

FINANCIAL STATEMENTS  
OF  
ORGANIZATION OF MISO STATES, INC.  
AT  
DECEMBER 31, 2019 AND 2018

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Certified Public Accountants

Stephen D. Givens, CPA

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## 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, 2019 and 2018, and the related statements of activities, functional expenses 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.  
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**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, 2019 and 2018, 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.

**Change in Accounting Principle**

As described in Note 1 to the financial statements, the Organization has adopted ASU 2014-09, the new accounting pronouncement, which changes its accounting methods for revenue recognition with contracts with customers. Our opinion is not modified with respect to these matters.

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

  
Certified Public Accountants

June 11, 2020

**ORGANIZATION OF MISO STATES, INC.**

**STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
<b>ASSETS:</b>		
Cash	\$ 499,537	\$ 374,889
Prepaid Expenses	47,028	42,360
Property and Equipment	10,099	16,216
Other Receivable	<u>3,326</u>	<u>2,037</u>
Total Assets	<u>\$ 559,990</u>	<u>\$ 435,502</u>
 <b>LIABILITIES AND NET ASSETS:</b>		
<b>Liabilities:</b>		
Accounts Payable	\$ 39,246	\$ 27,345
Accrued Expenses	<u>1,468</u>	<u>-</u>
Total Liabilities	<u>40,714</u>	<u>27,345</u>
 <b>Net Assets:</b>		
Net Assets Without Donor Restrictions	<u>519,276</u>	<u>408,157</u>
Total Liabilities and Net Assets	<u>\$ 559,990</u>	<u>\$ 435,502</u>

**ORGANIZATION OF MISO STATES, INC.**

**STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

	2019	2018
NET ASSETS WITHOUT DONOR RESTRICTIONS:		
Revenues, Gains, and Other Support:		
MISO Grant	\$ 1,264,519	\$ 1,348,959
Interest Income	176	37
Grant Income	-	43,998
Miscellaneous Income	2,362	-
Total Revenues, Gains, and Other Support	1,267,057	1,392,994
Expenses:		
Insurance Expense	5,971	5,976
Membership Program Support	191,067	175,106
Office Expense	215,045	174,247
OMS Meeting Expense	85,026	93,688
Organizational Expenses	8,480	5,959
Other Personnel Expenses	5,512	5,992
Personnel Compensation and Benefits	341,548	361,656
Travel Expenses	292,843	351,390
Depreciation	4,619	6,844
Loss on Disposal of Assets and Miscellaneous	5,827	1,845
Total Expenses	1,155,938	1,182,703
Change in Net Assets	111,119	210,291
Net Assets, Beginning of Year	408,157	197,866
Net Assets, End of Year	\$ 519,276	\$ 408,157

**ORGANIZATION OF MISO STATES, INC.**

**STATEMENTS OF FUNCTIONAL EXPENSES  
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

	2019		
	Program	Management and General	Total
Expenses:			
Insurance Expense	\$ -	\$ 5,971	\$ 5,971
Membership Program Support	191,067	-	191,067
Office Expense	175,193	39,852	215,045
OMS Meeting Expense	85,026	-	85,026
Organizational Expenses	-	8,480	8,480
Other Personnel Expenses	-	5,512	5,512
Personnel Compensation and Benefits	341,548	-	341,548
Travel Expenses	292,843	-	292,843
Depreciation	-	4,619	4,619
Loss on Disposal of Assets and Miscellaneous	-	5,827	5,827
<b>Total Expenses</b>	<b>\$ 1,085,677</b>	<b>\$ 70,261</b>	<b>\$ 1,155,938</b>

	2018		
	Program	Management and General	Total
Expenses:			
Insurance Expense	\$ -	\$ 5,976	\$ 5,976
Membership Program Support	175,106	-	175,106
Office Expense	130,740	43,507	174,247
OMS Meeting Expense	93,688	-	93,688
Organizational Expenses	-	5,959	5,959
Other Personnel Expenses	-	5,992	5,992
Personnel Compensation and Benefits	361,099	557	361,656
Travel Expenses	351,390	-	351,390
Depreciation	-	6,844	6,844
Loss on Disposal of Assets and Miscellaneous	-	1,845	1,845
<b>Total Expenses</b>	<b>\$ 1,112,023</b>	<b>\$ 70,680</b>	<b>\$ 1,182,703</b>

**ORGANIZATION OF MISO STATES, INC.**

**STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
Cash Flows from Operating Activities:		
Changes in Net Assets	\$ 111,119	\$ 210,291
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	4,619	6,844
Loss on Disposal of Assets	7,077	1,049
(Increase) Decrease In:		
Prepaid Expenses	(4,668)	(1,856)
Other Receivables	(1,289)	796
Increase (Decrease) In:		
Accounts Payable	11,901	9,656
Accrued Expense	<u>1,468</u>	<u>(7,500)</u>
Net Cash Provided (Used) by Operating Activities	<u>130,227</u>	<u>219,280</u>
Cash Flows from Investing Activities:		
Proceeds from Sale of Property and Equipment	1,092	-
Purchase of Property and Equipment	<u>(6,671)</u>	<u>-</u>
Net Cash Provided (Used) by Investing Activities	<u>(5,579)</u>	<u>-</u>
Net Increase (Decrease) in Cash	124,648	219,280
Cash, Beginning of Year	<u>374,889</u>	<u>155,609</u>
Cash, End of Year	<u>\$ 499,537</u>	<u>\$ 374,889</u>

Supplemental Disclosure of Noncash Investing and Financial Activity:

During 2019, property and equipment was exchanged for computer support in the amount of \$1,250.



# ORGANIZATION OF MISO STATES, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

### 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 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, Mississippi, Missouri, Montana, North Dakota, South Dakota, Texas, and Wisconsin. The Organization had an office located in Des Moines, Iowa. In April, 2020, the office was relocated to Madison, Wisconsin.

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 financial statements of the Organization have been prepared in accordance with U.S. generally accepted accounting principles ("U.S. GAAP"), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

##### Net Assets Without Donor Restrictions

Net assets that are 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.

##### Net Assets With Donor Restrictions

Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

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.

#### **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.

## ORGANIZATION OF MISO STATES, INC.

### NOTES TO FINANCIAL STATEMENTS (CONTINUED) DECEMBER 31, 2019 AND 2018

#### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### **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 which is seven years for furniture and equipment and five years for computers.

##### **Funding Agreement**

The Midcontinent Independent 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.

##### **Revenue Recognition**

OMS recognizes MISO grant revenue when received.

##### **Functional Expenses**

The costs of providing program and other activities have been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated among program services and supporting services benefited. Such allocations are determined by management on a reasonable basis that is consistently applied. The management and general expenses include insurance, office costs, audit and accounting, payroll fees, and depreciation. All other expenses are reported as program expense.

##### **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 2016, 2017 and 2018 are subject to examination by the IRS, generally for three years after they were filed.

##### **New Accounting Pronouncement**

The Organization has adopted Accounting Standards Update (ASU) No. 2014-09 - *Revenue from Contracts with Customers (Topic 606)*, as amended. Analysis of various provisions of this standard resulted in no significant changes in the way the Organization recognizes revenue, and therefore no changes to the previously issued audited financial statements were required on a retrospective basis.

**ORGANIZATION OF MISO STATES, INC.**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2019 AND 2018**

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

The following represents the Organization's financial assets available for general expenditures within one year at December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Financial Assets at Year End:		
Cash and Cash Equivalents	<u>\$ 499,537</u>	<u>\$ 374,889</u>
Financial Assets Available for General Expenditures Within One Year	<u>\$ 499,537</u>	<u>\$ 374,889</u>

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 - CONCENTRATIONS OF CREDIT RISK**

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

**NOTE 4 - PROPERTY AND EQUIPMENT**

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

	<u>2019</u>	<u>2018</u>
Furniture and Equipment	\$ 5,186	\$ 10,499
Computers	<u>19,737</u>	<u>30,785</u>
Total Property and Equipment	24,923	41,284
Less: Accumulated Depreciation	<u>14,824</u>	<u>25,068</u>
Net Property and Equipment	<u>\$ 10,099</u>	<u>\$ 16,216</u>

Depreciation expense was \$4,619 and \$6,844 for the years ended December 31, 2019 and 2018, respectively.

**NOTE 5 - RENTAL UNDER OPERATING AGREEMENT**

For 2018 and 2019, and through April 30, 2020, OMS leased office space in Des Moines, Iowa. Total rental expense during 2019 and 2018 was \$18,478 and \$22,737, respectively. Beginning February 17, 2020, OMS is renting office space in Madison, Wisconsin for \$1,291 per month through February 28, 2021.

**NOTE 6 - NET ASSETS**

Net assets without donor restrictions for the years ended December 31, 2019 and 2018 are as follows:

	<u>2019</u>	<u>2018</u>
Undesignated	<u>\$ 519,276</u>	<u>\$ 408,157</u>

**ORGANIZATION OF MISO STATES, INC.**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2019 AND 2018**

**NOTE 7 - RETIREMENT PLAN**

OMS has a 401(k) plan covering its employees. Employer matching contributions to the plan were \$11,690 and \$12,732 for the years ended December 31, 2019 and 2018, respectively.

**NOTE 8 - SUBSEQUENT EVENT**

The date to which events occurring after December 31, 2019, the date of the most recent statement of financial position, have been evaluated for possible adjustment to the financial statements or disclosure is June 11, 2020, which is the date the financial statements were available to be issued.