

**ORGANIZATION OF MISO STATES, INC.**

FINANCIAL STATEMENTS

As of and for the Years Ended December 31, 2020 and 2019

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## INDEPENDENT AUDITOR'S REPORT

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

We were engaged to audit the accompanying financial statements of Organization of MISO States, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, 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.

### *Auditor's 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 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.

*Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Organization of MISO States, Inc., as of December 31, 2020, 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.

*Other Matter*

The financial statements of Organization of MISO States, Inc. for the year ended December 31, 2019, were audited by another auditor who expressed an unmodified opinion on those statements on June 11, 2020.

*Emphasis of Matters*

As discussed in Notes 1 and 5 to the financial statements, Organization of MISO States, Inc. has had numerous significant transactions with an organization with people who are related to, the officers and directors of Organization of MISO States, Inc. Our opinion is not modified with respect to this matter.

As discussed in Note 6 to the financial statements, in March 2020, the World Health Organization classified COVID-19 as a pandemic and multiple jurisdictions in the United States of America have declared a state of emergency. Our opinion is not modified with respect to this matter.

*Report on Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses on page 5 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 for the year ended December 31, 2020 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 themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. The summary of the information for the year ended December 31, 2019 was audited by another auditor as noted above. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

The prior auditor audited Organization of MISO States, Inc.'s December 31, 2019 financial statements, and they expressed an unmodified audit opinion on those audited financial statements in their report dated June 11, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.

**KMA, S.C.**

KMA, S.C.  
Madison, Wisconsin  
June 15, 2021

**ORGANIZATION OF MISO STATES, INC.**

## STATEMENTS OF FINANCIAL POSITION

December 31,

	2020	2019
<b>ASSETS</b>		
CURRENT ASSETS		
Cash	\$ 349,040	\$ 499,537
Prepaid expenses	58,482	47,028
Other receivables	1,030	3,326
Total current assets	<u>408,552</u>	<u>549,891</u>
FIXED ASSETS		
Furniture and equipment	5,999	5,186
Computers	11,535	19,737
Less: Accumulated depreciation	<u>(9,481)</u>	<u>(14,824)</u>
Net fixed assets	<u>8,053</u>	<u>10,099</u>
<b>Total assets</b>	<u>\$ 416,605</u>	<u>\$ 559,990</u>
<b>LIABILITIES AND NET ASSETS</b>		
CURRENT LIABILITIES		
Accounts payable	\$ 14,668	\$ 39,246
Accrued compensation absences	<u>4,105</u>	<u>1,468</u>
Total current liabilities	<u>18,773</u>	<u>40,714</u>
NET ASSETS WITHOUT DONOR RESTRICTIONS	<u>397,832</u>	<u>519,276</u>
<b>Total liabilities and net assets</b>	<u>\$ 416,605</u>	<u>\$ 559,990</u>

See accompanying notes and  
independent auditor's report.

**ORGANIZATION OF MISO STATES, INC.**

## STATEMENTS OF ACTIVITIES

Years ended December 31,

	<b>NET ASSETS WITHOUT DONOR RESTRICTIONS</b>	
	<u>2020</u>	<u>2019</u>
<b>REVENUES, GAINS AND OTHER SUPPORT</b>		
MISO funding agreement	\$ 560,458	\$ 1,264,519
Interest income	124	176
Miscellaneous income	<u>1,030</u>	<u>2,362</u>
Total revenues, gains and other support	561,612	1,267,057
<b>EXPENSES</b>		
<b>PROGRAM SERVICES</b>		
Personnel compensation and benefits	355,522	341,548
Membership program support	124,884	191,067
Travel	44,803	292,843
Office	87,474	175,193
Organization meeting	<u>5,842</u>	<u>85,026</u>
Total program services	618,525	1,085,677
<b>SUPPORTING SERVICES</b>		
Office	38,291	39,852
Organizational	8,275	8,480
Other personnel expenses	8,073	5,512
Insurance	6,470	5,971
Depreciation	2,949	4,619
Loss on disposal of assets	<u>473</u>	<u>5,827</u>
Total supporting services	<u>64,531</u>	<u>70,261</u>
Total expenses	<u>683,056</u>	<u>1,155,938</u>
<b>Net change in net assets without donor restrictions</b>	<u>(121,444)</u>	<u>111,119</u>
Net assets at beginning of year	<u>519,276</u>	<u>408,157</u>
Net assets at end of year	<u>\$ 397,832</u>	<u>\$ 519,276</u>

See accompanying notes and independent auditor's report.

**ORGANIZATION OF MISO STATES, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
Year Ended December 31, 2020  
(With Comparative Totals Year Ended December 31, 2019)

	Program	Supporting Services	2020	2019
Personnel compensation and benefits	\$ 355,522	\$ -	\$ 355,522	\$ 341,548
Office	87,474	38,291	125,765	215,045
Membership program support	124,884	-	124,884	191,067
Travel	44,803	-	44,803	292,843
Organizational	-	8,275	8,275	8,480
Other personnel	-	8,073	8,073	5,512
Insurance	-	6,470	6,470	5,971
OMS meeting	5,842	-	5,842	85,026
Depreciation	-	2,949	2,949	4,619
Loss on disposal of assets and miscellaneous	-	473	473	5,827
Total	<u>\$ 618,525</u>	<u>\$ 64,531</u>	<u>\$ 683,056</u>	<u>\$ 1,155,938</u>

See accompanying notes and independent auditor's report.

**ORGANIZATION OF MISO STATES, INC.**

## STATEMENTS OF CASH FLOWS

Years ended December 31,

	<u>2020</u>	<u>2019</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (121,444)	\$ 111,119
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	2,949	4,619
Loss on disposal of assets	473	7,077
Changes in:		
Prepaid expenses	(11,454)	(4,668)
Other receivables	2,296	(1,289)
Accounts payable	(24,578)	11,901
Accrued compensation absences	2,637	1,468
Net cash provided by (used in) operating activities	<u>(149,121)</u>	<u>130,227</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of fixed assets	808	1,092
Purchases of fixed assets	<u>(2,184)</u>	<u>(6,671)</u>
Net cash used in investing activities	<u>(1,376)</u>	<u>(5,579)</u>
Change in cash	(150,497)	124,648
Cash at beginning of year	<u>499,537</u>	<u>374,889</u>
Cash at end of year	<u>\$ 349,040</u>	<u>\$ 499,537</u>

See accompanying notes and  
independent auditor's report.



**ORGANIZATION OF MISO STATES, INC.**  
NOTES TO FINANCIAL STATEMENTS  
As of and for the Years Ended December 31, 2020 and 2019

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**NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*Nature of Activities*

The Organization of MISO States, Inc. (the "Organization") is a nonprofit, self-governing organization of representatives from each state with regulatory jurisdiction over entities participating in the Midcontinent Independent System Operator, Inc. (MISO), a regional transmission organization as defined by the Federal Energy Regulatory Commission (FERC). The purpose of the Organization 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.

The Organization's member-states, provinces and other governmental entities are Arkansas, City of New Orleans, Illinois, Indiana, Iowa, Kentucky, Louisiana, Manitoba, Michigan, Minnesota, Mississippi, Missouri, Montana, North Dakota, South Dakota, Texas and Wisconsin. The Organization relocated to Madison, Wisconsin in April 2020 from Des Moines, Iowa.

The Organization was incorporated in the State of Indiana on June 11, 2003. The Organization 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 financial statements of the Organization have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP), which requires the Organization to report information regarding its financial position and activities according to the following net asset classifications:

*Net assets without donor restrictions* are net assets not subject to donor-imposed restrictions may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the Board of Directors.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

*Cash*

Cash includes amounts in a checking account and savings account.

*Fixed Assets*

The Organization capitalizes all acquisitions of fixed assets over \$500. Lesser amounts are expensed. Purchased fixed assets are stated at cost. Fixed assets are depreciated using the straight-line method over five years.

**ORGANIZATION OF MISO STATES, INC.**  
NOTES TO FINANCIAL STATEMENTS  
As of and for the Years Ended December 31, 2020 and 2019

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**NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
(Continued)

*Use of Estimates in the Preparation of Financial Statements*

The preparation of financial statements in conformity with U.S. GAAP 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.

*MISO Funding Agreement*

MISO provides administrative funding to the Organization in connection with implementing the Organization's function as it relates to MISO. The purpose of the funding agreement is to establish 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 MISO region. MISO receives direct benefit from the Organization's use of the funds. Funds received from MISO are recognized as unrestricted revenue when received. See Note 5.

*Functional Allocation of Expenses*

The costs of providing the Organization's various programs and other activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

*Risk Management*

The Organization is exposed to various risks of losses to torts; theft of, damage to, and destruction of assets; errors and omission; injuries to employees; and natural disasters. The Organization maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses.

*Concentrations of Credit Risk*

The Organization maintains cash accounts in financial institutions, which from time to time exceeds the insured amount of \$250,000 provided by the Federal Deposit Insurance Corporation.

The Organization receives substantially all of its revenue through a funding agreement with MISO. Any changes to the funding agreement will have a significant impact on the Organization's operating revenues. See Note 5.

*Subsequent Events*

The Organization has evaluated subsequent events through the date of this report, which is the date the financial statements were available to be issued, for events requiring recording or disclosure in the Organization's financial statements.

**ORGANIZATION OF MISO STATES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
As of and for the Years Ended December 31, 2020 and 2019

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**NOTE 2 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The following table reflects the Organization’s financial assets at December 31:

	2020	2019
Financial assets at year-end:		
Cash	\$ 349,040	\$ 499,537
Financial assets available for general expenditures within one year	\$ 349,040	\$ 499,537

As part of the Organization’s liquidity management, it structures its financial assets to be available as its general expenditures, liabilities and other obligations come due.

**NOTE 3 – OPERATING LEASES, AS LESSEE**

The Organization, as lessee, leases office space on a long-term operating lease. Total rental expense totaled \$23,262 and \$18,478 for the years ended December 31, 2020 and 2019, respectively. Future minimum lease payments required under the operating lease agreement for the years ending December 31 are as follows:

2021	\$ 15,492
2022	2,582
Total	\$ 18,074

**NOTE 4 – EMPLOYEE RETIREMENT PLAN**

The Organization has a 401(k) Plan (the “Plan”) to provide retirement and incidental benefits for its employees. Employees may contribute up to 100% of their annual compensation to the Plan, limited to a maximum annual amount as set periodically by the Internal Revenue Service. The Organization matches employee contributions dollar for dollar up to a maximum of 4% of an employee’s compensation per payroll period. All matching contributions vest immediately. In addition, the Plan provides for discretionary contributions as determined by the board of directors. Such contributions to the Plan are allocated among eligible participants in the proportion of their salaries to the total salaries of all participants.

For the years ended December 31, 2020 and 2019, the Organization made matching contributions totaling \$11,518 and \$11,690, respectively. No discretionary contributions were made in 2020 or 2019.

**NOTE 5 – RELATED PARTY TRANSACTIONS**

The Organization received revenue from MISO. The total amount received for the years ended December 31, 2020 and 2019 totaled \$560,458 and \$1,264,519, respectively. See Note 1.

**ORGANIZATION OF MISO STATES, INC.**  
NOTES TO FINANCIAL STATEMENTS  
As of and for the Years Ended December 31, 2020 and 2019

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**NOTE 6 – COVID-19**

During 2020, local, U.S., and world governments have encouraged self-isolation to curtail the spread of the global pandemic, coronavirus disease (COVID-19), by mandating temporary work stoppage in many sectors and imposing limitations on travel and size and duration of group meetings. As a result, the Organization agreed to suspend remittances from the MISO Funding Agreement during the year in response to the interruptions to travel, meetings and events. Management does not believe COVID-19 will have a significant impact on revenues but will continue to interrupt operations by limiting travel. While such changes were factored into the forecast used to assess assets for reserves and impairment, any changes to the profitability for the next fiscal year could impact the realizability of assets and earnings. Given that developments concerning the COVID-19 pandemic have been constantly evolving, additional impacts and risks may arise that we are not aware of or able to appropriately respond to at this time.