

Oregon Energy Fund

Audited Financial Statements
June 30, 2018 and 2017

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Acumen Financial Services Group, PC

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Oregon Energy Fund
Portland, Oregon

We have audited the accompanying financial statements of Oregon Energy Fund (a nonprofit organization), which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibilities for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Oregon Energy Fund as of June 30, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Acumen Financial Services Group, PC

Lake Oswego, OR
September 08, 2018

Oregon Energy Fund

Statements of Financial Position

June 30, 2018 and 2017

<u>Assets</u>	<u>2018</u>	<u>2017</u>
Current assets:		
Cash and cash equivalents	\$ 288,436	387,772
Other receivables	35,734	2,539
Investments	1,150,283	1,091,096
Prepaid expenses	15,528	14,098
	<u>1,489,981</u>	<u>1,495,505</u>
Deposits	3,175	3,083
Property and equipment - net	36,537	51,998
	<u>\$ 1,529,693</u>	<u>1,550,586</u>
 <u>Liabilities</u>		
Current liabilities:		
Accounts payable	\$ 10,855	12,541
Accrued liabilities	11,501	17,007
	<u>22,356</u>	<u>29,548</u>
 <u>Net Assets</u>		
Net assets:		
Unrestricted	995,628	1,017,208
Temporarily restricted	511,709	503,830
	<u>1,507,337</u>	<u>1,521,038</u>
	<u>\$ 1,529,693</u>	<u>1,550,586</u>

Oregon Energy Fund

Statements of Activities

For the year ended June 30, 2018

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total 2018</u>
Revenues:			
Contributions	\$ 505,786	475,658	981,444
In-kind donations	87,416	-	87,416
Interest & dividends earned	22,498	-	22,498
Special events	69,203	-	69,203
	<u>684,903</u>	<u>475,658</u>	<u>1,160,561</u>
Net Assets released from restrictions	<u>467,779</u>	<u>(467,779)</u>	<u>-</u>
Total revenues and other support	<u>1,152,682</u>	<u>7,879</u>	<u>1,160,561</u>
Expenses:			
Program services			
Energy assistance	467,783	-	467,783
Program management	511,553	-	511,553
Supporting services			
Management and general	61,328	-	61,328
Fund-raising	185,350	-	185,350
Total expenses	<u>1,226,014</u>	<u>-</u>	<u>1,226,014</u>
Other Income/Expenses			
Realized gains (losses)	7,639	-	7,639
Unrealized gains (losses)	44,113	-	44,113
Change in net assets	(21,580)	7,879	(13,701)
Beginning net assets	<u>1,017,208</u>	<u>503,830</u>	<u>1,521,038</u>
Ending net assets	<u>\$ 995,628</u>	<u>511,709</u>	<u>1,507,337</u>

Oregon Energy Fund

Statements of Activities

For the year ended June 30, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total 2017</u>
Revenues:			
Contributions	\$ 567,647	414,525	982,172
In-kind donations	87,230	-	87,230
Interest earned	17,579	-	17,579
Special events	56,789	-	56,789
	<u>729,245</u>	<u>414,525</u>	<u>1,143,770</u>
Net Assets released from restrictions	<u>420,794</u>	<u>(420,794)</u>	<u>-</u>
Total revenues and other support	<u>1,150,039</u>	<u>(6,269)</u>	<u>1,143,770</u>
Expenses:			
Program services			
Energy assistance	420,791	-	420,791
Program management	589,740	-	589,740
Supporting services			
Management and general	63,804	-	63,804
Fund-raising	213,749	-	213,749
Total expenses	<u>1,288,084</u>	<u>-</u>	<u>1,288,084</u>
Other Income/Expenses			
Realized gains (losses)	21,287	-	21,287
Unrealized gains (losses)	66,067	-	66,067
Change in net assets	(50,691)	(6,269)	(56,960)
Beginning net assets	<u>1,067,899</u>	<u>510,099</u>	<u>1,577,998</u>
Ending net assets	<u>\$ 1,017,208</u>	<u>503,830</u>	<u>1,521,038</u>

Oregon Energy Fund

Statements of Functional Expenses

For the year ended June 30, 2018

	Program Services		Supporting Services		Total 2018
	Energy Assistance	Program Management	Management and General	Fund- Raising	
Energy assistance	\$ 413,388	-	-	-	413,388
Program fees	54,395	-	-	-	54,395
Salaries	-	197,592	17,182	71,591	286,365
Benefits	-	18,452	1,604	6,685	26,741
Payroll taxes	-	17,719	1,541	6,420	25,680
Direct mail	-	77,297	6,722	28,007	112,026
Printing and postage	-	427	37	155	619
Professional fees	-	73,411	6,384	26,599	106,394
Occupancy	-	28,798	2,504	10,434	41,736
Supplies	-	3,124	272	1,132	4,528
Equipment rental	-	1,977	172	717	2,866
Insurance	-	1,730	150	627	2,507
Transportation	-	6,606	574	2,394	9,574
Dues and subscriptions	-	3,377	294	1,224	4,895
Investment fees	-	-	15,186	-	15,186
Bank charges	-	4,580	398	1,660	6,638
Publicity	-	48,250	4,196	17,482	69,928
Conferences	-	659	57	239	955
Depreciation	-	10,668	928	3,866	15,462
Information technology	-	16,886	1,468	6,118	24,472
Board expenses	-	-	1,659	-	1,659
Total expenses	\$ <u>467,783</u>	<u>511,553</u>	<u>61,328</u>	<u>185,350</u>	<u>1,226,014</u>

Oregon Energy Fund

Statements of Functional Expenses

For the year ended June 30, 2017

	Program Services		Supporting Services		Total 2017
	Energy Assistance	Program Management	Management and General	Fund- Raising	
Energy assistance	\$ 374,944	-	-	-	374,944
Program fees	45,847	-	-	-	45,847
Salaries	-	257,835	22,421	93,419	373,675
Benefits	-	22,709	1,975	8,228	32,912
Payroll taxes	-	24,856	2,161	9,006	36,023
Direct mail	-	96,754	8,413	35,056	140,223
Printing and postage	-	538	47	195	780
Professional fees	-	62,744	5,456	22,734	90,934
Occupancy	-	25,685	2,234	9,306	37,225
Supplies	-	3,645	317	1,321	5,283
Equipment rental	-	1,950	170	707	2,827
Insurance	-	2,328	202	844	3,374
Transportation	-	5,452	474	1,976	7,902
Dues and subscriptions	-	2,803	244	1,016	4,063
Investment fees	-	-	11,199	-	11,199
Bank charges	-	5,181	451	1,877	7,509
Publicity	-	54,296	4,791	19,743	78,830
Conferences	-	842	73	305	1,220
Depreciation	-	12,057	1,048	4,369	17,474
Information technology	-	10,065	875	3,647	14,587
Board expenses	-	-	1,253	-	1,253
Total expenses	\$ 420,791	589,740	63,804	213,749	1,288,084

Oregon Energy Fund

Statements of Cash Flows

For the years ended June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Cash Flows From Operating Activities:		
Net Income (Loss)	\$ (13,701)	(56,960)
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	15,462	17,474
Donated equipment and IT included in contributions	-	(17,314)
Unrealized losses (gains)	(44,113)	(66,067)
Realized (gain) loss on investments	(7,639)	(21,287)
Changes in operating assets and liabilities		
Other receivables	(33,195)	2,667
Prepaid expenses	(1,430)	(7,434)
Deposits	(92)	(91)
Accounts payable	(1,686)	3,282
Accrued liabilities	(5,506)	9,222
Net Cash from Operating Activities	<u>(91,900)</u>	<u>(136,508)</u>
Cash Flows From Investing Activities:		
Purchase of investments	(22,668)	(6,381)
Redemption of investments	15,232	29
Purchase of equipment	-	(17,827)
Net Cash from Investing Activities	<u>(7,436)</u>	<u>(24,179)</u>
Net Change in Cash	(99,336)	(160,687)
Cash, Beginning of Year	<u>387,772</u>	<u>548,459</u>
Cash, End of Year	<u>\$ 288,436</u>	<u>387,772</u>

Oregon Energy Fund

Notes to the Financial Statements

For the years ended June 30, 2018 and 2017

(1) Summary of Significant Accounting Policies

Nature of Activities

Oregon Energy Fund was incorporated in 1989 as a nonprofit organization. Its purpose is to offer the gift of warmth and power to Oregonians facing hardships through donor-funded energy assistance and statewide collaboration. Funding is provided by individual and corporate contributions and grants.

As an independent nonprofit organization, Oregon Energy Fund is known for providing emergency aid to reduce the burden to enable low-income families to better afford their home heating and electricity needs. Oregon Energy Fund collaborates with its community service groups to offer assistance in all Oregon counties. Funding for such projects has come from grants and donations from business and individuals.

Oregon Energy Fund uses a second-year funding policy. Under that policy, Oregon Energy Fund generally raises funds in one year and allocates them to agencies for energy assistance at the beginning of the following year. This assures agencies that all allocated funds will be available and allows them to plan their expenditures over the season.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

Estimates

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

Notes to the Financial Statements

For the years ended June 30, 2018 and 2017

(1) Summary of Significant Accounting Policies (cont.)

Income Taxes

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and therefore has made no provision for federal income taxes in the accompanying financial statements. There was no unrelated business income for 2018 or 2017. The Organization believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements. The Organization's form 990, *Return of Organization Exempt from Income Tax*, for the years ending 2017, 2016, and 2015 are subject to examination by the IRS, generally for 3 years after they were filed.

Cash and Cash Equivalents

The Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents. The Organization maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts.

Fair Value of Financial Instruments

FASB ASC 820, Fair Value Measurement, defines fair value as the price that would be received upon sale of an asset or paid upon transfer of a liability in an orderly transaction between market participants at the measurement date and in the principal or most advantageous market for that asset or liability. The fair value should be calculated based on assumptions that market participants would use in pricing the asset or liability, not on assumptions specific to the entity

Other Receivables

Other receivables consist of oil program donations and grants that are stated at unpaid balances, less an allowance for doubtful accounts. The allowance is maintained, based upon management's review of the year-end accounts receivable aging and estimate of collectability. As of June 30, 2018 and 2017, this amount was zero.

Oregon Energy Fund

Notes to the Financial Statements

For the years ended June 30, 2018 and 2017

(1) Summary of Significant Accounting Policies (cont.)

Property and Equipment

Acquisitions of property and equipment in excess of \$500 are capitalized. Property and equipment are carried at cost. Depreciation and amortization expense for the years ended June 30, 2018 and 2017 was \$15,462 and \$17,474. Depreciation and amortization is computed on a straight-line basis over the useful lives of the assets generally as follows:

Furniture and equipment	5 years
Intangible assets	3 years

Contributions and Grants

Contributions are recognized when received; grants are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. All donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

In-Kind Donations

During the years ended June 30, 2018 and 2017, Portland General Electric, Pacific Power, and West Oregon Electric Cooperative donated fund-raising envelopes with an estimated value of \$62,416. Grady Britton donated agency services at a fair market value of \$25,000 during the year ended June 30, 2018.

Advertising

The Organization uses advertising to promote its programs to the general public. Advertising costs are expensed as incurred and totaled \$31,793 and \$33,276, which are included in publicity expenses, as of June 30, 2018 and 2017.

Subsequent Events

The Organization has evaluated subsequent events through September 08, 2018, the date which the financial statements were available to be issued.

Notes to the Financial Statements

For the years ended June 30, 2018 and 2017

(2) Investments

Investments in marketable securities are carried at fair market value as measured at June 30, 2018 and 2017. Accordingly, unrealized gains or losses are recorded for the increase or decrease in market value of assets. At June 30, 2018 and 2017, the investment accounts are summarized as follows:

	2018	
	Cost	Market Value
<u>Equities</u>		
Mutual funds	\$ 587,999	\$ 717,307
<u>Fixed Income</u>		
Foreign gov't bonds	158,352	156,197
U.S. gov't bonds	53,196	52,190
Corporate bonds	211,378	202,923
Cash and equivalents	21,666	21,666
Total	<u>\$ 1,032,591</u>	<u>\$1,150,283</u>
	2017	
	Cost	Market Value
<u>Equities</u>		
Mutual funds	\$ 587,999	\$ 660,343
<u>Fixed Income</u>		
Foreign bonds	158,352	155,198
U.S. gov't bonds	53,196	52,891
Corporate bonds	211,378	208,256
Cash and equivalents	14,408	14,408
Total	<u>\$ 1,025,333</u>	<u>\$1,091,096</u>

Oregon Energy Fund

Notes to the Financial Statements

For the years ended June 30, 2018 and 2017

(2) Investments (cont.)

Fair Value Measurements

Financial Accounting Standards Board (FASB) *Accounting Standards Codification (ASC) 820, Fair Value Measurements and Disclosures*, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under ASC 820 for financial assets are described as follows:

Level 1 - Valuations are based on quoted prices that the Organization has the ability to obtain in actively traded markets for identical assets. Since valuations are based on quoted prices that are readily and regularly available in an active market or exchange traded market, valuation of these instruments does not require a significant degree of judgment.

Level 2 - Valuations are based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market.

Level 3 - Valuations are based on model-based techniques for which some or all of the assumptions are obtained from indirect market information that is significant to the overall fair value measurement and which require a significant degree of management judgment.

The following table sets forth by level, within the fair value hierarchy, the investment assets at fair value as of June 30, 2018 and 2017:

Notes to the Financial Statements

For the years ended June 30, 2018 and 2017

(2) Investments (cont.)

	2018		
	Level 1	Level 2	Level 3
<u>Equities</u>			
Mutual funds	\$ 591,555	\$ 125,753	\$ -
<u>Fixed Income</u>			
Foreign gov't bonds	156,197	-	-
U.S. gov't bonds	52,190	-	-
Corporate bonds	-	202,923	-
Cash and equivalents	21,666	-	-
Total	<u>\$ 821,608</u>	<u>\$ 328,676</u>	<u>\$ -</u>

	2017		
	Level 1	Level 2	Level 3
<u>Equities</u>			
Mutual funds	\$ 550,049	\$ 110,294	\$ -
<u>Fixed Income</u>			
Foreign bonds	155,198	-	-
U.S. gov't bonds	52,891	-	-
Corporate bonds	-	208,256	-
Cash and equivalents	14,408	-	-
Total	<u>\$ 772,546</u>	<u>\$ 318,550</u>	<u>\$ -</u>

In 2017 and 2018 all valuations are based on published prices available to the investment managers. In each year, there were no transfers from level 1 to level 2 or 3 and there were no transfers from level 2 or 3 to level 1.

Oregon Energy Fund

Notes to the Financial Statements

For the years ended June 30, 2018 and 2017

(3) Property and Equipment

As of June 30, property and equipment consist of:

	2018	2017
Equipment and IT	\$129,722	\$129,722
Less: accumulated depreciation	<u>(93,185)</u>	<u>(77,724)</u>
	<u>\$36,537</u>	<u>\$51,998</u>

(4) Restrictions on Assets

Contributions are allocated to the geographical area served by partner utilities in the donor's area. The assets are released from restriction as the various service agencies provide energy assistance to qualifying individuals. Unused contributions remain restricted for use in future periods.

Temporarily restricted net assets at June 30, 2018 and 2017 may be summarized as follows:

	2018	2017
Portland General Electric	\$ 199,122	\$ 236,578
Pacific Power	257,255	251,888
Maybelle Clark MacDonald	35,000	0
Oil Program	8,136	10,594
WOE	5,915	4,770
Coit Family	5,781	0
Deacon Family Fund	500	0
	<u>\$ 511,709</u>	<u>\$ 503,830</u>

(5) Office Lease

The Organization began leasing office space in Portland under a noncancelable lease that expires in May 2021. The current monthly rent is \$3,330. The future minimum, noncancelable lease payments for the year ended June 30 are as follows:

2019	40,051
2020	41,196
2021	38,752

Notes to the Financial Statements

For the years ended June 30, 2018 and 2017

(6) Retirement Plan

The Organization has a Simplified Employee Pension (SEP) for eligible employees who have completed two years of service. Employer contributions are calculated at 6% of compensation. Retirement expense for the year ended June 30, 2018 and 2017 respectively amounted to \$6,526 and \$4,530.

(7) Allocation of Functional Expenses

The costs of providing the various programs and other activities have been summarized in the Statement of Activities. Certain costs, including salaries and administrative operating expenses, have been allocated among the programs and supporting services benefited. The allocation of expenses is evaluated during each fiscal year.