NORTH EAST POWER COORDINATING COUNCIL, INC.

Financial Statements
(Together with Accountants’ Compilation Report)

Six Months Ended June 30, 2016
CONTENTS

FOR THE SIX MONTHS ENDED JUNE 30, 2016

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</tr>
</tbody>
</table>
ACCOUNTANTS’ COMPILATION REPORT

Northeast Power Coordinating Council, Inc.
1040 Avenue of the Americas, 10th Floor
New York, New York 10018

Management is responsible for the accompanying financial statements of Northeast Power Coordinating Council, Inc., which comprise the statement of financial position as of June 30, 2016, and the related statement of activities for the six months then ended in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

Management has elected to omit substantially all of the disclosures and the statement of cash flows required by accounting principles generally accepted in the United States of America. If the omitted disclosures and the statement of cash flows were included in the financial statements, they might influence the user’s conclusions about the Company’s financial position, results of operations, and cash flows. Accordingly, the financial statements are not designed for those who are not informed about such matters.

We are not independent with respect to Northeast Power Coordinating Council, Inc.

New York, New York
August 30, 2016
Northeast Power Coordinating Council, Inc.  
Statement of Financial Position  
(See Accountants' Compilation Report)  
June 30, 2016

<table>
<thead>
<tr>
<th></th>
<th>Regional Entity Division</th>
<th>Criteria Services Division</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>$ 5,068,341</td>
<td>$ 644,958</td>
<td>$ 5,713,299</td>
</tr>
<tr>
<td>Restricted cash</td>
<td>139,821</td>
<td>10,356</td>
<td>150,177</td>
</tr>
<tr>
<td>Investments</td>
<td>1,569,811</td>
<td>241,203</td>
<td>1,811,014</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>263,597</td>
<td>14,006</td>
<td>277,603</td>
</tr>
<tr>
<td>Other assets</td>
<td>127,194</td>
<td>1,706</td>
<td>128,900</td>
</tr>
<tr>
<td>Equipment and leasehold improvements, net</td>
<td>798,040</td>
<td>63,009</td>
<td>861,049</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>$ 7,966,804</td>
<td>$ 975,238</td>
<td>$ 8,942,042</td>
</tr>
</tbody>
</table>

|                           |                          |                           |              |
| **Liabilities and Net Assets** |                       |                           |              |
| Accrued expenses and other liabilities | $ 1,118,249 | $ 55,800 | $ 1,174,049 |
| Deferred revenue          | -                        | 530,271                   | 530,271      |
| Deferred rent             | 614,618                  | 45,552                    | 660,170      |
| **Total Liabilities**     | 1,732,867                | 631,623                   | 2,364,490    |
| Net Assets - Unrestricted | 6,233,937                | 343,615                   | 6,577,552    |
| **Total Liabilities and Net Assets** | $ 7,966,804 | $ 975,238 | $ 8,942,042 |
### Northeast Power Coordinating Council, Inc.

**Statement of Activities**

*(See Accountants' Compilation Report)*

**For The Six Months Ended June 30, 2016**

<table>
<thead>
<tr>
<th>Regional Entity Division</th>
<th>Criteria Services Division</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>41000-Assessments</td>
<td>14,349,196</td>
<td>$14,349,196</td>
</tr>
<tr>
<td>41100-Penalty Sanctions</td>
<td>67,000</td>
<td>67,000</td>
</tr>
<tr>
<td>42100-Non-Statutory Funding</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>47000-Workshops</td>
<td>1,060,542</td>
<td>1,060,542</td>
</tr>
<tr>
<td>49000-Interest Income</td>
<td>1,060,542</td>
<td>1,060,542</td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td>14,801,768</td>
<td>15,540,738</td>
</tr>
</tbody>
</table>

| **Expenditures**          |                           |       |
| **Salaries**              |                           |       |
| 51000-Direct Salaries     | 6,531,471                 | 6,925,353 |
| 51200-Employment Agency Fee | 10,000                | 10,000 |
| 51300-Temporary Office Services | 20,000         | 20,000 |
| **Total Salaries**        | 6,561,471                 | 6,955,353 |

| **Payroll Taxes**         |                           |       |
| 52000-Payroll Taxes-FICA  | 268,299                   | 284,065 |
| 52100-Payroll Taxes-Medicare | 99,061             | 104,347 |
| 52200-Payroll Taxes-SUI   | 6,843                    | 7,527  |
| 52300-Payroll Taxes-FUI   | 1,470                    | 1,617  |
| 52400-Payroll Taxes-MCTMT | 23,384                   | 24,776 |
| **Total Payroll Taxes**   | 399,057                  | 422,332 |

| **Benefits**              |                           |       |
| 54000-Benefits-Education Reimbursement | 15,000         | 15,000 |
| 54001-Benefits-Training Classes and Seminars | 36,860       | 39,000 |
| 54100-Benefits-Medical    | 763,048                  | 817,885 |
| 54200-Benefits-Life       | 68,049                   | 72,228 |
| 54250-Officers-Life       | 15,000                   | 15,000 |
| 54300-Insurance -WC       | 15,000                   | 15,000 |
| 54400-Vacation Expense    | 451,843                  | 479,100 |
| **Total Benefits**        | 1,364,800                | 1,453,213 |

| **Retirement**            |                           |       |
| 55000-Pension Contribution | -                      | -      |
| 55100-Employee Savings Plan | 713,118           | 756,068 |
| 55200-Pension & Savings Admin | 60,000         | 60,000 |
| 55300-Deferred Compensation Expense | 60,000 | 60,000 |
| **Total Retirement**      | 833,118                  | 978,068 |

| **Meetings Expenses**     |                           |       |
| 61000-Meeting Expense     | 244,000                  | 250,500 |
| 61100-Workshop Expense    | 150,000                  | 150,000 |
| **Total Meetings Expenses** | 394,000                | 400,500 |
## Regional Entity Division

<table>
<thead>
<tr>
<th>Travel Expenses</th>
<th>2016 Budget</th>
<th>Year to Date</th>
<th>Percent of</th>
<th>2016 Budget</th>
<th>Year to Date</th>
<th>Percent of</th>
</tr>
</thead>
<tbody>
<tr>
<td>620000-Travel</td>
<td>$867,100</td>
<td>$313,767</td>
<td>36.19</td>
<td>$46,000</td>
<td>$15,628</td>
<td>33.97</td>
</tr>
<tr>
<td>622000-Travel Directors</td>
<td>$40,000</td>
<td>$8,273</td>
<td>20.68</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total Travel Expenses</td>
<td>$907,100</td>
<td>$322,040</td>
<td>35.50</td>
<td>$46,000</td>
<td>$15,628</td>
<td>33.97</td>
</tr>
</tbody>
</table>

| Communications                  |             |              |            |             |              |            |
| 630000-Conference Calls         | $47,000     | $15,600      | 33.19      | -           | -            | -          |
| Total Communications            | $47,000     | $15,600      | 33.19      | -           | -            | -          |

| Contracts & Consultants         |             |              |            |             |              |            |
| 650000-Consultants              | $48,000     | -            | -          | -           | -            | -          |
| 651000-Contracts                | $710,500    | $190,971     | 26.88      | $25,000     | $651          | 2.60       |
| 651100-Contract Audit Labor     | $1,200,000  | $221,297     | 18.44      | -           | -            | -          |
| 651200-Contract Audit Travel    | $90,000     | $58,236      | 64.71      | -           | -            | -          |
| 651300-Contract Audit Expenses  | $175,000    | -            | -          | -           | -            | -          |
| Total Contracts & Consultants   | $2,223,500  | $470,504     | 21.16      | $25,000     | $651          | 2.60       |

| Office Rent                     |             |              |            |             |              |            |
| 700000-Office Rent              | $650,000    | $309,374     | 47.60      | -           | -            | -          |
| 70010-Utilities                 | $40,000     | $12,726      | 31.82      | -           | -            | -          |
| 70020-Maintenance               | $40,000     | $13,760      | 34.40      | -           | -            | -          |
| 70030-Security                  | $2,500      | $1,793       | 71.72      | -           | -            | -          |
| 70040-Real Estate Taxes         | $70,000     | -            | -          | -           | -            | -          |
| Total Office Rent               | $802,500    | $337,653     | 42.08      | -           | -            | -          |

| Office Costs                    |             |              |            |             |              |            |
| 710000-Telephone                | $112,000    | $40,962      | 36.57      | -           | -            | -          |
| 71100-Internet                  | $95,400     | $38,191      | 40.03      | -           | -            | -          |
| 71200-Office Supplies           | $33,000     | $7,872       | 23.85      | -           | 29           | 910        |
| 71300-Computer Supplies &       | $321,000    | $132,545     | 41.29      | -           | -            | -          |
| Maintenance                     | $13,500     | $5,270       | 39.04      | -           | 429          | -          |
| 71400-Subscriptions & Publications | $13,500   | $5,270       | 39.04      | -           | 429          | -          |
| 71500-Dues                      | $4,000      | -            | -          | -           | -            | -          |
| 71600-Postage                   | $1,200      | $404         | 33.67      | -           | 1            | -          |
| 71700-Express Shipping          | $10,000     | $8,611       | 86.11      | -           | 12           | -          |
| 71800-Copying                   | $26,400     | $5,273       | 19.97      | -           | -            | -          |
| 71900-Reports                   | $6,000      | $7,873       | 131.22     | -           | -            | -          |
| 72000-Stationary & Office Forms | $2,000      | $394         | 19.70      | -           | 4            | -          |
| 72200-Bank Charges              | $15,000     | $1,186       | 7.91       | -           | 8            | -          |
| Total Office Costs              | $639,500    | $246,209     | 38.50      | -           | 483          | -          |

## Criteria Services Division

<table>
<thead>
<tr>
<th>Travel Expenses</th>
<th>2016 Budget</th>
<th>Year to Date</th>
<th>Percent of</th>
<th>2016 Budget</th>
<th>Year to Date</th>
<th>Percent of</th>
</tr>
</thead>
<tbody>
<tr>
<td>620000-Travel</td>
<td>$46,000</td>
<td>$15,628</td>
<td>33.97</td>
<td>$46,000</td>
<td>$15,628</td>
<td>33.97</td>
</tr>
<tr>
<td>622000-Travel Directors</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total Travel Expenses</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>$913,100</td>
<td>$329,395</td>
<td>-</td>
</tr>
</tbody>
</table>

| Communications                  |             |              |            |             |              |            |
| 630000-Conference Calls         | -           | -            | -          | -           | -            | -          |
| Total Communications            | -           | -            | -          | -           | -            | -          |

| Contracts & Consultants         |             |              |            |             |              |            |
| 650000-Consultants              | -           | -            | -          | -           | -            | -          |
| 651000-Contracts                | -           | -            | -          | -           | -            | -          |
| 651100-Contract Audit Labor     | -           | -            | -          | -           | -            | -          |
| 651200-Contract Audit Travel    | -           | -            | -          | -           | -            | -          |
| 651300-Contract Audit Expenses  | -           | -            | -          | -           | -            | -          |
| Total Contracts & Consultants   | -           | -            | -          | -           | -            | -          |

| Office Rent                     |             |              |            |             |              |            |
| 700000-Office Rent              | -           | -            | -          | -           | -            | -          |
| 70010-Utilities                 | -           | -            | -          | -           | -            | -          |
| 70020-Maintenance               | -           | -            | -          | -           | -            | -          |
| 70030-Security                  | -           | -            | -          | -           | -            | -          |
| 70040-Real Estate Taxes         | -           | -            | -          | -           | -            | -          |
| Total Office Rent               | -           | -            | -          | -           | -            | -          |

<p>| Office Costs                    |             |              |            |             |              |            |
| 710000-Telephone                | -           | -            | -          | -           | -            | -          |
| 71100-Internet                  | -           | -            | -          | -           | -            | -          |
| 71200-Office Supplies           | -           | -            | -          | -           | -            | -          |
| 71300-Computer Supplies &amp;       | -           | -            | -          | -           | -            | -          |
| Maintenance                     | -           | -            | -          | -           | -            | -          |
| 71400-Subscriptions &amp; Publications | -          | -            | -          | -           | -            | -          |
| 71500-Dues                      | -           | -            | -          | -           | -            | -          |
| 71600-Postage                   | -           | -            | -          | -           | -            | -          |
| 71700-Express Shipping          | -           | -            | -          | -           | -            | -          |
| 71800-Copying                   | -           | -            | -          | -           | -            | -          |
| 71900-Reports                   | -           | -            | -          | -           | -            | -          |
| 72000-Stationary &amp; Office Forms | -           | -            | -          | -           | -            | -          |
| 72200-Bank Charges              | -           | -            | -          | -           | -            | -          |
| Total Office Costs              | -           | -            | -          | -           | -            | -          |</p>
<table>
<thead>
<tr>
<th>Regional Entity Division</th>
<th>Criteria Services Division</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2016 Budget</td>
<td>Year to Date</td>
</tr>
<tr>
<td>Professional Services</td>
<td></td>
<td></td>
</tr>
<tr>
<td>75000-BOT Fee</td>
<td>$325,000</td>
<td>$164,171</td>
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<td>75100-BOT Search Fee</td>
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<tr>
<td>75300-Accounting and Auditing Fees</td>
<td>310,000</td>
<td>110,533</td>
</tr>
<tr>
<td>75400-Legal Fees - Other</td>
<td>316,000</td>
<td>95,577</td>
</tr>
<tr>
<td>75500-Insurance - Commercial</td>
<td>60,000</td>
<td>16,399</td>
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<tr>
<td>Total Professional Services</td>
<td>1,011,000</td>
<td>411,680</td>
</tr>
<tr>
<td>Other Non-Operating Expenses</td>
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</tr>
<tr>
<td>80300-Cash Reserve Requirement</td>
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<td>(548,624)</td>
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<tr>
<td>Total Other Non-Operating Expenses</td>
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<td>(548,624)</td>
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<tr>
<td>Depreciation Expense</td>
<td></td>
<td></td>
</tr>
<tr>
<td>95100-Depreciation Expense-Equipment</td>
<td>231,821</td>
<td>16,203</td>
</tr>
<tr>
<td>95250-Depreciation - Software</td>
<td>-</td>
<td>67,858</td>
</tr>
<tr>
<td>95300-Depreciation Expense-Furniture</td>
<td>-</td>
<td>9,190</td>
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<td>95400-Depreciation Expense - L.I.</td>
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<td>29,241</td>
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<td>Total Depreciation Expense</td>
<td>231,821</td>
<td>122,492</td>
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<tr>
<td>Miscellaneous Expenses</td>
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<tr>
<td>99000-Miscellaneous Expense</td>
<td>41,000</td>
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<tr>
<td>99990-Indirect Expenses</td>
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<td>(156,132)</td>
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<tr>
<td>Total Miscellaneous Expenses</td>
<td>(386,047)</td>
<td>(142,748)</td>
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<tr>
<td>Total Expenditures</td>
<td>14,480,196</td>
<td>6,340,388</td>
</tr>
<tr>
<td>Change in Unrestricted Net Assets</td>
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</tr>
<tr>
<td>Net Assets - Beginning of Period</td>
<td>5,365,845</td>
<td>$250,320</td>
</tr>
<tr>
<td>Net Assets - End of Period</td>
<td>$6,233,937</td>
<td>$343,615</td>
</tr>
</tbody>
</table>