American Council for an Energy-Efficient Economy

Audited Financial Statements and Supplementary Information

December 31, 2025

AMERICAN COUNCIL FOR AN ENERGY-EFFICIENT ECONOMY

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Independent Auditor's Report

Board of Directors
American Council for an Energy-Efficient Economy
Washington, D.C.

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of American Council for an Energy-Efficient Economy (ACEEE) (a nonprofit organization), which comprise the statement of financial position as of December 31, 2025, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of ACEEE as of December 31, 2025, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of ACEEE and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about ACEEE's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists.

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 ACEEE's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about ACEEE's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited ACEEE's 2024 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 4, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Councilor, Buchanan & Mitchell, P.C.

Bethesda, Maryland
July 6, 2026

Certified Public Accountants

AMERICAN COUNCIL FOR AN ENERGY-EFFICIENT ECONOMY

STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2025
(WITH SUMMARIZED COMPARATIVE INFORMATION AS OF DECEMBER 31, 2024)

	2025	2024
Assets		
Current Assets		
Cash and Cash Equivalents	**$ 350,169**	$ 213,107
Restricted Cash, Held on Behalf of NASEM Collaborative	**225,992**	179,551
Investments	**14,089,252**	9,569,024
Contributions Receivable	**2,212,595**	4,379,411
Prepaid Expenses	**347,801**	90,372
Total Current Assets	**17,225,809**	14,431,465
Operating Right-of-Use Asset	**3,800,130**	4,332,406
Property and Equipment, Net	**733,459**	769,270
Other Assets		
Security Deposit	**37,754**	37,754
Total Assets	**$ 21,797,152**	$ 19,570,895
Liabilities and Net Assets		
Current Liabilities		
Accounts Payable	**$ 189,366**	$ 488,154
Accrued Expenses	**472,265**	602,617
Operating Lease Liability	**684,116**	654,644
Deferred Revenue	**855,867**	735,567
Refundable Advances	**70,250**	23,119
Funds Held on Behalf of NASEM Collaborative	**225,992**	179,551
Total Current Liabilities	**2,497,856**	2,683,652
Long-Term Liabilities		
Operating Lease Liability, Net of Current Portion	**4,404,611**	5,088,728
Total Long-Term Liabilities	**4,404,611**	5,088,728
Net Assets		
Net Assets Without Donor Restrictions		
Undesignated	**7,635,130**	7,058,760
Board Designated	**-**	25,000
Total Net Assets Without Donor Restrictions	**7,635,130**	7,083,760
Net Assets With Donor Restrictions	**7,259,555**	4,714,755
Total Net Assets	**14,894,685**	11,798,515
Total Liabilities and Net Assets	**$ 21,797,152**	$ 19,570,895

See accompanying Notes to Financial Statements.

American Council for an Energy-Efficient Economy

Statement of Activities
For the Year Ended December 31, 2025
(With Summarized Comparative Information for the Year Ended December 31, 2024)

	2025	2024
Activities Without Donor Restrictions		
Revenue and Support		
Conference	**$ 1,744,537**	$ 1,824,836
Contracts	**1,350,438**	1,862,652
Ally Program	**669,463**	808,673
Dividends and Interest	**262,070**	230,691
Contributions	**238,139**	166,693
Other Income	**29,659**	33,927
Net Assets Released from Restrictions	**10,348,824**	11,031,084
Total Revenue and Support	**14,643,130**	15,958,556
Expenses		
Program Services		
Research Programs	**9,427,243**	10,831,635
Conference	**1,722,830**	1,383,646
Lobbying	**414,280**	269,681
Total Program Services	**11,564,353**	12,484,962
Supporting Services		
General and Administration	**2,799,728**	2,586,963
Development	**485,836**	477,908
Total Supporting Services	**3,285,564**	3,064,871
Total Expenses	**14,849,917**	15,549,833
Change in Net Assets Without Donor Restrictions before Realized and Unrealized Gain on Investments	**(206,787)**	408,723
Realized and Unrealized Gain on Investments	**758,157**	905,201
Change in Net Assets Without Donor Restrictions	**551,370**	1,313,924
Activities With Donor Restrictions		
Foundation Grants	**9,809,901**	5,974,961
Research Contributions and Projects	**3,083,723**	4,708,164
Net Assets Released from Restrictions	**(10,348,824)**	(11,031,084)
Change in Net Assets With Donor Restrictions	**2,544,800**	(347,959)
Change in Net Assets	**3,096,170**	965,965
Net Assets, Beginning of Year	**11,798,515**	10,832,550
Net Assets, End of Year	**$ 14,894,685**	$ 11,798,515

See accompanying Notes to Financial Statements.

AMERICAN COUNCIL FOR AN ENERGY-EFFICIENT ECONOMY

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2025
(WITH SUMMARIZED COMPARATIVE INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2024)

	Program Services			Total Program Services	Supporting Services		Total Supporting Services	**2025 Total**	2024 Total
	Research Programs	Conference	Lobbying		General and Administrative	Development			
Salaries	$ 4,456,817	$ 356,208	$ 75,977	$ 4,889,002	$ 1,365,597	$ 279,758	$ 1,645,355	**$ 6,534,357**	$ 6,862,533
Fringe Benefits	2,253,410	180,445	37,481	2,471,336	699,186	143,727	842,913	**3,314,249**	3,151,889
Total Personnel Expense	6,710,227	536,653	113,458	7,360,338	2,064,783	423,485	2,488,268	**9,848,606**	10,014,422
Consultants	1,843,605	148,135	1,751	1,993,491	161,389	5,354	166,743	**2,160,234**	2,861,616
Operating Lease Expense	446,079	35,498	7,399	488,976	103,321	27,747	131,068	**620,044**	620,044
Variable Lease Expense	3,908	311	65	4,284	905	243	1,148	**5,432**	20,548
Conferences and Meetings	44,671	920,254	49	964,974	56,564	6,771	63,335	**1,028,309**	893,308
Depreciation and Amortization	71,213	5,688	1,185	78,086	20,080	4,508	24,588	**102,674**	111,723
Publications and Subscriptions	35,016	16,717	1,274	53,007	133,460	1,494	134,954	**187,961**	202,682
Telephone	28,121	5,152	1,233	34,506	-	1,413	1,413	**35,919**	36,702
Travel	104,601	36,667	1,236	142,504	43,697	12,347	56,044	**198,548**	230,064
Supplies	16,549	9,644	1,016	27,209	-	2,379	2,379	**29,588**	54,363
Accounting Fees	-	-	-	-	87,953	-	87,953	**87,953**	67,311
Lobbying Expense	-	-	285,000	285,000	-	-	-	**285,000**	260,205
Insurance	-	-	-	-	45,972	-	45,972	**45,972**	26,825
Legal Fees	106,112	-	-	106,112	7,673	-	7,673	**113,785**	38,746
Bank Charges	-	122	-	122	15,040	-	15,040	**15,162**	11,693
Other Expenses	17,141	7,989	614	25,744	58,891	95	58,986	**84,730**	99,581
Total Expenses	$ 9,427,243	$ 1,722,830	$ 414,280	$ 11,564,353	$ 2,799,728	$ 485,836	$ 3,285,564	**$ 14,849,917**	$ 15,549,833

See accompanying Notes to Financial Statements.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2025
(WITH SUMMARIZED COMPARATIVE INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2024)

	2025	2024
Cash Flows from Operating Activities		
Change in Net Assets	**$ 3,096,170**	$ 965,965
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
Depreciation and Amortization	**102,674**	111,723
Operating Lease Expense	**620,044**	620,044
Net Gain on Investments	**(1,020,227)**	(1,135,892)
Loss on Disposal	**865**	-
(Increase) Decrease in Assets		
Contributions Receivable	**2,166,816**	(890,234)
Prepaid Expenses	**(257,429)**	130,283
Increase (Decrease) in Liabilities		
Accounts Payable	**(298,788)**	(86,918)
Accrued Expenses	**(130,352)**	152,610
Operating Lease Liability	**(742,413)**	(724,321)
Deferred Revenue	**120,300**	(606,072)
Refundable Advances	**47,131**	-
Funds Held on Behalf of NASEM Collaborative	**46,441**	42,366
Net Cash Provided by (Used in) Operating Activities	**3,751,232**	(1,420,446)
Cash Flows from Investing Activities		
Purchases of Property and Equipment	**(67,728)**	(32,979)
Purchases of Investments	**(4,450,000)**	(2,470,580)
Proceeds from Sales of Investments	**949,999**	3,870,583
Net Cash (Used in) Provided by Investing Activities	**(3,567,729)**	1,367,024
Net Increase (Decrease) in Cash and Cash Equivalents	**183,503**	(53,422)
Cash and Cash Equivalents, Beginning of Year	**392,658**	446,080
Cash and Cash Equivalents, End of Year	**$ 576,161**	$ 392,658

See accompanying Notes to Financial Statements.

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

American Council for an Energy-Efficient Economy (ACEEE) is a nonprofit organization incorporated under the laws of California during February 1980. The objectives of ACEEE are to gather, evaluate, and disseminate information to stimulate greater efficiency of energy use. ACEEE focuses on program areas including energy policy, research, and outreach. ACEEE offers conferences, publications, and other forums for professionals and other organizations within the field.

ACEEE carries out its mission by conducting technical and policy analyses; advising policy makers and program managers; working with businesses, government officials, public interest groups, and other organizations; assisting traditional and new media to cover energy efficiency policy and activities and technical issues; and educating consumers and businesses through ACEEE's conferences, press, and websites.

Program Services

Program service descriptions are as follows:

Research programs: ACEEE's research programs seek to improve energy efficiency through lowering energy costs, improving economic productivity, and decreasing environmental pollution.

Conference: ACEEE's conferences disseminate information to stimulate the efficiency of energy use in the economy.

Lobbying: ACEEE lobbies on behalf of appliance energy efficiency standards, federal appropriations for energy efficiency research and development, and new federal programs to promote energy efficiency.

Basis of Accounting

The accompanying financial statements are presented in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

A summary of ACEEE's significant accounting policies are as follows:

Basis of Presentation

ACEEE 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

Net assets without donor restriction include those net assets whose use is not restricted by donors, even though their use may be limited in other respects, such as by board designation.

Net Assets With Donor Restrictions

Net assets with donor restrictions consist of assets whose use is limited by donor-imposed time and/or purpose restrictions. ACEEE reports contributions as revenue with donor restrictions if they are received with donor stipulations that limit the use of the donated assets.

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets With Donor Restrictions (Continued)

When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, the net assets are reclassified as net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Cash and Cash Equivalents

For purposes of reporting cash flows, ACEEE considers currency on hand, demand deposits, and highly liquid investments purchased from financial institutions with an original maturity of three months or less to be cash and cash equivalents, except cash held in the investment portfolio.

Investments

Investments consist of mutual funds (bond, equity) and money market funds. Investments with readily determinable fair values are reflected at fair value.

Financial Risk

ACEEE maintains demand deposits with various financial institutions. At times, certain balances held within these accounts may not be fully guaranteed or insured by the Federal Deposit Insurance Corporation (FDIC). The uninsured positions of these accounts are backed solely by the assets of the underlying institution. As such, the failure of an underlying institution could result in financial loss to ACEEE. ACEEE has not experienced any such losses in the past and does not believe it is exposed to any significant financial risk on these balances.

ACEEE’s investments are exposed to various risks, such as fluctuations in market value. As a result, investment balances reported in the accompanying financial statements may not be reflective of the portfolio’s fair value during subsequent periods.

Contributions Receivable

Contributions receivable consist of foundation grants. Contributions receivable are recorded at net realizable value. Contributions receivable that are past due are individually analyzed for collectability. When all collection efforts have been exhausted, the account is written off against an allowance account. Management adjusts the allowance account annually based upon its estimate of those receivables determined to be uncollectible. Bad debt expense for the year ended December 31, 2025, totaled approximately $40. As of December 31, 2025, management deemed all contributions receivable to be collectable.

As of December 31, 2025, three donors comprised 52% of contributions receivable.

Right-of-Use Assets and Lease Liabilities

The determination of whether an arrangement is a lease is made at the lease’s inception. Under the Financial Accounting Standards Board’s (FASB) Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*, a contract is (or contains) a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Right-of-Use Assets and Lease Liabilities (Continued)

Control is defined under the standard as having both the right to obtain substantially all of the economic benefits from use of the asset and the right to direct the use of the asset. Management only reassesses its determination if the terms and conditions of the contract are changed.

Lease liabilities are initially measured at the present value of minimum lease payments using a risk-free rate that approximates the remaining term of the lease. The right-of-use asset is the lease liability adjusted for other lease-related accounts. Management considers the likelihood of exercising renewal or termination clauses (if any) in measuring ACEEE's right-of-use assets and lease liabilities. Operating lease expense is allocated over the remaining lease term on a straight-line basis. ACEEE considers leases with initial terms of twelve months or less, and no option to purchase the underlying asset, to be short-term leases. Accordingly, short-term lease costs are expensed over the remaining lease term, with no corresponding right-of-use asset or lease liability. In addition, ACEEE does not separate non-lease components from lease components (if any) when determining the payments for leases of office equipment.

Property and Equipment

Property and equipment acquisitions with a cost greater than $1,000 and a projected useful life exceeding one year are capitalized at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range from three to seven years. Leasehold improvements are amortized using the straight-line method over the shorter of the estimated lives of the related assets or the remaining lease term and are limited by the expected lease term unless there is a transfer of title or purchase option reasonably certain of exercise. Direct costs incurred during the application stage of the development of the ACEEE website are capitalized and amortized over the estimated useful life.

Revenue from Conferences

Conference revenue consists primarily of registration and sponsorship fees. Attendees at in-person or virtual conferences receive educational content, networking opportunities, and access to industry experts and sponsors. Sponsors receive multiple forms of recognition, access to attendees, one or more registrations, promotional opportunities and discounts, and significant non-monetary networking value, all provided at the conference.

There is a sliding scale of benefits provided to sponsors commensurate with fees paid. All performance obligations for meeting attendees and sponsors are satisfied as the conference takes place; revenue is therefore recognized at the point in time the conference takes place. Fees are generally collected in advance of the conference and recorded as deferred revenue in the statement of financial position until the conference occurs.

Prices for the conference registrations and sponsorship fees are specific to distinct performance obligations and do not consist of multiple transactions. They do not include significant financing components as the performance obligations are typically satisfied within a year of receipt of payment.

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue from Conferences (Continued)

ACEEE did not have any impairment or credit losses on any receivables or contract assets arising from contracts with customers. There is also no incremental cost of obtaining a contract, and there are no significant changes in the judgements affecting the determination of the amount and timing of revenue from contracts.

Economic factors driven by consumer confidence, employment, inflation, and other world events impact the timing and level of cash received and revenue recognized by ACEEE. Period of economic downturn resulting from any of the above factors may result in declines in future cash flows and recognized revenue of ACEEE or can have a positive impact on cash flows in favorable economic conditions.

Deferred Revenue and Refundable Advances

Conference registrations and the exchange portion of conference sponsorship fees received in advance of the event are recorded as deferred revenue. The contribution portion of conference sponsorship fees received in advance of the event are recorded as refundable advances. All conference registrations and sponsorship fees are recognized in the period in which the event occurs.

ACEEE recognized $758,686 of prior year deferred revenue and refundable advances during the year ended December 31, 2025.

Revenue from Contracts

Revenue from contracts is derived primarily from fees for providing analysis and education related to state level clean lighting policy adoption. Revenue is recognized in the period in which it is earned. ACEEE performs an evaluation at contract inception focused on whether a performance obligation is satisfied over time or at a point in time. If a performance obligation meets certain specific criteria, the related revenue is recognized over time if ACEEE is able to reasonably measure its progress toward complete satisfaction of the performance obligation using reliable information. Output methods and input methods are used to measure progress for goods and services for which control has been transferred to the customer. If the specific criteria are not met, revenue is recognized at a point in time. Amounts received in advance of completed services are recorded as deferred revenue and are recognized in the period in which the contract services are performed.

Contributions

ACEEE's contributions include donations from individuals, Ally program, research contributions and projects from companies and government agencies, and foundation grants. Unconditional contributions are recorded as support with or without donor restrictions, depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in net assets with donor restrictions and then reclassified to net assets without donor restrictions when the restriction expires.

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions (Continued)

Conditional contributions are recognized as revenue only when the conditions on which they depend are substantially met and the promises become unconditional. Conditional promises to give as of December 31, 2025, totaled approximately $780,000 from one donor and has not been recorded as revenue or as a receivable.

Sources of Revenue

During the year ended December 31, 2025, ACEEE derived approximately 47% of its total revenue and support from five significant donors and contracts.

Functional Allocation of Expenses

Costs of ACEEE's various programs and activities have been summarized on a functional basis in the accompanying statement of activities and statement of functional expenses.

Expenses that are attributable to more than one program or supporting function require allocation on a reasonable basis that is consistently applied. Publications and subscriptions, supplies, and telephone expenses have been allocated on the basis of employee effort. Salaries and fringe benefits, operating and variable lease expense, depreciation and amortization, and all other expenses are directly charged to the applicable functional areas.

Income Tax

ACEEE is exempt from the payment of income taxes on its exempt activities under Section 501(c)(3) of the Internal Revenue Code and is classified as other than a private foundation by the Internal Revenue Code. ACEEE may be subject to tax on unrelated business income activities. ACEEE had no unrelated business income for the year ended December 31, 2025.

Use of Estimates

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

Prior Year Information

The financial statements include certain prior year summarized comparative totals as of and for the year ended December 31, 2024. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the financial statements for the year ended December 31, 2024, from which the summarized information was derived.

2. LIQUIDITY AND AVAILABILITY OF RESOURCES

ACEEE regularly monitors the availability of resources required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds.

2. LIQUIDITY AND AVAILABILITY OF RESOURCES (CONTINUED)

For purposes of analyzing resources available to meet general expenditures over a 12-month period, ACEEE considers all expenditures related to its ongoing research and educational activities as well as the conduct of services undertaken to support those activities to be general expenditures.

Financial assets available for general expenditure within one year are as follows as of December 31, 2025:

Liquid Financial Assets at Year End	
Cash and Cash Equivalents	$ 350,169
Contributions Receivable	2,212,595
Investments Available for Operating Purposes	14,089,252
Total Financial Assets	16,652,016
Restricted Liquid Financial Assets at Year End	
Cash Collateral Held for Lease Security Deposit	(55,178)
Net Assets Restricted by Donors for Purpose	(6,459,555)
Financial Assets Available to Meet Cash Needs for General Expenditures within One Year	$ 10,137,283

3. FAIR VALUE MEASUREMENTS AND INVESTMENTS

The Fair Value Measurement Topic of the Accounting Standards Codification (ASC) defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, and sets out a fair value hierarchy. The fair value hierarchy gives the highest priority to quote prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). Inputs are broadly defined under this topic as assumptions market participants would use in pricing an asset or liability. The input levels used for valuing investments are not necessarily an indication of risk.

Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. As required by the Fair Value Measurement Topic, ACEEE does not adjust the quoted prices for these investments even in situations where ACEEE holds a large position, and a sale could reasonably impact the quoted price.

Level 2 - Inputs other than quoted prices within Level 1 that are observable for the asset or liability, either directly or indirectly, and fair value is determined through the use of models or other valuation methodologies. A significant adjustment to a Level 2 input could result in the Level 2 measurement becoming a Level 3 measurement. There were no Level 2 inputs for any assets or liabilities held by ACEEE as of December 31, 2025.

Level 3 - Inputs are unobservable for the asset or liability and include situations where there is little, if any, market activity for the asset or liability. The inputs into the determination of fair value are based upon the best information in the circumstances and may require significant management judgement or estimation. Investments that are included in this category are investments where fair value is not based on a net asset value (NAV) practical expedient.

There were no Level 3 inputs for any assets or liabilities held by ACEEE as of December 31, 2025.

As of December 31, 2025, the only assets and liabilities of ACEEE which were measured at fair value on a recurring basis were ACEEE's investments. Investments recorded at fair value which

3. FAIR VALUE MEASUREMENTS AND INVESTMENTS (CONTINUED)

are classified within Level 1 include equity, fixed income, and money market funds, the fair values for which were based on quoted prices for identical assets in active markets. Management believes the estimated fair values to be a reasonable approximation of the exit price for these investments.

Cash included in the investment portfolio is recorded at cost and is not required to be classified in one of the levels prescribed by the fair value hierarchy.

Fair values of assets measured on a recurring basis at December 31, 2025, are as follows:

	Total	Level 1	Level 2	Level 3
Investments, at Fair Value				
Mutual Funds - Bond Funds	$ 3,158,576	$ 3,158,576	$ -	$ -
Mutual Funds - Equity Funds	6,381,339	6,381,339	-	-
Money Market Fund	4,426,590	4,426,590	-	-
Investments, at Fair Value	13,966,505	$ 13,966,505	$ -	$ -
Cash	122,747			
Total Investments	$ 14,089,252			

4. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31, 2025:

Furniture and Equipment	$ 352,851
Software and Website	130,590
Leasehold Improvements	774,607
	1,258,048
Less Accumulated Depreciation and Amortization	(524,589)
Property and Equipment, Net	$ 733,459

5. RETIREMENT PLAN

A qualified 403(b) retirement plan (the Plan) has been established for which all eligible employees are eligible to participate and make salary deferral contributions up to the federal limits annually. Under the Plan, ACEEE makes a 3% contribution and will match up to 3% of eligible employee compensation. Total employer contributions to the Plan totaled $445,824 for the year ended December 31, 2025.

6. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted as follows as of December 31, 2025:

Restricted by Purpose	
Foundation Grants	$ 6,038,387
Research Contributions	379,585
Linda Latham Scholarship Fund	32,191
Harry Misuirello Fund	7,715
BECC and Other Programs	1,677
Restricted by Time	800,000
	$ 7,259,555

6. NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

During the year ended December 31, 2025, net assets of $10,348,824 were released from restrictions either as expenses were incurred which satisfied the restricted purposes of the net assets or by the occurrence of other events, as specified by the donors.

7. COMMITMENTS AND CONTINGENCIES

Operating Lease

In March 2008, ACEEE entered into an operating lease agreement for office space which was originally scheduled to expire in July 2018 with an option to renew for an additional five years. The lease was amended effective May 2014 to expand the original office space and extend the expiration to July 31, 2021. In August 2020, the lease was amended to extend the expiration to July 31, 2032, with an option to renew for an additional five years, and with an option to terminate five years early. The amendment also contained an abatement of rental payments for 12 months, escalation clauses, charges for other costs related to the leased office space, tenant allowances for improvements, and other stipulations.

In accordance with the August 2020 amendment, ACEEE has an irrevocable letter of credit in the amount of $55,178 as a security deposit, secured by a cash collateral account. The cash collateral account is included in investments in the accompanying statement of financial position.

Under U.S. GAAP, operating lease expense is recognized on a straight-line basis over the remaining lease term. Operating lease expenses for the year ended December 31, 2025, was approximately $620,000 and is included in the statement of functional expenses. For the year ended December 31, 2025, ACEEE recognized approximately $5,000 variable lease expenses related to utilities, common area maintenance, and year-end reconciliations. These costs are excluded from lease liabilities as they are not based on an index or rate.

Maturity of the operating lease liability as of December 31, 2025, is as follows:

For the Years Ending December 31,	
2026	$ 760,972
2027	779,973
2028	799,498
2029	819,544
2030	840,057
Thereafter	1,370,510
Total Undiscounted Minimum Lease Payments	5,370,554
Less Discount to Present Value	(281,827)
Total Operating Lease Liability	$ 5,088,727

The supplementary qualitative operating lease information is as follows:

Supplementary Qualitative Operating Lease Information	Amount
Weighted-Average Remaining Lease Term (Years)	6.58
Weighted-Average Discount Rate	1.63%

8. RELATED PARTY TRANSACTIONS

ACEEE, in conjunction with one other organization, host the Behavior, Energy & Climate Change conference (BECC). The two organizations share equally in the financial risk of BECC. All surpluses and losses are tracked in a restricted net asset fund by ACEEE, which is included in net assets with donor restrictions in the statement of financial position.

Additionally, ACEEE is administering funds for the North American Strategic Energy Management Collaborative (SEM Collaborative), a group of organizations (including ACEEE) considering formation of a legal entity. ACEEE is acting in an agency capacity, collecting, and disbursing funds on behalf of the collaborative as a whole. ACEEE does not have variance power over the funds, which are reported as an asset and liability in the statement of financial position.

9. CONTINGENCY FOR FEDERAL AWARD INCOME

ACEEE receives revenues from federal government grants, contracts, and sub-awards. The ultimate determination of amounts received under these programs is generally based upon allowable costs, which are subject to audit. Management believes that adjustments, if any, arising from such audits, will not have a material effect on the financial statements. However, any significant reduction in funding from these government grants may impact ACEEE's ability to carry out its programs and other activities. Any changes in government priorities, budget constraints, or shifts in policy could result in decreased grant funding or alterations to the terms of existing grants.

10. SUBSEQUENT EVENTS

Subsequent events have been evaluated through July 6, 2026, which is the date the financial statements were available to be issued.

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Independent Auditor's Report on the Supplementary Information

Board of Directors
American Council for an Energy-Efficient Economy
Washington, D.C.

We have audited the financial statements of American Council for an Energy-Efficient Economy (ACEEE) as of and for the year ended December 31, 2025, and have issued our report thereon, which contains an unmodified opinion on those financial statements. See pages 3-4. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information 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 financial information 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 or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Councilor, Buchanan & Mitchell, P.C.

Bethesda, Maryland
July 6, 2026

Certified Public Accountants

SCHEDULE OF FRINGE BENEFITS
FOR THE YEAR ENDED DECEMBER 31, 2025

Holiday, Sick, and Vacation	$ 1,445,406
Health, Life and Disability Insurance, and Metro Allowance	805,766
Payroll Taxes	617,253
Retirement	445,824
Total Fringe Benefits	$ 3,314,249

AMERICAN COUNCIL FOR AN ENERGY-EFFICIENT ECONOMY

SCHEDULE OF INDIRECT COSTS
FOR THE YEAR ENDED DECEMBER 31, 2025

Salary Expenses	$ 1,933,465
Fringe Benefits	950,749
Consultants	302,861
Printing and Publications	170,564
Occupancy	154,600
Conferences, Conventions, and Meetings	56,561
Insurance	45,972
Travel Expenses	43,697
Telephone	35,920
Supplies	29,588
Depreciation	28,017
Finance Charges	15,040
Due and Subscriptions	6,080
Legal Fees	5,152
Postage and Shipping	2,114
Taxes	841
Total Allowable Indirect Costs	$ 3,781,221

SCHEDULE OF DETERMINATION OF INDIRECT COST RATES
FOR THE YEAR ENDED DECEMBER 31, 2025

Fringe Benefits Rate	
Numerator	
Total Fringe Benefits	$ 3,314,249
Denominator	
Total Salaries	$ 6,534,357
Fringe Benefits Rate	50.72%
Depreciation and Amortization Rate	
Numerator	
Total Depreciation and Amortization	$ 102,674
Denominator	
Total Salaries	$ 6,534,357
Total Fringe Benefits	3,314,249
Total	$ 9,848,606
Depreciation and Amortization Rate	1.04%
Operating Lease	
Numerator	
Total Operating Lease Expense	$ 620,044
Denominator	
Total Salaries	$ 6,534,357
Total Fringe Benefits	3,314,249
Total	$ 9,848,606
Operating Lease	6.30%

American Council for an Energy-Efficient Economy

Schedule of Determination of Other Rates
For the Year Ended December 31, 2025

General and Administrative Cost Rate	
Numerator	
Total Allowable General and Administrative Costs	$ 2,372,207
Denominator	
Direct Salaries	$ 4,600,892
Applied Fringe Benefits	2,363,500
Total	$ 6,964,392
General and Administrative Cost Rate	34.06%
Human Resources Rate	
Numerator	
Total Human Resources Expense	$ 449,644
Denominator	
Total Salaries	$ 6,534,357
Total Fringe Benefits	3,314,249
Total	$ 9,848,606
Human Resources Rate	4.57%
IT, Website, and Database Rate	
Numerator	
Total IT, Website, and Database Expense	$ 893,862
Denominator	
Total Salaries	$ 6,534,357
Total Fringe Benefits	3,314,249
Total	$ 9,848,606
IT, Website, and Database Rate	9.08%
Supplies and Communications Rate	
Numerator	
Total Supplies and Communications	$ 65,508
Denominator	
Total Salaries	$ 6,534,357
Total Fringe Benefits	3,314,249
Total	$ 9,848,606
Supplies and Communications Rate	0.67%