organization as defined by the Federal Energy Regulatory Commission (FERC). The purpose of the OMS is to coordinate regulatory oversight among the states, including recommendations to MISO, the MISO Board of Directors, the FERC, other relevant government entities, and state commissions as appropriate.

OMS member states, provinces, and other governmental entities are Arkansas, City of New Orleans, Illinois, Indiana, Iowa, Kentucky, Louisiana, Manitoba, Michigan, Minnesota, Missouri, Mississippi, Montana, North Dakota, South Dakota, Texas, and Wisconsin. The Organization has an office located in Des Moines, Iowa.

OMS was incorporated in the State of Indiana on June 11, 2003. OMS is a nonprofit organization and is exempt from federal income tax under Section 501(c)(4) of the Internal Revenue Code.

#### **Basis of Accounting**

The accompanying financial statements have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

#### **Basis of Presentation**

The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted. OMS has no restricted net assets.

#### **Use of Estimates**

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

#### **Cash and Cash Equivalents**

For purposes of the statements of cash flows, OMS considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

#### **Property and Equipment**

OMS capitalizes all acquisitions of property and equipment in excess of \$500. Property and equipment are stated at cost. Depreciation is provided on the straight-line method over the estimated useful lives of the assets.



**ORGANIZATION OF MISO STATES, INC.**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2015 AND 2014**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Funding Agreement**

The Midcontinent Independent Transmission System Operator, Inc. (“Midcontinent ISO” or “MISO”), provides administrative funding to the Organization of MISO States, Inc. (“OMS”) in connection with implementing the OMS function as it relates to the Midcontinent ISO. The purpose of the funding agreement is to establish between the OMS and the Midcontinent ISO a long and productive relationship between the two organizations, working together with all industry participants to create and maintain efficient and reliable wholesale electric markets throughout the Midwest region.

**Accounting for Uncertain Tax Positions**

The Organization has adopted the accounting standard regarding “Accounting for Uncertain Tax Positions.” This standard provides detailed guidance for financial statement recognition, measurement, and disclosure of uncertain tax positions recognized in the entity’s financial statements. It requires an entity to recognize the financial statement benefit of a tax position when it is more likely than not that the position will be sustained upon examination. The adoption of this standard had no material effect on the Organization’s financial position, results of operations, or cash flow. The Organizations’ Forms 990 for 2012, 2013 and 2014 are subject to examination by the IRS, generally for three years after they were filed.

NOTE 2 - CONCENTRATIONS OF CREDIT RISK

OMS receives all of its revenue through a funding agreement with Midcontinent Independent Transmission System Operation, Inc. Any changes to the funding agreement will have a significant impact on OMS operating revenues.

NOTE 3 - PROPERTY AND EQUIPMENT

Property and equipment at December 31, consists of the following:

	<u>2015</u>	<u>2014</u>
Furniture and Equipment	\$ 15,488	\$ 15,488
Computers	<u>48,679</u>	<u>46,960</u>
Total Property and Equipment	64,167	62,448
Less: Accumulated Depreciation	<u>44,618</u>	<u>39,952</u>
Net Property and Equipment	<u>\$ 19,549</u>	<u>\$ 22,496</u>

Depreciation expense was \$6,043 and \$6,065 for the years ended December 31, 2015 and 2014, respectively.

NOTE 4 - RENTALS UNDER OPERATING LEASES

OMS leases office space under an operating lease that expires June 30, 2016. After June 30, 2016, either party shall have the right to terminate the lease upon six months written notice to the other party. The annual base rent is \$19,371 and is payable in monthly installments. In addition, the lease required payment for operating expenses, parking, and tenant improvements. Total rent expense during 2015 and 2014 was \$22,548 and \$22,623, respectively. Future minimum lease payments are \$9,686 for 2016.

**ORGANIZATION OF MISO STATES, INC.**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2015 AND 2014**

NOTE 5 - FUNCTIONAL CLASSIFICATION OF EXPENSES

Expenses by function for the years ended December 31, 2015 and 2014 are:

	<u>2015</u>	<u>2014</u>
Expenses:		
Program Services	\$ 1,110,928	\$ 655,230
Management and General	<u>57,963</u>	<u>210,018</u>
Total Expenses	<u>\$ 1,168,891</u>	<u>\$ 865,248</u>

NOTE 6 - RETIREMENT PLAN

OMS has a 401(k) plan covering its employees. Employer matching contributions to the plan were \$13,577 and \$11,634 for the years ended December 31, 2015 and 2014, respectively. The plan expenses during 2015 and 2014 were \$751 and \$725, respectively.

NOTE 7 - SUBSEQUENT EVENT

The date to which events occurring after December 31, 2015, the date of the most recent statement of financial position, have been evaluated for possible adjustment to the financial statements or disclosure is June 2, 2016, which is the date the financial statements were available to be issued.