

NC

20-1352-GA-A66

67

FILE **Ohio**

# Public Utilities Commission

PUCO USE ONLY - Version 1.08 May 2016		
Date Received	Case Number	Certification Number
	- GA-AGG	

## INITIAL CERTIFICATION APPLICATION COMPETITIVE RETAIL NATURAL GAS BROKERS /AGGREGATORS

Please type or print all required information. Identify all attachments with an exhibit label and title (*Example: Exhibit A-15 - Company History*). All attachments should bear the legal name of the Applicant. Applicants should file completed applications and all related correspondence with the Public Utilities Commission of Ohio, Docketing Division, 180 East Broad Street, Columbus, Ohio 43215-3793.

This PDF form is designed so that you may directly input information onto the form. You may also download the form by saving it to your local disk.

### SECTION A - APPLICANT INFORMATION AND SERVICES

**A-1 Applicant intends to be certified as: (check all that apply)**

☒ Retail Natural Gas Aggregator    ☐ Retail Natural Gas Broker

**A-2 Applicant information:**

Legal Name      Power Brokers LLC  
Address      12700 Park Central Drive STE 1450 Dallas TX 75251  
Telephone No.      469-916-1313      Web site Address      www.powerbrokersusa.com

PUCO  
2020 AUG -4 PM 4:19

**A-3 Applicant information under which applicant will do business in Ohio:**

Name      Power Brokers LLC  
Address      12700 Park Central Drive STE 1450 Dallas TX 75251  
Web site Address      www.powerbrokersusa.com      Telephone No.      469-916-1313

**A-4 List all names under which the applicant does business in North America:**

Power Brokers LLC  
PB2 Texas LLC

**A-5 Contact person for regulatory or emergency matters:**

Name      Steve Hardy      Title      President  
Business Address      12700 Park Central Drive STE 1450 Dallas TX 75251  
Telephone No.      469-533-7626      Fax No.      866-829-6371      Email Address      legal@powerbrokersusa.com

This is to certify that the images appearing are an accurate and complete reproduction of a case file document delivered in the regular course of business.

Technician Nubbe Date Processed 8/4/20

(CRNGS Broker/Aggregator Ver 1.08, Revised May 2016) Page 1 of 8

**A-6 Contact person for Commission Staff use in investigating customer complaints:**

Name Steve Hardy Title President  
Business address 12700 Park Central Drive STE 1450 Dallas, TX 75251  
Telephone No. 469-533-7626 Fax No. 866-829-6371 Email Address legal@powerbrokersusa.com

**A-7 Applicant's address and toll-free number for customer service and complaints**

Customer service address 12700 Park Central Drive STE 1450 Dallas, TX 75251  
Toll-Free Telephone No. 800-747-7314 Fax No. 866-829-6371 Email Address legal@powerbrokersusa.com

**A-8 Provide "Proof of an Ohio Office and Employee," in accordance with Section 4929.22 of the Ohio Revised Code, by listing name, Ohio office address, telephone number, and Web site address of the designated Ohio Employee**

Name Title  
Business address  
Telephone No. Fax No. Email Address

**A-9 Applicant's federal employer identification number 27-2839484**

**A-10 Applicant's form of ownership: (Check one)**

- |   |  |
|---|--|
| <input type="checkbox"/> Sole Proprietorship                            | <input type="checkbox"/> Partnership                     |
| <input checked="" type="checkbox"/> Limited Liability Partnership (LLP) | <input type="checkbox"/> Limited Liability Company (LLC) |
| <input type="checkbox"/> Corporation                                    | <input type="checkbox"/> Other                           |

**A-11 (Check all that apply) Identify each natural gas company service area in which the applicant is currently providing service or intends to provide service, including identification of each customer class that the applicant is currently serving or intends to serve, for example: *residential, small commercial, and/or large commercial/industrial (mercantile) customers*. (A mercantile customer, as defined in Section 4929.01(L)(1) of the Ohio Revised Code, means a customer that consumes, other than for residential use, more than 500,000 cubic feet of natural gas per year at a single location within the state or consumes natural gas, other than for residential use, as part of an undertaking having more than three locations within or outside of this state. In accordance with Section 4929.01(L)(2) of the Ohio Revised Code, "Mercantile customer" excludes a not-for-profit customer that consumes, other than for residential use, more than 500,000 cubic feet of natural gas per year at a single location within this state or consumes natural gas, other than for residential use, as part of an undertaking having more than three locations within or outside this state that has filed the necessary declaration with the Public Utilities Commission.)**

<input checked="" type="checkbox"/> Columbia Gas of Ohio	<input type="checkbox"/> Residential	<input checked="" type="checkbox"/> Small Commercial	<input checked="" type="checkbox"/> Large Commercial / Industrial
<input checked="" type="checkbox"/> Dominion East Ohio	<input type="checkbox"/> Residential	<input checked="" type="checkbox"/> Small Commercial	<input checked="" type="checkbox"/> Large Commercial / Industrial
<input checked="" type="checkbox"/> Duke Energy Ohio	<input type="checkbox"/> Residential	<input checked="" type="checkbox"/> Small Commercial	<input checked="" type="checkbox"/> Large Commercial / Industrial
<input checked="" type="checkbox"/> Vectren Energy Delivery of Ohio	<input type="checkbox"/> Residential	<input checked="" type="checkbox"/> Small Commercial	<input checked="" type="checkbox"/> Large Commercial / Industrial

**A-12 If applicant or an affiliated interest previously participated in any of Ohio's Natural Gas Choice Programs, for each service area and customer class, provide approximate start date(s) and/or end date(s) that the applicant began delivering and/or ended services.**

☐ Columbia Gas of Ohio

<input type="checkbox"/> Residential	Beginning Date of Service	End Date
<input type="checkbox"/> Small Commercial	Beginning Date of Service	End Date
<input type="checkbox"/> Large Commercial	Beginning Date of Service	End Date
<input type="checkbox"/> Industrial	Beginning Date of Service	End Date

☐ Dominion East Ohio

<input type="checkbox"/> Residential	Beginning Date of Service	End Date
<input type="checkbox"/> Small Commercial	Beginning Date of Service	End Date
<input type="checkbox"/> Large Commercial	Beginning Date of Service	End Date
<input type="checkbox"/> Industrial	Beginning Date of Service	End Date

☐ Duke Energy Ohio

<input type="checkbox"/> Residential	Beginning Date of Service	End Date
<input type="checkbox"/> Small Commercial	Beginning Date of Service	End Date
<input type="checkbox"/> Large Commercial	Beginning Date of Service	End Date
<input type="checkbox"/> Industrial	Beginning Date of Service	End Date

☐ Vectren Energy Delivery of Ohio

<input type="checkbox"/> Residential	Beginning Date of Service	End Date
<input type="checkbox"/> Small Commercial	Beginning Date of Service	End Date
<input type="checkbox"/> Large Commercial	Beginning Date of Service	End Date
<input type="checkbox"/> Industrial	Beginning Date of Service	End Date

**A-13 If not currently participating in any of Ohio's four Natural Gas Choice Programs, provide the approximate start date that the applicant proposes to begin delivering services:**

<input checked="" type="checkbox"/>	<b>Columbia Gas of Ohio</b>	<b>Intended Start Date</b>	9/1/2020
<input checked="" type="checkbox"/>	<b>Dominion East Ohio</b>	<b>Intended Start Date</b>	9/1/2020
<input checked="" type="checkbox"/>	<b>Duke Energy Ohio</b>	<b>Intended Start Date</b>	9/1/2020
<input checked="" type="checkbox"/>	<b>Vectren Energy Delivery of Ohio</b>	<b>Intended Start Date</b>	9/1/2020

PROVIDE THE FOLLOWING AS SEPARATE ATTACHMENTS AND LABEL AS INDICATED.

- A-14 Exhibit A-14 "Principal Officers, Directors & Partners,"** provide the names, titles, addresses and telephone numbers of the applicant's principal officers, directors, partners, or other similar officials.
- A-15 Exhibit A-15 "Company History,"** provide a concise description of the applicant's company history and principal business interests.
- A-16 Exhibit A-16 "Articles of Incorporation and Bylaws,"** if applicable, provide the articles of incorporation filed with the state or jurisdiction in which the applicant is incorporated and any amendments thereto.
- A-17 Exhibit A-17 "Secretary of State,"** provide evidence that the applicant is currently registered with the Ohio Secretary of the State.

## **SECTION B - APPLICANT MANAGERIAL CAPABILITY AND EXPERIENCE**

PROVIDE THE FOLLOWING AS SEPARATE ATTACHMENTS AND LABEL AS INDICATED

- B-1 Exhibit B-1 "Jurisdictions of Operation,"** provide a current list of all jurisdictions in which the applicant or any affiliated interest of the applicant is, at the date of filing the application, certified, licensed, registered, or otherwise authorized to provide retail natural gas service, or retail/wholesale electric services.
- B-2 Exhibit B-2 "Experience & Plans,"** provide a current description of the applicant's experience and plan for contracting with customers, providing contracted services, providing billing statements, and responding to customer inquiries and complaints in accordance with Commission rules adopted pursuant to Section 4929.22 of the Revised Code and contained in Chapter 4901:1-29 of the Ohio Administrative Code.
- B-3 Exhibit B-3 "Summary of Experience,"** provide a concise and current summary of the applicant's experience in providing the service(s) for which it is seeking to be certified to provide (e.g., number and types of customers served, utility service areas, volume of gas supplied, etc.).
- B-4 Exhibit B-4 "Disclosure of Liabilities and Investigations,"** provide a description of all existing, pending or past rulings, judgments, contingent liabilities, revocations of authority, regulatory investigations, or any other matter that could adversely impact the applicant's financial or operational

status or ability to provide the services it is seeking to be certified to provide.

- B-5 Exhibit B-5 "Disclosure of Consumer Protection Violations,"** disclose whether the applicant, affiliate, predecessor of the applicant, or any principal officer of the applicant has been convicted or held liable for fraud or for violation of any consumer protection or antitrust laws within the past five years.

☒ No    ☐ Yes

If Yes, provide a separate attachment labeled as Exhibit B-5 "Disclosure of Consumer Protection Violations," detailing such violation(s) and providing all relevant documents.

- B-6 Exhibit B-6 "Disclosure of Certification Denial, Curtailment, Suspension, or Revocation,"** disclose whether the applicant or a predecessor of the applicant has had any certification, license, or application to provide retail natural gas or retail/wholesale electric service denied, curtailed, suspended, or revoked, or whether the applicant or predecessor has been terminated from any of Ohio's Natural Gas Choice programs, or been in default for failure to deliver natural gas.

☒ No    ☐ Yes

If Yes, provide a separate attachment, labeled as Exhibit B-6 "Disclosure of Certification Denial, Curtailment, Suspension, or Revocation," detailing such action(s) and providing all relevant documents.

## **SECTION C - APPLICANT FINANCIAL CAPABILITY AND EXPERIENCE**

**PROVIDE THE FOLLOWING AS SEPARATE ATTACHMENTS AND LABEL AS INDICATED**

- C-1 Exhibit C-1 "Annual Reports,"** provide the two most recent Annual Reports to Shareholders. If the applicant does not produce annual reports, the applicant should indicate that Exhibit C-1 is not applicable and why.  
(This is generally only applicable to publicly traded companies who publish annual reports.)
- C-2 Exhibit C-2 "SEC Filings,"** provide the most recent 10-K/8-K Filings with the SEC. If applicant does not have such filings, it may submit those of its parent company. An applicant may submit a current link to the filings or provide them in paper form. If the applicant does not have such filings, then the applicant may indicate in Exhibit C-2 that the applicant is not required to file with the SEC and why.
- C-3 Exhibit C-3 "Financial Statements,"** provide copies of the applicant's two most recent years of audited financial statements (balance sheet, income statement, and cash flow statement). If audited financial statements are not available, provide officer certified financial statements. If the applicant has not been in business long enough to satisfy this requirement, it shall file audited or officer certified financial statements covering the life of the business. If the applicant does not have a balance sheet, income statement, and cash flow statement, the applicant may provide a copy of its two most recent years of tax returns (with social security numbers and account numbers redacted).

**C-4 Exhibit C-4 “Financial Arrangements,”** provide copies of the applicant's current financial arrangements to satisfy collateral requirements to conduct retail electric/gas business activity (e.g., parental or third party guarantees, contractual arrangements, credit agreements, etc.).

Renewal applicants can fulfill the requirements of Exhibit C-4 by providing a current statement from an Ohio local distribution utility (LDU) that shows that the applicant meets the LDU's collateral requirements.

First time applicants or applicants whose certificate has expired as well as renewal applicants can meet the requirement by one of the following methods:

1. The applicant itself stating that it is investment grade rated by Moody's, Standard & Poor's or Fitch and provide evidence of rating from the rating agencies.
2. Have a parent company or third party that is investment grade rated by Moody's, Standard & Poor's or Fitch guarantee the financial obligations of the applicant to the LDU(s).
3. Have a parent company or third party that is not investment grade rated by Moody's, Standard & Poor's or Fitch but has substantial financial wherewithal in the opinion of the Staff reviewer to guarantee the financial obligations of the applicant to the LDU(s). The guarantor company's financials must be included in the application if the applicant is relying on this option.
4. Posting a Letter of Credit with the LDU(s) as the beneficiary.

If the applicant is not taking title to the electricity or natural gas, enter "N/A" in Exhibit C-4. An N/A response is only applicable for applicants seeking to be certified as an aggregator or broker.

**C-5 Exhibit C-5 “Forecasted Financial Statements,”** provide two years of forecasted income statements for the applicant's **NATURAL GAS related business activities in the state of Ohio Only**, along with a list of assumptions, and the name, address, email address, and telephone number of the preparer. The forecasts should be in an annualized format for the two years succeeding the Application year.

**C-6 Exhibit C-6 “Credit Rating,”** provide a statement disclosing the applicant's current credit rating as reported by two of the following organizations: Duff & Phelps, Fitch IBCA, Moody's Investors Service, Standard & Poor's, or a similar organization. In instances where an applicant does not have its own credit ratings, it may substitute the credit ratings of a parent or an affiliate organization, provided the applicant submits a statement signed by a principal officer of the applicant's parent or affiliate organization that guarantees the obligations of the applicant. If an applicant or its parent does not have such a credit rating, enter “N/A” in Exhibit C-6.

**C-7 Exhibit C-7 “Credit Report,”** provide a copy of the applicant's current credit report from Experian, Dun and Bradstreet, or a similar organization. An applicant that provides an investment grade credit rating for Exhibit C-6 may enter “N/A” for Exhibit C-7.

- C-8 Exhibit C-8 "Bankruptcy Information,"** provide a list and description of any reorganizations, protection from creditors, or any other form of bankruptcy filings made by the applicant, a parent or affiliate organization that guarantees the obligations of the applicant or any officer of the applicant in the current year or within the two most recent years preceding the application.
- C-9 Exhibit C-9 "Merger Information,"** provide a statement describing any dissolution or merger or acquisition of the applicant within the two most recent years preceding the application.
- C-10 Exhibit C-10 "Corporate Structure,"** provide a description of the applicant's corporate structure, not an internal organizational chart, including a graphical depiction of such structure, and a list of all affiliate and subsidiary companies that supply retail or wholesale electricity or natural gas to customers in North America. If the applicant is a stand-alone entity, then no graphical depiction is required and applicant may respond by stating that they are a stand-alone entity with no affiliate or subsidiary companies.

## **SECTION D – APPLICANT TECHNICAL CAPABILITY**

**PROVIDE THE FOLLOWING AS SEPARATE ATTACHMENTS AND LABEL AS INDICATED.**

- D-1 Exhibit D-1 "Operations,"** provide a current written description of the operational nature of the applicant's business functions.
- D-2 Exhibit D-2 "Operations Expertise,"** given the operational nature of the applicant's business, provide evidence of the applicant's current experience and technical expertise in performing such operations.
- D-3 Exhibit D-3 "Key Technical Personnel,"** provide the names, titles, email addresses, telephone numbers, and background of key personnel involved in the operational aspects of the applicant's current business.

 President  
Applicant Signature and Title

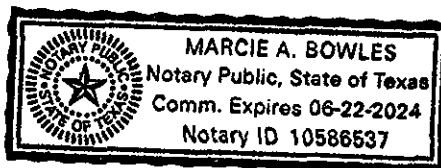
Sworn and subscribed before me this 31 day of July Month 2020 Year

  
Signature of official administering oath

Marcie Bowles/Controller  
Print Name and Title

My commission expires on

6/22/2024





# The Public Utilities Commission of Ohio

Competitive Retail Natural Gas Service  
Affidavit Form  
(Version 1.07)

In the Matter of the Application of )

Power Brokers LLC )  
for a Certificate or Renewal Certificate to Provide )  
Competitive Retail Natural Gas Service in Ohio. )

Case No.          -GA-AGG

County of Dallas  
State of Texas

Steve Hardy [Affiant], being duly sworn/affirmed, hereby states that:

- (1) The information provided within the certification or certification renewal application and supporting information is complete, true, and accurate to the best knowledge of affiant.
- (2) The applicant will timely file an annual report of its intrastate gross receipts and sales of hundred cubic feet of natural gas pursuant to Sections 4905.10(A), 4911.18(A), and 4929.23(B), Ohio Revised Code.
- (3) The applicant will timely pay any assessment made pursuant to Section 4905.10 or Section 4911.18(A), Ohio Revised Code.
- (4) Applicant will comply with all applicable rules and orders adopted by the Public Utilities Commission of Ohio pursuant to Title 49, Ohio Revised Code.
- (5) Applicant will cooperate with the Public Utilities Commission of Ohio and its staff in the investigation of any consumer complaint regarding any service offered or provided by the applicant.
- (6) Applicant will comply with Section 4929.21, Ohio Revised Code, regarding consent to the jurisdiction of the Ohio courts and the service of process.
- (7) Applicant will inform the Public Utilities Commission of Ohio of any material change to the information supplied in the certification or certification renewal application within 30 days of such material change, including any change in contact person for regulatory or emergency purposes or contact person for Staff use in investigating customer complaints.
- (8) Affiant further sayeth naught.

Affiant Signature & Title

[Signature]

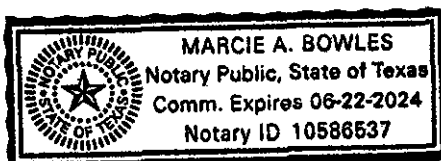
Sworn and subscribed before me this 31 day of July Month 2020 Year

[Signature]

Signature of Official Administering Oath

Marcie Bowles / Controller

Print Name and Title



My commission expires on

6/22/2024

(CRNGS Broker/Aggregator Ver 1.08, Revised May 2016) Page 8 of 8



A-14: Power Brokers, LLC "Principal Officers, Directors & Partners":

Steve Hardy

President

Power Brokers LLC

12700 Park Central Drive STE 1450

Dallas, TX 75251

469-533-7626

Marcie Bowles

Secretary/Treasurer

Power Brokers LLC

12700 Park Central Drive STE 1450

Dallas, TX 75251

469-533-6055

HW Shapp LP LLC

3000 Turtle Creek Blvd

Dallas, TX 75219

214-303-5535

Three Lucky Dudes LLC

4851 Lyndon B Johnson Fwy, 10<sup>th</sup> Floor

Dallas, TX 75244

214-256-7123

A-15: Power Brokers, LLC "Company History":

PB1 Texas, LP f/k/a Power Brokers, LP has been involved as an electricity and natural gas aggregator/broker/consultant in Texas since 2001, the beginning of deregulation in the ERCOT market. In July, 2010, PB1 Texas, LP f/k/a Power Brokers, LP, was restructured and will operate in the future as Power Brokers, LLC. PB1 Texas, LP and Power Brokers, LLC ("PB") are affiliates.

Over time, PB has acquired customers with nation-wide presence, and PB has expanded its territorial 'footprint' in order to best serve these clients. PB is licensed to provide aggregator/broker/consultant services in Connecticut, District of Columbia, Delaware, Illinois, Massachusetts, Maryland, Maine, New Jersey, Ohio (10-298E), Pennsylvania, and Texas.

Principle Business Interests of PB are to grow its customer base for electricity and natural gas consumers while holding ourselves to the highest of ethical standards and putting our customer's needs at the forefront of our business operations. PB consults as an energy procurement specialist and does not take title to energy, but simply finds the best price and terms for a customer. PB operates solely as an aggregator/broker/consultant, and has no immediate plans to deviate from this operational model.



## Office of the Secretary of State

### Certificate of Fact

The undersigned, as Secretary of State of Texas, does hereby certify that the document, Certificate of Formation for Power Brokers, LLC (file number 801280442), a Domestic Limited Liability Company (LLC), was filed in this office on June 10, 2010.

It is further certified that the entity status in Texas is in existence.

In testimony whereof, I have hereunto signed my name officially and caused to be impressed hereon the Seal of State at my office in Austin, Texas on October 26, 2018.



A handwritten signature in black ink, appearing to read "R. Pablos".

Rolando B. Pablos  
Secretary of State



## Office of the Secretary of State

### CERTIFICATE OF FILING OF

CEPB, LLC  
File Number: 801280442

The undersigned, as Secretary of State of Texas, hereby certifies that a Certificate of Formation for the above named Domestic Limited Liability Company (LLC) has been received in this office and has been found to conform to the applicable provisions of law.

ACCORDINGLY, the undersigned, as Secretary of State, and by virtue of the authority vested in the secretary by law, hereby issues this certificate evidencing filing effective on the date shown below.

The issuance of this certificate does not authorize the use of a name in this state in violation of the rights of another under the federal Trademark Act of 1946, the Texas trademark law, the Assumed Business or Professional Name Act, or the common law.

Dated: 06/10/2010

Effective: 06/10/2010



A handwritten signature in black ink, appearing to read "Hope Andrade".

Hope Andrade  
Secretary of State

Secretary of State  
P.O. Box 13697  
Austin, TX 78711-3697  
FAX: 512/463-5709



**Certificate of Formation  
Limited Liability Company**

Filed in the Office of the  
Secretary of State of Texas  
Filing #: 801280442 06/10/2010  
Document #: 311415450002  
Image Generated Electronically  
for Web Filing

Filing Fee: \$300

**Article 1 - Entity Name and Type**

The filing entity being formed is a limited liability company. The name of the entity is:

**CEPB, LLC**

**Article 2 - Registered Agent and Registered Office**

☐ A. The initial registered agent is an organization (cannot be company named above) by the name of:

**OR**

☒ B. The initial registered agent is an individual resident of the state whose name is set forth below:

Name:

**David Newsom**

C. The business address of the registered agent and the registered office address is:

Street Address:

**5430 LBJ Freeway**

**Suite 800 Dallas TX 75240**

**Consent of Registered Agent**

☐ A. A copy of the consent of registered agent is attached.

**OR**

☒ B. The consent of the registered agent is maintained by the entity.

**Article 3 - Governing Authority**

☐ A. The limited liability company is to be managed by managers.

**OR**

☒ B. The limited liability company will not have managers. Management of the company is reserved to the members.

The names and addresses of the governing persons are set forth below:

Managing Member 1: (Business Name) **HW Shapp LP, LLC**

Address: **5430 LBJ Freeway Suite 800 Dallas TX, USA 75240**

**Article 4 - Purpose**

The purpose for which the company is organized is for the transaction of any and all lawful business for which limited liability companies may be organized under the Texas Business Organizations Code.

**Supplemental Provisions - Information**

[The attached addendum, if any, is incorporated herein by reference.]

**Organizer**

The name and address of the organizer are set forth below.

**Rita Aybar Townsend**      **5430 LBJ Freeway, Suite 800, Dallas, TX 75240**

**Effectiveness of Filing**

☒ A. This document becomes effective when the document is filed by the secretary of state.

**OR**

☐ B. This document becomes effective at a later date, which is not more than ninety (90) days from the date of its signing. The delayed effective date is:

**Execution**

The undersigned affirms that the person designated as registered agent has consented to the appointment. The undersigned signs this document subject to the penalties imposed by law for the submission of a materially false or fraudulent instrument and certifies under penalty of perjury that the undersigned is authorized under the provisions of law governing the entity to execute the filing instrument.

**Rita Aybar Townsend**

Signature of Organizer

**FILING OFFICE COPY**



## Office of the Secretary of State

### CERTIFICATE OF FILING OF

Power Brokers, LLC  
801280442

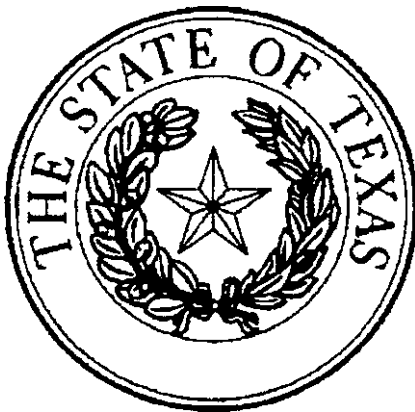
[formerly: CEPB, LLC]

The undersigned, as Secretary of State of Texas, hereby certifies that a Certificate of Amendment for the above named entity has been received in this office and has been found to conform to the applicable provisions of law.

ACCORDINGLY, the undersigned, as Secretary of State, and by virtue of the authority vested in the secretary by law, hereby issues this certificate evidencing filing effective on the date shown below.

Dated: 07/07/2010

Effective: 07/07/2010



A handwritten signature in black ink, appearing to read "Hope Andrade".

Hope Andrade  
Secretary of State

**Form 424**

Secretary of State  
P.O. Box 13697  
Austin, TX 78711-3697  
FAX: 512/463-5709

**Filing Fee: See instructions**



**Certificate  
of Amendment**

Filed in the Office of the  
Secretary of State of Texas  
Filing #: 801280442 07/07/2010  
Document #: 314626020007  
Image Generated Electronically  
for Web Filing

**Entity Information**

The filing entity is a: **Domestic Limited Liability Company (LLC)**

The name of the filing entity is: **CEPB, LLC**

The file number issued to the filing entity by the secretary of state is: **801280442**

**Amendment to Name**

The amendment changes the formation document of the filing entity to change the article or provision that names the entity. The article or provision is amended to read as follows:

The name of the filing entity is:

**Power Brokers, LLC**

A letter of consent, if applicable, is attached. **Consent to Use name..pdf**

**Statement of Approval**

The amendment has been approved in the manner required by the Texas Business Organizations Code and by the governing documents of the entity.

**Effectiveness of Filing**

☒ A. This document becomes effective when the document is filed by the secretary of state.

☐ B. This document becomes effective at a later date, which is not more than ninety (90) days from the date of its filing by the secretary of state. The delayed effective date is:

**Execution**

The undersigned signs this document subject to the penalties imposed by law for the submission of a materially false or fraudulent instrument and declares under penalty of perjury that the undersigned is authorized under the Texas Business Organizations Code to execute the filing instrument.

Date: **July 7, 2010**

**Stephen D. Parker, Asst. Secretary**

Signature of authorized person

**FILING OFFICE COPY**



**POWER BROKERS GP, LLC**  
5430 LBJ FREEWAY  
SUITE 800  
DALLAS, TEXAS 75240

July 7, 2010

Office of the Secretary of State of Texas

Sir or Madam:

Power Brokers GP, LLC, a Texas limited liability company, hereby consents to the use of the name Power Brokers, LLC by CFPB, LLC, a Texas limited liability company, and affiliate of Power Brokers GP, LLC.

IN WITNESS WHEREOF, this consent is executed by the undersigned officer as of July 7, 2010.

**POWER BROKERS GP, LLC**  
a Texas limited liability company

By: Stephen D. Parker  
Stephen D. Parker,  
Assistant Secretary

UNITED STATES OF AMERICA  
STATE OF OHIO  
OFFICE OF THE SECRETARY OF STATE

*I, Frank LaRose, do hereby certify that I am the duly elected, qualified and present acting Secretary of State for the State of Ohio, and as such have custody of the records of Ohio and Foreign business entities; that said records show POWER BROKERS, LLC, a Texas For Profit Limited Liability Company, Registration Number 1957390, filed on August 18, 2010, is currently in FULL FORCE AND EFFECT upon the records of this office.*



*Witness my hand and the seal of the  
Secretary of State at Columbus, Ohio  
this 17th day of July, A.D. 2020.*

A handwritten signature in cursive script, appearing to read "Frank LaRose".

**Ohio Secretary of State**

**Validation Number: 202019904864**

**Exhibit B-1: Power Brokers, LLC "Jurisdictions of Operation":**

Power Brokers LLC does not assume the contractual and legal responsibility for the sale and/or arrangement for the supply of natural gas to a retail customer or take title to the natural gas. Power Brokers LLC is licensed with the Public Utilities in Texas, Pennsylvania, Ohio (10-298E), Illinois, New Jersey, District of Columbia, Massachusetts, Maryland, Maine, and Delaware to provide aggregator or power broker/consultant services to commercial and industrial clients.

**Exhibit B-2: Power Brokers, LLC "Experience & Plans":**

Power Brokers, LLC's staff and management have extensive experience as an Aggregator/Broker/Consultant in deregulated energy markets under previous employers. Several employees and managers have been involved with the deregulated ERCOT market since 2001 on both the Retail Electric Provider and in the Indirect Sales Channel (Aggregator/Broker/Consultant) sides.

As Power Brokers, LLC has never operated beyond the Aggregator/Broker/Consultant business model, we do not enter into energy supply contracts with customers, or provide billing statements. Power Brokers does actively assist customers with resolving complaints and disputes, should they arise with Retail Electric Providers through our Customer Care department.

**Exhibit B-3: Power Brokers, LLC "Summary of Experience":**

Power Brokers, LLC's employees and management have worked together on all aspects of several notable aggregations that were performed in the ERCOT market.

- Hillwood Alliance
  - 10 separate affiliate companies were pooled and contracted as an aggregation.
  - 2269 MWh's /year
- Hopdoddy Corporate
  - 9 separate franchises were pooled as an aggregation.
  - 2505 MWh's /year
- Weitzman/Cencor Group
  - 68 separate affiliate companies managed by 1 property management group were pooled and contracted as an aggregation.
  - 8662 MWh's /year
- WRH Realty Services
  - 10 separate affiliate companies were pooled and contracted as an aggregation.
  - 1800 MWh's /year

**Exhibit B-4: Power Brokers, LLC "Disclosure of Liabilities and Investigations":**

Power Brokers, LLC does not have any liabilities and investigations to disclose.

**Exhibit C-1: Power Brokers, LLC "Annual Reports":**

*Power Brokers, LLC is not a publicly traded company and does not have shareholders and does not produce annual reports.*

**Exhibit C-2: Power Brokers, LLC "SEC Filings":**

Power Brokers, LLC is not a publicly traded company and does not have any SEC reporting requirements.



**Exhibit C-3: Power Brokers, LLC "Financial Statements":**

Power Brokers, LLC has attached the 2018 and 2019 audited financial statements.

# Consolidated Financial Statements and Independent Accountants' Review Report

## **Power Brokers, LLC and Subsidiaries**

For the year ended December 31, 2019



**LANE GORMAN TRUBITT, LLC**  
Accountants & Advisors

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**POWER BROKERS, LLC AND SUBSIDIARIES  
(A TEXAS LIMITED LIABILITY COMPANY)**

**DECEMBER 31, 2019**

**CONTENTS**

	<b>Page</b>
<b>INDEPENDENT ACCOUNTANTS' REVIEW REPORT</b>	<b>1</b>
<b>CONSOLIDATED FINANCIAL STATEMENTS</b>	
<b>CONSOLIDATED BALANCE SHEET</b>	<b>2</b>
<b>CONSOLIDATED STATEMENT OF EARNINGS AND MEMBERS' CAPITAL</b>	<b>3</b>
<b>CONSOLIDATED STATEMENT OF CASH FLOWS</b>	<b>4</b>
<b>NOTES TO CONSOLIDATED FINANCIAL STATEMENTS</b>	<b>5 - 10</b>
<b>SUPPLEMENTAL INFORMATION</b>	<b>11</b>
<b>CONSOLIDATING BALANCE SHEET</b>	<b>12</b>
<b>CONSOLIDATING STATEMENT OF EARNINGS AND MEMBERS' CAPITAL</b>	<b>13</b>
<b>CONSOLIDATING SCHEDULE OF GENERAL AND ADMINISTRATIVE EXPENSES</b>	<b>14</b>



**LANE GORMAN TRUBITT, LLC**  
Accountants & Advisors

### Independent Accountants' Review Report

Members

Power Brokers, LLC and Subsidiaries

We have reviewed the accompanying consolidated financial statements of Power Brokers, LLC and Subsidiaries (a Texas Limited Liability Company), which comprise the consolidated balance sheet as of December 31, 2019 and the related consolidated statements of earnings and members' capital and cash flows for the year then ended, and the related notes to the consolidated financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the consolidated financial statements as a whole. Accordingly, we do not express such an opinion.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated 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 the consolidated financial statements that are free from material misstatement whether due to fraud or error.

### **Accountants' Responsibility**

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the consolidated financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

### **Accountants' Conclusion**

Based on our review, we are not aware of any material modifications that should be made to the accompanying consolidated financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

### **Emphasis-of-Matters – Change in Accounting Principles and Subsequent Events**

As discussed in Note 1 to the financial statements, the Company changed its method of accounting for revenue recognition due to the adoption of Accounting Standards Update No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, as amended. Our opinion is not modified with respect to that matter.

As discussed in Note 6 to the financial statements, the World Health Organization has characterized COVID-19 as a pandemic. While the Company expects this matter to impact its results, the extent of the impact of the COVID-19 on the Company's operational and financial performance will depend on future developments. Our conclusion is not modified with respect to that matter.

### **Supplementary Information**

The supplementary information consisting of the consolidating information is presented for purposes of additional analysis and is not a required part of the basic consolidated 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 consolidated financial statements. The supplementary information has been subjected to the review procedures applied in our review of the basic consolidated financial statements. We are not aware of any material modifications that should be made to the supplementary information. We have not audited the supplementary information and do not express an opinion on such information.

*Lane Gorman Trubitt LLC*

Dallas, Texas  
April 10, 2020

A member of the Leading Edge Alliance

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Power Brokers, LLC and Subsidiaries  
(A Texas Limited Liability Company)  
CONSOLIDATED BALANCE SHEET  
December 31, 2019

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 729,111
Contracts receivable - current	2,848,196
Due from partners	1,000
Prepaid expenses	70,538
Deferred expenses - current	896,639
Total current assets	<u>4,545,484</u>

PROPERTY AND EQUIPMENT

Computer equipment	29,133
Less accumulated depreciation	<u>(29,133)</u>
	-

OTHER ASSET

Contracts receivable - non-current	5,094,137
Deferred expenses - non-current	1,464,645
Deposit	5,664
Goodwill, net of accumulated amortization of \$35,195	43,993
	<u>6,608,439</u>
	<u>\$ 11,153,923</u>

LIABILITIES AND MEMBERS' CAPITAL

CURRENT LIABILITIES

Due to affiliates	\$ 88
Accounts payable - trade	66,976
Accrued expenses - current	1,098,057
Deferred revenue - current	2,828,863
Total current liabilities	<u>3,993,984</u>

LONG-TERM LIABILITIES

Accrued expenses - non-current	1,464,645
Deferred revenue - non-current	5,094,137
	<u>6,558,782</u>

COMMITMENTS AND CONTINGENCIES

MEMBERS' CAPITAL

	<u>601,157</u>
	<u>\$ 11,153,923</u>

See independent accountants' review report and notes to the consolidated financial statements.

Power Brokers, LLC and Subsidiaries  
(A Texas Limited Liability Company)  
CONSOLIDATED STATEMENT OF EARNINGS AND MEMBERS' CAPITAL  
Year Ended December 31, 2019

		<u>%</u>
REVENUES EARNED	\$ 3,089,358	100.00
COST OF REVENUES EARNED		
Labor	412,952	13.37
Commissions	456,338	14.77
Third party referral fees	470,486	15.23
	<u>1,339,776</u>	<u>43.37</u>
GROSS PROFIT	1,749,582	56.63
GENERAL AND ADMINISTRATIVE EXPENSES	<u>1,182,255</u>	<u>38.27</u>
EARNINGS BEFORE STATE INCOME TAXES	567,327	18.36
STATE INCOME TAXES - current	<u>9,070</u>	<u>0.29</u>
NET EARNINGS	558,257	<u>18.07</u>
MEMBERS' CAPITAL - Beginning	441,900	
PARTNERS' CONTRIBUTIONS	1,000	
MEMBERS' DRAW	<u>(400,000)</u>	
MEMBERS' CAPITAL - Ending	<u>\$ 601,157</u>	

See independent accountants' review report and notes to the consolidated financial statements.

(A Texas Limited Liability Company)  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
Year Ended December 31, 2019

Increase (decrease) in cash and cash equivalents	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Net earnings	\$ 558,257
Adjustments to reconcile net earnings to net cash provided by operating activities	
Depreciation and amortization	9,147
Changes in assets and liabilities—net	
Contracts receivable	265,354
Prepaid expenses	2,712
Deferred expenses	242,253
Accounts payable	(9,402)
Accrued expenses	(212,750)
Deferred revenue	(271,687)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>583,884</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Cash distributions to members	(400,000)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<u>(400,000)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	183,884
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>545,227</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u><b>\$ 729,111</b></u>
<b>SUPPLEMENTAL DISCLOSURES</b>	
Income taxes paid	\$ 8,509
<u><b>Noncash investing and financing activities:</b></u>	
Capital contribution by new member effective July 15, 2019	\$ 1,000

See independent accountants' review report and notes to the consolidated financial statements.

**Power Brokers, LLC and Subsidiaries**  
**(A Texas Limited Liability Company)**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**BUSINESS ACTIVITY**

Power Brokers, LLC and Subsidiaries, (the "Company") is an energy consulting broker that provides independent energy buying strategies in deregulated markets that delivers measurable and beneficial results in identifying energy suppliers, products, services and contract terms. The Company primarily focuses on commercial and industrial customers and is licensed to facilitate energy contracts in almost all deregulated energy markets in the United States of America.

**Principles of Consolidation**

The consolidated financial statements include the accounts of Power Brokers, LLC and all of its wholly owned subsidiaries, hereafter referred to as the "Company," which include the following entities:

SBEC LLC ("SBEC")  
SMEC, LLC ("SMEC")  
PB1 Texas, LP ("PB1 Texas")  
Power Brokers GP, LLC ("Power Brokers GP")

All material intercompany accounts and transactions have been eliminated upon consolidation.

There was no financial statement activity for SMEC, PB1 Texas, and Power Brokers GP as of and for the year ended December 31, 2019.

Effective July 15, 2019, Three Lucky Dudes, LLC acquired 50% of the member interest in Power Brokers, LLC from HW Shapp LP, LLC. Following this transaction, members' interest in Power Brokers, LLC is 50% HW Shapp LP, LLC and 50% Three Lucky Dudes, LLC 50%.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Recently Adopted Accounting Pronouncement**

*Revenue from Contracts with Customers*

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09, "Revenue from Contracts with Customers (Topic 606)." This ASU introduces a new five-step revenue recognition model in which an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Company adopted Topic 606 as of January 1, 2019. Various subsequent accounting standards updates that have been issued by the FASB to clarify, modify, or expand the guidance for ASU No. 2014-09 (collectively referred to as "Topic 606") include ASU No. 2016-08, "Revenue from Contracts with Customers (Topic 606): Principal versus Agent Considerations (Reporting Revenue Gross versus Net)" and ASU No. 2016-10, "Revenue from Contracts with Customers (Topic 606): Identifying Performance Obligations and Licensing."

The Company adopted the updated guidance of Topic 606 with an initial date of application of January 1, 2019, applying the modified retrospective method. Adoption of Topic 606 using the modified retrospective method required the Company to apply the guidance retrospectively with the cumulative effect of initially applying the updated guidance recognized as an adjustment to the opening balance of retained earnings at the date of initial application. Under this transition method, an entity may elect to apply the guidance retrospectively either (1) to all contracts at the date of initial application, or (2) only to contracts that are not completed contracts at the date of initial application. The Company elected to apply the guidance retrospectively only to contracts that were not completed contracts at the date of initial application.



Power Brokers, LLC and Subsidiaries  
(A Texas Limited Liability Company)  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Adopted Accounting Pronouncement (Continued)

The guidance in Topic 606 provides for certain practical expedients and accounting policy elections which may be elected by an entity relating to transition, measurement, and recognition. The Company is an energy consultant. When a customer represented by the Company signs a service contract with the Retail Electric Provider (REP), the REP assigns a per unit adder to each customer meter or account. The per unit adder represents the commission fees due to the Company that will be remitted by the REP to the Company during the term of the service contract. Commission fees are earned by the Company when the REP invoices customers and collects on usage incurred in a period. Due to unavailability of customer energy usage information and uncertainty in collection, the Company recognizes revenue upon receipt of REP payments over the term of the contract. Additionally, the Company recognizes incremental costs of obtaining a contract, such as sales commissions and third party referral fees, as an expense when incurred if the amortization period of the asset that the entity otherwise would have recognized is one year or less.

The Company made these elections as of the date of initial application and has applied the elections consistently to all contracts with customers. As these elections were consistent with the Company's previous accounting policies and procedures, the adoption of Topic 606 did not have a significant impact to the Company's consolidated financial statements.

The performance obligation was evaluated by the Company and determined to be satisfied over a period of time as payment is received from the REP over the term of the contract. As the timing and amount of revenue recognized from contracts with customers under the new revenue recognition guidance was materially consistent with the previous revenue recognition policies of the Company, the adoption of Topic 606 did not result in a cumulative effect adjustment to beginning retained earnings at the date of initial application.

Limited Liability Member

A limited liability member is not personally liable or bound for the expenses, liabilities, or obligations of the Company beyond the amount of such member's capital contributions as defined in the Company agreement. No limited member shall be obligated to provide additional capital contributions outside the original capital contribution made upon admission to the Company or make a loan to the Company.

Cash and Cash Equivalents

The Company considers all highly-liquid investments with a maturity of three months or less when purchased to be cash equivalents. The Company maintains their cash balances in financial institutions located in Texas and these accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to certain limits. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

Contracts Receivable

Contract receivables and reciprocating deferred revenue (contract liabilities) are recorded for the total estimated commission revenue to be received from broker agreements entered into with a REP that a customer has signed an energy agreement with. Estimated commission revenue to be received within a year is recorded as current asset and current liability. Any estimated commission revenue that extends beyond a year are recorded as non-current asset and non-current liability.

Power Brokers, LLC and Subsidiaries  
(A Texas Limited Liability Company)  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contracts Receivable (Continued)

Included in the accompany balance sheet under the following captions:

	<u>December 31, 2019</u>	<u>January 1, 2019</u>
Contract receivable		
Current	\$ 2,848,196	\$ 2,777,002
Non-current	<u>5,094,137</u>	<u>5,430,685</u>
	<u>\$ 7,942,333</u>	<u>\$ 8,207,687</u>
Deferred revenue		
Current	\$ 2,828,863	\$ 2,764,002
Non-current	<u>5,094,137</u>	<u>5,430,685</u>
	<u>\$ 7,923,000</u>	<u>\$ 8,194,687</u>

Normal contract receivables are due within 30 to 45 days after the REP receives payment from the customer. At December 31, 2019, no reserve for uncollectible contracts receivable was necessary.

The carrying amount of contract receivable and deferred revenue is adjusted as management identifies changes to estimated usage of energy. Management individually reviews all contract balances and based on an assessment of energy usage, estimates the portion, if any, of the balance that will need to be adjusted. Revisions to deferred revenue and deferred costs are recognized in the period in which the adjustments are determined. Due to the inherent uncertainties in estimating deferred revenue and deferred costs, it is at least reasonably possible that the Company's estimates of deferred assets and deferred liabilities will change in the near term.

Deferred Expenses

Deferred expenses and reciprocating accrued expenses are recorded for the total estimated commission expense owed to employees and third party referral partners that were involved in the procurement of the customer. All estimated commission expense to be paid within a year are recorded as current asset and current liability. Any estimated commission expense that extends beyond a year are recorded as non-current asset and non-current liability.

Property and Equipment

Property and equipment are carried at cost less accumulated depreciation using straight line methods. Major renewals and betterments are capitalized and depreciated; maintenance and repairs, that do not improve or extend the life of the respective assets, are charged to expenses as incurred. Upon disposal of assets, the cost and related accumulated depreciation are removed from the accounts and any gain or loss is included in cost of revenues earned. Property and equipment, consisting of computer equipment, is depreciated over its estimated useful life of 5 years.

Goodwill

Goodwill is comprised of the excess of the fair value of net assets assumed under the change in ownership of the Company. In accordance with accounting principles generally accepted in the United States of America, the Company amortizes goodwill on a straight line method over 10 years.

Long-lived Assets

The carrying values of long-lived assets are reviewed for impairment on an ongoing basis based on comparison of carrying value against undiscounted future cash flows. If an impairment is identified, the assets carrying amounts are adjusted to fair value. No impairment loss has been recorded as of December 31, 2019.

Power Brokers, LLC and Subsidiaries  
(A Texas Limited Liability Company)  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

In accordance with accounting principles generally accepted in the United States of America, the Company may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. The guidance on accounting for uncertainty in income taxes also addresses de-recognition, classification, interest and penalties on income taxes, and accounting in interim periods.

Revenue and Cost Recognition

The Company evaluates whether two or more contracts should be combined and accounted for as one single contract and whether the combined or single contracts should be accounted for as more than one performance obligation. The evaluation requires significant judgement and decision to combine a group of contracts or separate the combined or single contract into multiple performance obligations could change the amount of revenue and profit recorded in a given period.

A performance obligation is a promise in a contract to transfer a distinct good or service to the customer and is the unit of account in ASC Topic 606. A contract's transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied.

Revenues defined by broker agreements are recorded as deferred revenue (contract liabilities) when the customer signs a contract with the REP. Costs associated with the procurement of these contracts are recorded as deferred expenses. Payments are due to the Company only when the REP receives payment from the customer. Upon receipt of the payment from the REP, amounts are recorded as revenues and expenses.

Due to the nature of our performance obligations, the estimation of total revenue is subject to many variables and requires significant judgment. Management must make assumptions and estimates regarding the variables that effect the project. As a significant change in one or more of these estimates could affect the profitability of contracts, the Company reviews and updates contract-related estimates regularly through a review process in which management reviews the progress and execution of performance obligations and the estimated collectability at completion. As part of this process, management reviews information including, but not limited to, any outstanding key contract matters, progress toward completion and the related program schedule and the related changes in estimates of revenues.

The Company recognizes adjustments in estimated revenue recognized on contracts under the cumulative catch-up method. Under this method, the impact of the adjustment on revenue recorded to date is recognized in the period the adjustment is identified. Revenue and profit in future periods of contract performance is recognized using the adjusted estimate. If at any time the estimate of contract profitability indicates an anticipated loss on the contract, a provision for the entire loss is recognized in the period it is identified.

Advertising Costs

Advertising costs are expensed as incurred. Advertising expenses was \$64,044 for the year ended December 31, 2019.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Deferred revenue and deferred expenses on incomplete contracts is a significant estimate. It is at least reasonably possible that the estimates will change materially in the near term.

Power Brokers, LLC and Subsidiaries  
(A Texas Limited Liability Company)  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recent Accounting Pronouncements

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842), which will require a lessee to recognize assets and liabilities for leases with lease terms of more than twelve months. Consistent with current GAAP, the recognition, measurement, and presentation of expenses and cash flows arising from a lease by a lessee primarily will depend on its classification as a capital or operating lease. However, unlike current GAAP – which requires only capital leases to be recognized on the balance sheet – ASU 2016-02 will require both capital and operating leases to be recognized on the balance sheet. The amendments in ASU 2016-02 are effective for private companies for fiscal years beginning after December 15, 2020, and interim periods within fiscal years beginning after December 15, 2020. Early application of the amendments in ASU 2016-02 is permitted.

2. ACCRUED EXPENSES

The following is a summary of accrued expenses at December 31, 2019:

Payroll	\$ 189,420
Insurance	3,379
Sales commissions and third party referral fees	2,361,284
Franchise tax	<u>8,619</u>
	2,562,702
Less accrued expenses - current	<u>(1,098,057)</u>
Accrued expenses – non-current	<u>\$ 1,464,645</u>

3. COMMITMENTS AND CONTINGENCIES

Operating Leases

The Company leases its office space under a non-cancelable operating lease dated December 29, 2017. Rent expense is recorded on a straight-line basis over the term of the lease.

Future minimum payments, excluding the effect of any adjustments for deferred rent under non-cancelable lease having terms in excess of a year are as follows for the years ending December 31:

2020	\$ 95,121
2021	<u>11,923</u>
	<u>\$ 107,044</u>

The Company also leases storage space and equipment under month to month operating lease agreements.

4. INCOME TAXES

For federal income tax purposes, the Company has elected to be taxed as a Partnership. Accordingly, no federal income taxes are payable by the Company and none have been provided for in the Company's consolidated financial statements. In lieu of corporate income taxes, the members are taxed on their proportionate share of the Company's taxable income. Taxable income of the Company differs from financial accounting as the result of temporary recognition of depreciation and certain revenue and expenses. The members are to include their respective share of the income or loss on an income tax basis in their own tax returns. Applicable state taxes are paid by the Company for the year ended December 31, 2019.

Power Brokers, LLC and Subsidiaries  
(A Texas Limited Liability Company)  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

4. INCOME TAXES (Continued)

Management has evaluated the Company's tax positions and concluded that the Company had taken no uncertain tax positions that require adjustment to the consolidated financial statements to comply with the provisions of this guidance. With few exceptions, the Company is no longer subject to income tax examinations by federal, state, or local tax authorities for years before 2016. The Company recognizes accrued interest and penalties associated with uncertain tax positions as part of the income tax provision. As of December 31, 2019, there were no accrued interest and penalties associated with uncertain tax positions.

5. CONCENTRATION OF CREDIT RISK

During the year ended December 31, 2019, the Company earned approximately 71% of their revenue from five REPs. Total revenues derived from these REPs amounted to approximately \$2,179,000. The outstanding contracts receivable and the related deferred revenue from these REPs was \$6,076,925 at December 31, 2019.

The Company also paid majority of their referral fee to one third party referral partner. Commissions paid to this referral partner amounted to approximately \$406,000. The outstanding accounts payable to this referral partner is \$43,947 and the accrued expenses and the related deferred cost is \$654,952. Other referral partners and in house sales employees could provide comparable services; therefore, management believes that a change in third party referral partners would not adversely affect operating results.

6. SUBSEQUENT EVENTS

The Company has evaluated subsequent events through April 10, 2020, which is the date the consolidated financial statements are available for issuance.

In December 2019, a novel strain of coronavirus ("COVID-19") was reported to have surfaced in China. The World Health Organization has declared COVID-19 to constitute a "Public Health Emergency of International Concern" and characterized COVID-19 as a pandemic. The U.S. government has also implemented enhanced screenings, quarantine requirements and travel restrictions in connection with the COVID-19 outbreak. The spread of this virus has caused business disruption to the Company beginning in January 2020, because large gatherings, including corporate events, conferences and trade shows have either been cancelled, postponed, put on hold, or in some cases, have been converted to virtual meetings. While the Company expects this matter to impact its results, the extent of the impact of the COVID-19 on the Company's operational and financial performance will depend on future developments, including the duration and spread of the outbreak and related travel advisories and restrictions and the impact of the COVID-19 on overall demand for the Company's services, all of which are highly uncertain and cannot be predicted.

## SUPPLEMENTAL INFORMATION

Power Brokers, LLC and Subsidiaries  
(A Texas Limited Liability Company)  
CONSOLIDATING BALANCE SHEET  
December 31, 2019

	Power Brokers, LLC	SBEC, LLC	Eliminations	Consolidated
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	\$ 729,111	\$ -	\$ -	\$ 729,111
Contracts receivable - current	2,848,196	-	-	2,848,196
Due from partners	1,000	-	-	1,000
Prepaid expenses	70,538	-	-	70,538
Deferred expenses - current	896,639	-	-	896,639
Total current assets	4,545,484	-	-	4,545,484
<b>PROPERTY AND EQUIPMENT</b>				
Computer equipment	29,133	-	-	29,133
Less accumulated depreciation	(29,133)	-	-	(29,133)
	-	-	-	-
<b>OTHER ASSET</b>				
Contracts receivable - non-current	5,094,137	-	-	5,094,137
Deferred expenses - non-current	1,464,645	-	-	1,464,645
Deposit	5,664	-	-	5,664
Due from affiliates	-	-	-	-
Investment in affiliates	87,017	-	(87,017)	-
Goodwill	-	43,993	-	43,993
	6,651,463	43,993	(87,017)	6,608,439
	<u>\$ 11,196,947</u>	<u>\$ 43,993</u>	<u>\$ (87,017)</u>	<u>\$ 11,153,923</u>
<b>LIABILITIES AND MEMBERS' CAPITAL</b>				
<b>CURRENT LIABILITIES</b>				
Due to affiliates	\$ 88	\$ -	\$ -	\$ 88
Accounts payable - trade	66,976	-	-	66,976
Accrued expenses - current	1,098,057	-	-	1,098,057
Deferred revenue - current	2,828,863	-	-	2,828,863
Total current liabilities	3,993,984	-	-	3,993,984
<b>LONG-TERM LIABILITIES</b>				
Accrued expenses - non-current	1,464,645	-	-	1,464,645
Deferred revenue - non-current	5,094,137	-	-	5,094,137
	6,558,782	-	-	6,558,782
<b>COMMITMENTS AND CONTINGENCIES</b>				
	-	-	-	-
<b>MEMBERS' CAPITAL</b>				
	644,181	43,993	(87,017)	601,157
	<u>\$ 11,196,947</u>	<u>\$ 43,993</u>	<u>\$ (87,017)</u>	<u>\$ 11,153,923</u>

See independent accountants' review report.

Power Brokers, LLC and Subsidiaries  
(A Texas Limited Liability Company)  
**CONSOLIDATING STATEMENT OF OPERATIONS AND MEMBERS' CAPITAL**  
Year Ended December 31, 2019

	Power Brokers, LLC	SBEC, LLC	Eliminations	Consolidated	%
REVENUES EARNED	\$ 3,089,358	\$ -	\$ -	\$ 3,089,358	100.00
<b>COST OF REVENUES EARNED</b>					
Labor	412,952	-	-	412,952	13.37
Commissions	456,338	-	-	456,338	14.77
Third party referral fees	470,486	-	-	470,486	15.23
	<u>1,339,776</u>	<u>-</u>	<u>-</u>	<u>1,339,776</u>	<u>43.37</u>
<b>GROSS PROFIT</b>	1,749,582	-	-	1,749,582	56.63
<b>GENERAL AND ADMINISTRATIVE EXPENSES</b>	<u>1,173,456</u>	<u>8,799</u>	<u>-</u>	<u>1,182,255</u>	<u>38.27</u>
<b>EARNINGS (LOSS) BEFORE STATE INCOME TAXES</b>	576,126	(8,799)	-	567,327	18.36
<b>STATE INCOME TAXES - current</b>	<u>9,070</u>	<u>-</u>	<u>-</u>	<u>9,070</u>	<u>0.29</u>
<b>NET EARNINGS (LOSS)</b>	<u>567,056</u>	<u>(8,799)</u>	<u>-</u>	<u>558,257</u>	<u>18.07</u>
<b>MEMBERS' CAPITAL - Beginning</b>	476,125	52,792	(87,017)	441,900	
<b>PARTNERS' CONTRIBUTIONS</b>	1,000	-	-	1,000	
<b>INTERCOMPANY TRANSFER</b>	-	-	-	-	
<b>MEMBERS' DRAW</b>	<u>(400,000)</u>	<u>-</u>	<u>-</u>	<u>(400,000)</u>	
<b>MEMBERS' CAPITAL - Ending</b>	<u>\$ 644,181</u>	<u>\$ 43,993</u>	<u>\$ (87,017)</u>	<u>\$ 601,157</u>	

See independent accountants' review report.



Power Brokers, LLC and Subsidiaries  
(A Texas Limited Liability Company)  
**CONSOLIDATING SCHEDULE OF GENERAL AND ADMINISTRATIVE EXPENSES**  
Year Ended December 31, 2019

	Power Brokers,		SBEC, LLC		Eliminations	Consolidated	%
	LLC		\$	\$		\$	
Advertising expense	64,044	-	-	-	-	64,044	2.07
Amortization expense	-	8,799	-	-	-	8,799	0.28
Contributions	1,100	-	-	-	-	1,100	0.04
Computer and internet	75,487	-	-	-	-	75,487	2.44
Continuing education	650	-	-	-	-	650	0.02
Depreciation expense	348	-	-	-	-	348	0.01
Dues and subscriptions	8,758	-	-	-	-	8,758	0.28
Equipment rentals	3,218	-	-	-	-	3,218	0.10
Fees	15,237	-	-	-	-	15,237	0.49
Gifts	9,651	-	-	-	-	9,651	0.31
Insurance expense	95,705	-	-	-	-	95,705	3.10
Licenses and permits	400	-	-	-	-	400	0.01
Meals and entertainment	4,866	-	-	-	-	4,866	0.16
Office expense	13,334	-	-	-	-	13,334	0.43
Professional fees	71,209	-	-	-	-	71,209	2.30
Rent	71,073	-	-	-	-	71,073	2.30
Repairs and maintenance	855	-	-	-	-	855	0.03
Salaries and related payroll taxes	698,581	-	-	-	-	698,581	22.65
Taxes	2,932	-	-	-	-	2,932	0.09
Telephone	20,050	-	-	-	-	20,050	0.65
Travel	10,218	-	-	-	-	10,218	0.33
Utilities	5,740	-	-	-	-	5,740	0.18
	<u>\$ 1,173,456</u>	<u>\$ 8,799</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,182,255</u>	<u>38.27</u>

See independent accountants' review report.

# Consolidated Financial Statements and Independent Accountants' Review Report

**HW Shapp LP, LLC and Subsidiaries**

For the year ended December 31, 2018



**LANE GORMAN TRUBITT, LLC**  
A PROFESSIONAL CORPORATION  
Dallas, Texas 75204

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Dallas, Texas 75204

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HW SHAPP LP, LLC AND SUBSIDIARIES  
(A TEXAS LIMITED LIABILITY COMPANY)

DECEMBER 31, 2018

CONTENTS

	Page
INDEPENDENT ACCOUNTANTS' REVIEW REPORT	1
CONSOLIDATED FINANCIAL STATEMENTS	
CONSOLIDATED BALANCE SHEET	2
CONSOLIDATED STATEMENT OF EARNINGS AND MEMBERS' CAPITAL	3
CONSOLIDATED STATEMENT OF CASH FLOWS	4
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS	5 - 8
SUPPLEMENTAL INFORMATION	9
CONSOLIDATING BALANCE SHEET	10
CONSOLIDATING STATEMENT OF EARNINGS AND MEMBERS' CAPITAL	11
CONSOLIDATING SCHEDULE OF GENERAL AND ADMINISTRATIVE EXPENSES	12



LANE GORMAN TRUBITT, LLC  
Accountants & Advisors

### Independent Accountants' Review Report

Members  
HW Shapp LP, LLC and Subsidiaries

We have reviewed the accompanying consolidated financial statements of HW Shapp LP, LLC and Subsidiaries (a Texas Limited Liability Company), which comprise the consolidated balance sheet as of December 31, 2018 and the related consolidated statements of earnings and members' capital and cash flows for the year then ended, and the related notes to the consolidated financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the consolidated financial statements as a whole. Accordingly, we do not express such an opinion.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated 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 the consolidated financial statements that are free from material misstatement whether due to fraud or error.

### **Accountants' Responsibility**

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the consolidated financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

### **Accountants' Conclusion**

Based on our review, we are not aware of any material modifications that should be made to the accompanying consolidated financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

### **Supplementary Information**

The supplementary information consisting of the consolidating information is presented for purposes of additional analysis and is not a required part of the basic consolidated financial statements. The information is the representation of management. We have not audited or reviewed the supplementary information and, accordingly, do not express an opinion, a conclusion, nor provide any form of assurance on such supplementary information.

*Lane Gorman Trubitt LLC*

Dallas, Texas  
April 15, 2019

HW Shapp LP, LLC and Subsidiaries  
(A Texas Limited Liability Company)  
CONSOLIDATED BALANCE SHEET  
December 31, 2018

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 573,261
Contracts receivable - current	2,777,002
Prepaid expenses	73,249
Deferred expenses - current	<u>907,447</u>
Total current assets	4,330,959

PROPERTY AND EQUIPMENT

Computer equipment	29,133
Less accumulated depreciation	<u>(28,784)</u>
	349

OTHER ASSET

Contracts receivable - non-current	5,430,685
Deferred expenses - non-current	1,696,090
Deposit	5,664
Goodwill, net of accumulated amortization of \$35,195	<u>52,792</u>
	<u>7,185,231</u>
	<u>\$ 11,516,539</u>

LIABILITIES AND MEMBERS' CAPITAL

CURRENT LIABILITIES

Accounts payable - trade	\$ 76,375
Accrued expenses - current	1,079,362
Deferred revenue - current	<u>2,764,002</u>
Total current liabilities	3,919,739

LONG-TERM LIABILITIES

Accrued expenses - non-current	1,696,090
Deferred revenue - non-current	<u>5,430,685</u>
	7,126,775

COMMITMENTS AND CONTINGENCIES

-

MEMBERS' CAPITAL

470,025

\$ 11,516,539

See independent accountants' review report and notes to the consolidated financial statements.

HW Shapp LP, LLC and Subsidiaries  
(A Texas Limited Liability Company)  
**CONSOLIDATED STATEMENT OF EARNINGS AND MEMBERS' CAPITAL**  
Year Ended December 31, 2018

		<u>%</u>
REVENUES EARNED	\$ 3,126,053	100.00
COST OF REVENUES EARNED		
Labor	546,079	17.47
Commissions	514,064	16.44
Third party referral fees	478,464	15.31
	<u>1,538,607</u>	<u>49.22</u>
GROSS PROFIT	1,587,446	50.78
GENERAL AND ADMINISTRATIVE EXPENSES	<u>1,178,380</u>	<u>37.70</u>
EARNINGS BEFORE STATE INCOME TAXES	409,066	13.08
STATE INCOME TAXES - current	<u>11,967</u>	<u>0.38</u>
NET EARNINGS	397,099	<u>12.70</u>
MEMBERS' CAPITAL - Beginning	520,426	
MEMBERS' DRAW	<u>(447,500)</u>	
MEMBERS' CAPITAL - Ending	<u>\$ 470,025</u>	

See independent accountants' review report and notes to the consolidated financial statements.

HW Shapp LP, LLC and Subsidiaries  
(A Texas Limited Liability Company)  
CONSOLIDATED STATEMENT OF CASH FLOWS  
Year Ended December 31, 2018

Increase (decrease) in cash and cash equivalents	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Net earnings	\$ 397,099
Adjustments to reconcile net earnings to net cash provided by operating activities	
Depreciation and amortization	10,266
Changes in assets and liabilities—net	
Contracts receivable	(1,982,140)
Prepaid expenses	(16,336)
Deferred expenses	(897,154)
Security deposit	2,893
Accounts payable	44,511
Accrued expenses	1,009,947
Deferred revenue	1,971,540
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>540,626</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Cash distributions to members	<u>(447,500)</u>
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<u>(447,500)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	93,126
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>480,135</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u>\$ 573,261</u>
<b>SUPPLEMENTAL DISCLOSURES</b>	
Income taxes paid	\$ 10,876

See independent accountants' review report and notes to the consolidated financial statements.

HW Shapp LP, LLC and Subsidiaries  
(A Texas Limited Liability Company)  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

BUSINESS ACTIVITY

Principles of Consolidation

The consolidated financial statements include the accounts of HW Shapp LP, LLC and all of its wholly owned subsidiaries, hereafter referred to as the "Company," which include the following entities:

HW Shapp GP, LLC ("HP Shapp GP")  
Power Brokers, LLC ("Power Brokers")  
SBEC LLC ("SBEC")  
SMEC, LLC ("SMEC")  
PB1 Texas, LP ("PB1 Texas")  
Power Brokers GP, LLC ("Power Brokers GP")

All material intercompany accounts and transactions have been eliminated upon consolidation.

There was no financial statement activity for HP Shapp GP, SMEC, PB1 Texas, and Power Brokers GP as of and for the year ended December 31, 2018.

Nature of Operations

The Company is an energy consulting broker that provides independent energy buying strategies in deregulated markets that delivers measurable and beneficial results in identifying energy suppliers, products, services and contract terms. The Company primarily focuses on commercial and industrial customers and is licensed to facilitate energy contracts in almost all deregulated energy markets in the United States of America.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Limited Liability Member

A limited liability member is not personally liable or bound for the expenses, liabilities, or obligations of the Company beyond the amount of such member's capital contributions as defined in the Company agreement. No limited member shall be obligated to provide additional capital contributions outside the original capital contribution made upon admission to the Company or make a loan to the Company.

Cash and Cash Equivalents

The Company considers all highly-liquid investments with a maturity of three months or less when purchased to be cash equivalents. The Company maintains their cash balances in financial institutions located in Texas and these accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to certain limits. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

Contracts Receivable

Contract receivables and reciprocating deferred revenue are recorded for the total estimated commission revenue to be received from a broker agreement entered with a Retail Electric Provider (REP) that a customer has signed an energy agreement with. All estimated commission revenue to be received within a year are recorded as current asset and current liability. Any estimated commission revenue that extends beyond a year are recorded as non-current asset and non-current liability.

Normal contract receivables are due within 30 to 45 days after the REP receives payment from the customer.



HW Shapp LP, LLC and Subsidiaries  
(A Texas Limited Liability Company)  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contracts Receivable (Continued)

The carrying amount of contract receivable and deferred revenue is adjusted as management identifies changes to estimated usage of energy. Management individually reviews all contract balances and based on an assessment of energy usage, estimates the portion, if any, of the balance that will need to be adjusted. Revisions to deferred revenue and deferred costs are recognized in the period in which the adjustments are determined. Due to the inherent uncertainties in estimating deferred revenue and deferred costs, it is at least reasonably possible that the Company's estimates of deferred assets and deferred liabilities will change in the near term.

At December 31, 2018, no reserve for uncollectible contracts receivable was necessary.

Deferred Expenses

Deferred expenses and reciprocating accrued expenses are recorded for the total estimated commission expense owed to employees and third party referral partners that were involved in the procurement of the customer. All estimated commission expense to be paid within a year are recorded as current asset and current liability. Any estimated commission expense that extends beyond a year are recorded as non-current asset and non-current liability.

Property and Equipment

Property and equipment are carried at cost less accumulated depreciation using straight line methods. Major renewals and betterments are capitalized and depreciated; maintenance and repairs, that do not improve or extend the life of the respective assets, are charged to expenses as incurred. Upon disposal of assets, the cost and related accumulated depreciation are removed from the accounts and any gain or loss is included in cost of revenues earned. Property and equipment are depreciated over their estimated useful lives as follows:

Computer equipment	5 years
--------------------	---------

Goodwill

Goodwill is comprised of the excess of the fair value of net assets assumed under the change in ownership of the Company. In accordance with accounting principles generally accepted in the United States of America, the Company amortizes goodwill on a straight line method over 10 years.

Long-lived Assets

The carrying values of long-lived assets are reviewed for impairment on an ongoing basis based on comparison of carrying value against undiscounted future cash flows. If an impairment is identified, the assets carrying amounts are adjusted to fair value. No impairment loss has been recorded as of December 31, 2018.

Income Taxes

In accordance with accounting principles generally accepted in the United States of America, the Company may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. The guidance on accounting for uncertainty in income taxes also addresses de-recognition, classification, interest and penalties on income taxes, and accounting in interim periods.

HW Shapp LP, LLC and Subsidiaries  
(A Texas Limited Liability Company)  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue and Cost Recognition

Revenues defined by broker agreements are recorded as deferred revenue when the customer signs a contract with the REP. Costs associated with the procurement of these contracts are recorded as deferred expenses. Payments are due to the Company only when the REP receives payment from the customer. Upon receipt of the payment from the REP, amounts are recorded as revenues and expenses. Management considers actual energy usage to be the best available measure of progress on these contracts.

Advertising Costs

Advertising costs are expensed as incurred. Advertising expenses was \$32,940 for the year ended December 31, 2018.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Deferred revenue and deferred expenses on incomplete contracts is a significant estimate. It is at least reasonably possible that the estimates will change materially in the near term.

Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09, Revenue recognition (Topic 606): Revenue from Contracts with Customers. This ASU introduces a new five step revenue recognition model in which an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This standard is effective for fiscal years beginning after December 31, 2018, including interim periods within that reporting period.

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842), which will require a lessee to recognize assets and liabilities for leases with lease terms of more than twelve months. Consistent with current GAAP, the recognition, measurement, and presentation of expenses and cash flows arising from a lease by a lessee primarily will depend on its classification as a capital or operating lease. However, unlike current GAAP – which requires only capital leases to be recognized on the balance sheet – ASU 2016-02 will require both capital and operating leases to be recognized on the balance sheet. The amendments in ASU 2016-02 are effective for private companies for fiscal years beginning after December 15, 2019, and interim periods within fiscal years beginning after December 15, 2020. Early application of the amendments in ASU 2016-02 is permitted.

2. ACCRUED EXPENSES

The following is a summary of accrued expenses at December 31, 2018:

Payroll	\$ 160,541
Insurance	3,316
Sales commissions and third party referral fees	2,603,537
Franchise tax	8,058
	<u>2,775,452</u>
Less accrued expenses - current	(1,079,362)
Accrued expenses – non-current	<u>\$ 1,696,090</u>

HW Shapp LP, LLC and Subsidiaries  
(A Texas Limited Liability Company)  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

3. COMMITMENTS AND CONTINGENCIES

Operating Leases

The Company leased its office space under a non-cancelable operating lease on December 29, 2017. Rent expense is recorded on a straight-line basis over the term of the lease.

Future minimum payments, excluding the effect of any adjustments for deferred rent under non-cancelable lease having terms in excess of a year are as follows for the years ending December 31:

2019	\$	101,600
2020		94,615
2021		11,923
	<u>\$</u>	<u>208,138</u>

The Company also leases storage space and equipment under month to month operating lease agreements.

4. INCOME TAXES

No federal income taxes are payable by the Company and none have been provided for in the Company's consolidated financial statements. For federal income tax purposes, the Company has elected to be taxed as a Partnership. In lieu of corporate income taxes, the members are taxed on their proportionate share of the Company's taxable income. Taxable income of the Company differs from financial accounting as the result of temporary recognition of depreciation and certain revenue and expenses. The members are to include their respective share of the income or loss on an income tax basis in their own tax returns. Applicable state taxes are paid by the Company for the year ended December 31, 2018.

Management has evaluated the Company's tax positions and concluded that the Company had taken no uncertain tax positions that require adjustment to the consolidated financial statements to comply with the provisions of this guidance. With few exceptions, the Company is no longer subject to income tax examinations by federal, state, or local tax authorities for years before 2015. The Company recognizes accrued interest and penalties associated with uncertain tax positions as part of the income tax provision. As of December 31, 2018, there were no accrued interest and penalties associated with uncertain tax positions.

5. CONCENTRATION OF CREDIT RISK

During the year ended December 31, 2018, the Company earned approximately 69% of their revenue from five REPs. Total revenues derived from these REPs amounted to approximately \$2,116,000. The outstanding contracts receivable and the related deferred revenue from these REPs was \$5,875,890 at December 31, 2018.

The Company also paid majority of their referral fee to one third party referral partner. Commissions paid to this referral partner amounted to approximately \$427,000. The outstanding accounts payable to this referral partner is \$45,979 and the accrued expenses and the related deferred cost is \$1,047,230. Other referral partners and in house sales employees could provide comparable services; therefore, management believes that a change in third party referral partners would not adversely affect operating results.

6. SUBSEQUENT EVENTS

The Company has evaluated subsequent events through April 15, 2019, which is the date the consolidated financial statements are available for issuance, and concluded that there are no subsequent event transactions that needed to be disclosed.

## **SUPPLEMENTAL INFORMATION**

HW Shapp LP, LLC and Subsidiaries  
(A Texas Limited Liability Company)  
CONSOLIDATING BALANCE SHEET  
December 31, 2018

	HW Shapp LP, LLC	Power Brokers, LLC	SBEC, LLC	Eliminations	Consolidated
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	\$ 28,034	\$ 545,227	\$ -	\$ -	\$ 573,261
Contracts receivable - current	-	2,777,002	-	-	2,777,002
Prepaid expenses	-	73,249	-	-	73,249
Deferred expenses - current	-	907,447	-	-	907,447
Total current assets	28,034	4,302,925	-	-	4,330,959
PROPERTY AND EQUIPMENT					
Computer equipment	-	29,133	-	-	29,133
Less accumulated depreciation	-	(28,784)	-	-	(28,784)
	-	349	-	-	349
OTHER ASSET					
Contracts receivable - non-current	-	5,430,685	-	-	5,430,685
Deferred expenses - non-current	-	1,696,090	-	-	1,696,090
Deposit	-	5,664	-	-	5,664
Due from affiliates	91	-	-	(91)	-
Investment in affiliates	118,194	87,017	-	(205,211)	-
Goodwill	-	-	52,792	-	52,792
	118,285	7,219,456	52,792	(205,302)	7,185,231
	<u>\$ 146,319</u>	<u>\$ 11,522,730</u>	<u>\$ 52,792</u>	<u>\$ (205,302)</u>	<u>\$ 11,516,539</u>
LIABILITIES AND MEMBERS' CAPITAL					
CURRENT LIABILITIES					
Due to affiliates	\$ -	\$ 91	\$ -	\$ (91)	\$ -
Accounts payable - trade	-	76,375	-	-	76,375
Accrued expenses - current	-	1,079,362	-	-	1,079,362
Deferred revenue - current	-	2,764,002	-	-	2,764,002
Total current liabilities	-	3,919,830	-	(91)	3,919,739
LONG-TERM LIABILITIES					
Accrued expenses - non-current	-	1,696,090	-	-	1,696,090
Deferred revenue - non-current	-	5,430,685	-	-	5,430,685
	-	7,126,775	-	-	7,126,775
COMMITMENTS AND CONTINGENCIES					
	-	-	-	-	-
MEMBERS' CAPITAL					
	146,319	476,125	52,792	(205,211)	470,025
	<u>\$ 146,319</u>	<u>\$ 11,522,730</u>	<u>\$ 52,792</u>	<u>\$ (205,302)</u>	<u>\$ 11,516,539</u>

See independent accountants' review report.

HW Shapp LP, LLC and Subsidiaries  
(A Texas Limited Liability Company)  
CONSOLIDATING STATEMENT OF OPERATIONS AND MEMBERS' CAPITAL  
Year Ended December 31, 2018

	HW Shapp LP, LLC	Power Brokers, LLC	SBEC, LLC	Eliminations	Consolidated	%
	\$	\$	\$	\$	\$	100.00
REVENUES EARNED						
COST OF REVENUES EARNED						
Labor	-	546,079	-	-	546,079	17.47
Commissions	-	514,064	-	-	514,064	16.44
Third party referral fees	-	478,464	-	-	478,464	15.31
	-	1,538,607	-	-	1,538,607	49.22
GROSS PROFIT	91	1,587,355	-	-	1,587,446	50.78
GENERAL AND ADMINISTRATIVE EXPENSES	52,550	1,117,031	8,799	-	1,178,380	37.70
EARNINGS (LOSS) BEFORE STATE INCOME TAXES	(52,459)	470,324	(8,799)	-	409,066	13.08
STATE INCOME TAXES - current	2,819	9,148	-	-	11,967	0.38
NET EARNINGS (LOSS)	(55,278)	461,176	(8,799)	-	397,099	12.70
MEMBERS' CAPITAL - Beginning	349,097	314,949	61,591	(205,211)	520,426	
INTERCOMPANY TRANSFER	300,000	(300,000)	-	-	-	
MEMBERS' DRAW	(447,500)	-	-	-	(447,500)	
MEMBERS' CAPITAL - Ending	\$ 146,319	\$ 476,125	\$ 52,792	\$ (205,211)	\$ 470,025	

See independent accountants' review report.

HW Shapp LP, LLC and Subsidiaries  
(A Texas Limited Liability Company)  
CONSOLIDATING SCHEDULE OF GENERAL AND ADMINISTRATIVE EXPENSES  
Year Ended December 31, 2018

	HW Shapp LP, LLC	Power Brokers, LLC	SBEC, LLC	Eliminations	Consolidated	%
	\$	\$	\$	\$	\$	
Advertising expense	-	32,940	-	-	32,940	1.05
Amortization expense	-	-	8,799	-	8,799	0.28
Contributions	-	300	-	-	300	0.01
Computer and internet	-	62,920	-	-	62,920	2.01
Depreciation expense	-	1,467	-	-	1,467	0.05
Dues and subscriptions	-	7,431	-	-	7,431	0.24
Equipment rentals	-	2,868	-	-	2,868	0.09
Fees	8,500	8,467	-	-	16,967	0.54
Gifts	-	7,663	-	-	7,663	0.25
Insurance expense	-	94,419	-	-	94,419	3.02
Licenses and permits	50	1,400	-	-	1,450	0.05
Management fees	44,000	-	-	-	44,000	1.41
Meals and entertainment	-	13,957	-	-	13,957	0.45
Office expense	-	21,182	-	-	21,182	0.68
Professional fees	-	109,125	-	-	109,125	3.49
Rent	-	58,642	-	-	58,642	1.88
Salaries and related payroll taxes	-	648,699	-	-	648,699	20.75
Taxes	-	1,743	-	-	1,743	0.06
Telephone	-	19,971	-	-	19,971	0.64
Travel	-	17,756	-	-	17,756	0.57
Utilities	-	6,081	-	-	6,081	0.18
	\$ 52,550	\$ 1,117,031	\$ 8,799	\$ -	\$ 1,178,380	37.70

See independent accountants' review report.

**Exhibit C-4: Power Brokers, LLC "Financial Arrangements":**

Power Brokers, LLC does not take title to electricity or natural gas and is seeking to be certified as an aggregator; thus, financial arrangements are not applicable to our business model.



**Exhibit C-5: Power Brokers, LLC "Forecasted Financial Statements":**

Power Brokers LLC does not have forecasted revenue and expenses projected for the Natural Gas related business activities in the state of Ohio only. As an aggregator for natural gas in Ohio, we will have the ability to provide energy consulting services for our clients in ERCOT with properties in Ohio with natural gas needs. Power Brokers LLC does not plan to call prospects in the state of Ohio but offer this service to our current client base. Because we have not determined if anyone needs this service, we cannot project income or expenses.

Marcie Bowles

Controller – Power Brokers LLC

469-533-6055

[mbowles@powerbrokersusa.com](mailto:mbowles@powerbrokersusa.com)

**Exhibit C-6: Power Brokers, LLC "Credit Rating":**

Power Brokers LLC does not have a credit rating.

**Exhibit C-7: Power Brokers, LLC "Credit Report":**

Attached is the Dun & Bradstreet credit report for Power Brokers LLC.

Update your information with D-U-N-S®  
Manager

Report as of: 07-29-2020

## Power Brokers, LLC

**ACTIVE****SINGLE LOCATION**

Address: 12700 Park Central Dr Ste 1450, Dallas, TX, 75251, United States

### SCORES AND RATINGS

**PAYDEX® Score****79** low RISK**Delinquency Predictor  
Percentile****92** LOW RISK**Financial Stress Percentile****49** MODERATE RISK**Supplier Evaluation Risk Rating****4** LOW RISK

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D&B® credit file.

Call **1-855-315-3720** to learn more

### COMPANY PROFILE



**D-U-N-S**  
07-837-0515

**Mailing Address**  
United States

**Annual Sales**  
US\$ 1,414,508

**Business Form**  
Limited Liability Company

**Telephone**  
(469) 916-1313

**Employees**  
12

**State of Incorporation**  
TX

**Website**  
www.powerbrokersusa.com

**Age (Year Started)**  
10 (2010)

**Ownership**  
Not publicly traded

**Named Principal**  
Steve Hardy, President

**Line of Business**  
Management consulting services

### LEGAL EVENTS

### TRADE PAYMENTS

Events	Open Count	Last Filed
Bankruptcies	0	-
Judgments	0	-

**Highest Past Due****US\$ 0**

Events	▼ Open Count	▼ Last Filed	▼	Highest Now Owing <b>US\$ 100</b>	Total Trade Experiences <b>11</b>
				Largest High Credit <b>US\$ 500</b>	Average High Credit <b>US\$ 210</b>
Suits	0	-			
UCC	0	-			

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#### OWNERSHIP ⓘ

This company is a **Single Location**.

Total Members in Family Tree - 0

Subsidiaries

Branches

-

-

---

#### FINANCIAL OVERVIEW ⓘ

This company has not provided financial statements to D&B.

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#### INQUIRIES ⓘ

##### 12 Month Summary

Total number of Inquiries

Unique Customers

**11** ⓘ

**3**

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**Exhibit C-8: Power Brokers, LLC "Bankruptcy Information":**

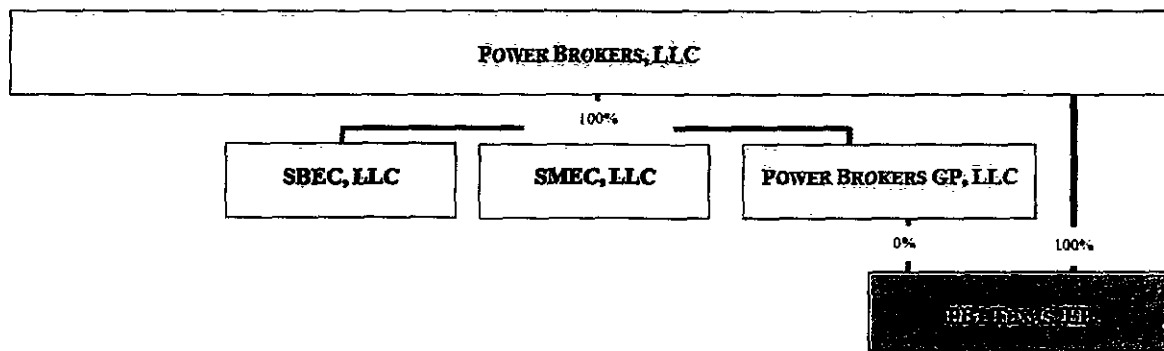
Power Brokers LLC has not filed for bankruptcy or engaged in any reorganizations.

**Exhibit C-9: Power Brokers, LLC "Merger Information":**

Power Brokers LLC has not been involved in a dissolution, merger or acquisition within the past 2 years.

**Exhibit C-10: Power Brokers, LLC "Corporate Structure":**

Power Brokers LLC and Subsidiaries are listed below. Power Brokers LLC is the only entity that provides energy power broker/consulting/aggregator services. The subsidiaries have had no financial activity for the past 2 years.





**Exhibit D-1: Power Brokers, LLC "Operations":**

Power Brokers LLC provides energy management consulting services at the commercial level. Our account managers act as intermediaries between energy providers and energy consumers arranging contracts that will minimize cost and risk for the client. The client signs a letter of authorization and a letter of representation so that the Power Brokers' team can negotiate on their behalf. Our fee is built into the energy price and is disclosed to the client. The Retail Energy Provider will remit commissions to Power Brokers over the contract term as the customer remits payment for usage. Our customer care team handles all changes to the contract during the contract term. These include but are not limited to move-ins, move-outs, assignments, and billing questions.

**Exhibit D-2: Power Brokers, LLC "Operations Expertise":**

**Steve Hardy**  
**President**

Steve Hardy has provided consulting services to the energy industry since 1984, primarily to electric and gas utilities and related public and private sector institutions. Steve specializes in energy procurement, assisting commercial and industrial clients in gaining a comprehensive understanding of electric and gas deregulation throughout the country and aiding energy buyers in the selection of a low-cost retail electric provider. Notably, Steve was heavily involved in the formation of Senate Bill 7, the Texas Electric Restructuring Bill, with representations on numerous energy committees, law making sessions and energy workshops.

Steve has special expertise in the assessment of industrial and commercial sector energy usage, investment decision behavior, and in assisting energy companies with the development, implementation and enhancement of product and service offerings. Over the past 33 years, he has directed and managed a series of energy consulting and brokerage firms, and has led numerous multi-year, multi-million dollar consulting assignments.

Through many past engagements, Steve is a foremost authority on performance contracting, energy conservation measures implementation, energy resource management, and electric and gas supply hedging derivatives. His performance contracting expertise creatively developed and implemented significant energy conservation projects with Canon Air Force Base in Clovis, New Mexico and the Pantex Facility located in Amarillo, Texas, two key Federal customers.

Throughout his career, Steve has consulted with more than seventy energy suppliers within the commercial, industrial and federal sector. Currently, Steve manages more than 100-million dollars in annual client spend, with a solid book and a large following of loyal procurement clients.

**Exhibit D-3: Power Brokers, LLC "Key Technical Personnel":**

**Steve Hardy**

**President**

[shardy@powerbrokersusa.com](mailto:shardy@powerbrokersusa.com)

469-533-7626

Steve manages the contracting process for the company and communicates to account managers the contracting specifics per the public utilities by state.

**Marcie Bowles**

**Controller**

[mbowles@powerbrokersusa.com](mailto:mbowles@powerbrokersusa.com)

469-533-6055

Marcie files all the regulatory documentation and licensing requirements required by each state.