

HEAT OREGON dba  
OREGON ENERGY FUND

Audited Financial Statements

For the Year Ended June 30, 2023



MCDONALD JACOBS

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
HEAT Oregon dba  
Oregon Energy Fund

### Opinion

We have audited the accompanying financial statements of HEAT Oregon dba Oregon Energy Fund (Oregon Energy Fund) (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Oregon Energy Fund as of June 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

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

### Responsibilities of Management for the Financial Statements

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

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Oregon Energy Fund's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Oregon Energy Fund's ability to continue as a going concern for a reasonable period of time.

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

### **Report on Summarized Comparative Information**

We have previously audited Oregon Energy Fund's 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 31, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*McDonald Jacobson, P.C.*

Portland, Oregon  
September 27, 2023

HEAT OREGON DBA OREGON ENERGY FUND  
STATEMENT OF FINANCIAL POSITION  
June 30, 2023  
(With comparative totals for 2022)

	2023	2022
<b>ASSETS</b>		
Cash and cash equivalents	\$ 2,410,593	\$ 1,542,069
Contributions receivable	19,652	64,725
Prepaid expenses	26,770	25,918
Investments	1,378,724	1,289,386
Right-of-use asset	121,636	-
Property and equipment, net	996	5,770
 TOTAL ASSETS	 \$ 3,958,371	 \$ 2,927,868
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities:		
Accounts payable	\$ 41,075	\$ 9,105
Accrued personnel expenses	57,966	48,957
Deferred revenue	17,300	-
Operating lease liability	123,484	-
Total liabilities	239,825	58,062
Net assets:		
Without donor restrictions:		
Undesignated	1,750,565	1,667,334
Board designated	26,629	26,629
Net property and equipment	996	5,770
Total without donor restrictions	1,778,190	1,699,733
With donor restrictions	1,940,356	1,170,073
Total net assets	3,718,546	2,869,806
 TOTAL LIABILITIES AND NET ASSETS	 \$ 3,958,371	 \$ 2,927,868

See notes to financial statements.

HEAT OREGON DBA OREGON ENERGY FUND  
STATEMENT OF ACTIVITIES  
For the year ended June 30, 2023  
(With comparative totals for 2022)

	2023			2022 Total
	Without Donor Restrictions	With Donor Restrictions	Total	
<b>Operating support and revenue:</b>				
Contributions	\$ 650,641	\$ 951,116	\$ 1,601,757	\$ 1,553,305
Special project grant	-	1,033,561	1,033,561	-
Donated materials and services	19,950	-	19,950	19,950
Special event revenue, net	41,949	-	41,949	52,882
Investment income, net	10,999	-	10,999	5,516
Net assets released from restrictions:				
Satisfaction of purpose restrictions	1,214,394	(1,214,394)	-	-
Total support and revenue	1,937,933	770,283	2,708,216	1,631,653
<b>Expenses:</b>				
Program services	1,737,386	-	1,737,386	1,067,030
Management and general	114,134	-	114,134	101,255
Fundraising	87,071	-	87,071	84,153
Total expenses	1,938,591	-	1,938,591	1,252,438
Income from operations	(658)	770,283	769,625	379,215
<b>Non-operating activities:</b>				
Net realized/unrealized gain (loss) on investments	79,115	-	79,115	(189,025)
Change in net assets	78,457	770,283	848,740	190,190
<b>Net assets:</b>				
Beginning of year	1,699,733	1,170,073	2,869,806	2,679,616
End of year	\$ 1,778,190	\$ 1,940,356	\$ 3,718,546	\$ 2,869,806

See notes to financial statements.

HEAT OREGON DBA OREGON ENERGY FUND  
STATEMENT OF FUNCTIONAL EXPENSES  
For the year ended June 30, 2023  
(With comparative totals for 2022)

	Total Program	Management and General	Fundraising	2023 Total	2022 Total
Energy assistance	\$ 480,426	\$ -	\$ -	\$ 480,426	\$ 525,951
Special project grant	656,335	-	-	656,335	-
Program fees	60,399	-	-	60,399	61,810
Salaries and related expenses	349,225	73,780	68,861	491,866	420,351
Professional services	11,867	2,507	2,340	16,714	44,284
Printing and postage	49,281	10,412	9,717	69,410	64,013
Technology, equipment, and and maintenance	27,891	5,893	5,500	39,284	34,614
Travel and meetings	4,339	916	855	6,110	1,765
Occupancy	33,085	6,990	6,524	46,599	41,319
Supplies	28,652	6,053	5,650	40,355	19,273
Bank fees	3,860	816	761	5,437	7,524
Other operating expenses	28,636	6,051	5,647	40,334	35,735
Depreciation and amortization	3,390	716	668	4,774	6,149
	<u>1,737,386</u>	<u>114,134</u>	<u>106,523</u>	<u>1,958,043</u>	<u>1,262,788</u>
Less direct benefit special event costs netted with revenue	<u>-</u>	<u>-</u>	<u>(19,452)</u>	<u>(19,452)</u>	<u>(10,350)</u>
Total expenses	<u>\$ 1,737,386</u>	<u>\$ 114,134</u>	<u>\$ 87,071</u>	<u>\$ 1,938,591</u>	<u>\$ 1,252,438</u>

See notes to financial statements.

HEAT OREGON DBA OREGON ENERGY FUND  
STATEMENT OF CASH FLOWS  
For the year ended June 30, 2023  
(With comparative totals for 2022)

	2023	2022
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 848,740	\$ 190,190
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation and amortization	4,774	6,149
Amortization of right-of-use asset	39,813	-
Net realized/unrealized (gain) loss on investments	(79,115)	189,025
(Increase) decrease in:		
Contributions receivable	45,073	(62,238)
Prepaid expenses	(852)	5,976
Increase (decrease) in:		
Accounts payable	31,970	(17,754)
Accrued personnel expenses	9,009	8,754
Deferred revenue	17,300	-
Operating lease liability	(37,965)	-
Net cash flows from operating activities	878,747	320,102
<b>Cash flows from investing activities:</b>		
Purchase of property and equipment	-	(2,108)
Proceeds from the sale of investments	17,620	19,488
Purchase of investments	(27,843)	(24,504)
Net cash flows from investing activities	(10,223)	(7,124)
Net change in cash and cash equivalents	868,524	312,978
Cash and cash equivalents - beginning of year	1,542,069	1,229,091
Cash and cash equivalents - end of year	\$ 2,410,593	\$1,542,069
<b>Supplemental cash flow information:</b>		
Cash paid during the year for operating lease	\$ 41,732	\$ -
Non-cash investing and financing activity:		
Obtaining right-of-use asset in exchange for lease liability	161,449	-

See notes to financial statements.

HEAT OREGON dba OREGON ENERGY FUND  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2023

1. DESCRIPTION OF ORGANIZATION

HEAT Oregon dba Oregon Energy Fund (Oregon Energy Fund or the Organization) was incorporated in 1989 as a nonprofit organization. The primary mission is to assist Oregon neighbors in financial crisis with energy bills to support household stability. Oregon Energy Fund uses a second-year funding policy. Under that policy, Oregon Energy Fund generally raises funds in one year and allocates these funds 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 year.

Funding is provided by grants and contributions from utility companies, individuals, corporations, and foundations.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

- *Net Assets Without Donor Restrictions* - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.
- *Net Assets With Donor Restrictions* - Net assets subject to donor- (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments available for current use with maturities of three months or less at the time of purchase to be cash equivalents.

Contributions Receivable

Contributions receivable are reported at the amount management expects to collect on balances outstanding at year-end. Management considers history with donors, and current economic and industry trends when determining the collectability of specific accounts. Management has determined that an allowance for doubtful accounts is not necessary.



HEAT OREGON dba OREGON ENERGY FUND  
NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Investments

Investments are carried at fair value.

Leases

The Organization determines if an arrangement is or contains a lease at inception. Under FASB ASC 842, *Leases*, a contract is (or contains) a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is defined under the standard as having both the right to obtain substantially all of the economic benefits from use of the asset and the right to direct the use of the asset. Management only reassesses its determination if the terms and conditions of the contract are changed.

Leases are included in right-of-use (ROU) assets and lease liabilities in the statement of financial position. ROU assets represent the Organization's right to use an underlying asset for the lease term, and lease liabilities represent the Organization's obligation to make lease payments. Operating lease ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The Organization uses the implicit rate when it is readily determinable. The Organization has made an accounting policy election to use a risk-free rate in lieu of its incremental borrowing rate to discount future lease payments. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The Organization's lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise the option.

The Organization does not report ROU assets and leases liabilities for its short-term leases (leases with a term of 12 months or less). Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term.

Property and Equipment

Acquisitions of property and equipment in excess of \$1,000 are capitalized. Property and equipment purchased are recorded at cost. Donated assets are reflected as contributions at their estimated values on the date received.

Depreciation and Amortization

Depreciation of property and equipment, and amortization of the Organization's website, are calculated using the straight-line method over the estimated useful lives of the assets, which range from 3 to 5 years.

HEAT OREGON dba OREGON ENERGY FUND  
NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Revenue Recognition

Revenues from various sources are recognized as follows:

**Contributions and Grants:** Contributions and grants, which include unconditional promises to give (pledges), are recognized as revenues in the period the Organization is notified of the commitment. Bequests are recorded as revenue at the time the Organization has an established right to the bequest and the proceeds are measurable. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

**Donated Materials and Services:** Donations of property, equipment, materials, and other assets are recorded as support at their estimated fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Donated materials and services consist of fund-raising envelopes and other donated print materials, which are valued using rates provided by the utility companies that provide the donated materials.

The Organization recognizes donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Donated services are valued at market rates of the professionals providing the services.

These donated material and services represent mailings provided by the utility companies and are reported as follows in the accompanying statement of functional expenses for the years ended June 30, 2023 and 2022:

	2023	2022
Program services	\$ 9,776	\$ 9,177
Management and general	2,793	1,596
Fundraising	7,381	9,177
Total donated materials and services	\$ 19,950	\$ 19,950

**Special Events:** The Organization records special events revenue equal to the fair value of direct benefits to donors, and contribution income for the excess received when the event takes place.

HEAT OREGON dba OREGON ENERGY FUND  
NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Functional Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses that are allocated include salaries and related expenses, professional services, printing and postage, technology, equipment and maintenance, supplies, bank fees, and other operating expenses, which are allocated based on estimates of time and effort.

Income Tax Status

Oregon Energy Fund is a nonprofit corporation exempt from income tax under section 501(c)(3) of the Internal Revenue Code and applicable state law. No provision for income taxes is made in the accompanying financial statements, as the Organization has no activities subject to unrelated business income tax. The Organization is not a private foundation.

The Organization follows the provisions of FASB ASC Topic 740 *Accounting for Uncertainty in Income Taxes*. Management has evaluated the Organization's tax positions and concluded that there are no uncertain tax positions that require adjustment to the financial statements to comply with provisions of this Topic.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Summarized Financial Information for 2022

The financial information as of June 30, 2022 and for the year then ended is presented for comparative purposes and is not intended to be a complete financial statement presentation.

Reclassifications

Certain amounts in the functional expenses were reclassified to conform with the current year allocations.

Subsequent Events

The Organization has evaluated all subsequent events through September 27, 2023, the date the financial statements were available to be issued.

HEAT OREGON dba OREGON ENERGY FUND  
NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

New Accounting Standards

Effective July 1, 2022, the Organization adopted Accounting Standards Update (ASU) No. 2016-02, *Leases*, which requires lessees to recognize leases on the statement of financial position and disclose key information about leasing arrangements. The Organization elected not to restate the comparative period (2022). It also elected not to reassess at adoption (i) expired or existing contracts to determine whether they are or contain a lease, (ii) the lease classification of any existing leases, or (iii) initial direct costs for existing leases. As a result of implementing ASU No. 2016-02, the Organization recognized a right-of-use asset of \$161,449 and lease liability totaling \$161,449 in its statement of financial position as of July 1, 2022. The adoption did not result in a significant effect on amounts reported in the statement of activities for the year ended June 30, 2023.

The Organization implemented Accounting Standards Update 2020-07, *Presentation and Disclosures by Non-Profit Entities for Contributed Nonfinancial Assets* (ASU 2020-07) for the year ended June 30, 2023 on a retrospective basis. The standard provides new presentation and disclosure requirements about contributed nonfinancial assets, including additional disclosure requirements for recognized contributed services. The amendments do not change the recognition and measurement requirements.

3. AVAILABLE RESOURCES AND LIQUIDITY

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its primary operations to be general expenditures. It excludes financial assets with donor or other restrictions limiting their use.

Financial assets available for general expenditure consist of the following at June 30, 2023 and 2022:

	2023	2022
Cash and cash equivalents	\$ 2,410,593	\$ 1,542,069
Contributions receivable	19,652	64,725
Investments	1,378,724	1,289,386
	3,808,969	2,896,180
Less amounts unavailable for general expenditure:		
Net assets with donor restrictions	1,940,356	1,170,143
Board designations	26,629	26,629
Financial assets available for general expenditure	\$ 1,841,984	\$ 1,699,408

HEAT OREGON dba OREGON ENERGY FUND  
NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2023

4. CONTRIBUTIONS RECEIVABLE

Contributions receivable represent unconditional promises to give as follows at June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Receivable within:		
One year	\$ 19,652	\$ 47,225
Two to five years	<u>-</u>	<u>17,500</u>
Total contributions receivable	<u>\$ 19,652</u>	<u>\$ 64,725</u>

As of June 30, 2022, the Organization has been awarded a grant of \$40,500 conditioned on raising additional contributions of \$64,000 by December 2024. Upon satisfaction of the conditions, the grant will be recognized as revenue.

5. INVESTMENTS

Investments consist of the following at June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Money market fund	\$ 19,589	\$ 21,380
Exchange-traded funds:		
Equity	840,432	844,577
Corporate bonds	105,617	92,108
U.S. government bonds	360,638	239,821
Foreign bonds	<u>52,448</u>	<u>91,500</u>
Total investments	<u>\$ 1,378,724</u>	<u>\$ 1,289,386</u>

6. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Furniture and equipment	\$ 68,291	\$ 68,291
Website	<u>32,800</u>	<u>32,800</u>
	101,091	101,091
Accumulated depreciation and amortization	<u>(100,095)</u>	<u>(95,321)</u>
Property and equipment, net	<u>\$ 996</u>	<u>\$ 5,770</u>

HEAT OREGON dba OREGON ENERGY FUND  
NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2023

7. OPERATING LEASE

The Organization evaluated current contracts to determine which met the criteria of a lease. The right-of-use (ROU) assets represent the Organization's right to use underlying assets for the lease term, and the lease liabilities represent the Organization's obligation to make lease payments arising from these leases. The ROU assets and lease liabilities, all of which arise from operating leases, were calculated based on the present value of future lease payments over the lease terms.

The Organization's operating lease consists of a lease for office space with a remaining lease term of 3 years. The statement of financial position reflects a ROU asset of \$121,636 and operating lease liability of \$123,484 as of June 30, 2023. The weighted-average remaining lease term for the Organization's operating lease is approximately 2.9 years as of June 30, 2023. The weighted-average discount rate applied to calculate lease liabilities as of June 30, 2023 is 2.88%.

The Organization also leases parking on a month-to-month basis totaling approximately \$6,600 for 2022 which is reported as a short-term lease.

The maturities of the operating lease liability as of June 30, 2023 are as follows:

Year ending June 30, 2024	\$ 42,984
2025	44,274
2026	<u>41,698</u>
	128,956
Less discount	<u>(5,472)</u>
Present value of lease liability	<u><u>\$123,484</u></u>

For the year ended June 30, 2023, total operating lease cost reported in occupancy on the statement of functional expenses approximated \$46,600.

Rent expense under FASB ASC Topic 840, *Leases*, (pre-adoption of the new standards) for operating leases totaled approximately \$41,300 for the year ended June 30, 2022. The aggregate minimum lease payments under those operating leases as of June 30, 2022, were as follows:

Year ending June 30, 2023	\$ 44,100
2024	43,000
2025	44,300
2026	<u>41,700</u>
Total	<u><u>\$ 173,100</u></u>

HEAT OREGON dba OREGON ENERGY FUND  
NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2023

8. CONTINGENCIES

Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

9. BOARD DESIGNATED NET ASSETS

Board designated net assets at June 30, 2023 and 2022 consist of \$26,629 reserved by the board of directors for the Student Discount program.

10. NET ASSETS WITH DONOR RESTRICTIONS

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. Net assets with expiring donor restrictions consist of the following at June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Portland General Electric	\$ 582,267	\$ 511,137
Pacific Power	776,756	423,651
West Oregon Electric Cooperative	36,069	31,351
Energy Assistance	89,387	113,356
Retrofit project	378,100	-
Oil Program	5,812	6,635
Staffing	32,500	49,921
Other	<u>39,465</u>	<u>34,092</u>
Total net assets with donor restrictions	<u>\$ 1,940,356</u>	<u>\$ 1,170,143</u>

HEAT OREGON dba OREGON ENERGY FUND  
NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2023

11. 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 eligible compensation. The Organization's contributions to the plan for 2023 and 2022 totaled approximately \$16,500 and \$17,700, respectively.

12. CONCENTRATIONS OF CREDIT RISK

The Organization maintains its cash balances in two financial institutions. Balances at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The balances, at times, may exceed the federally insured limit. Balances in excess of insured limits total approximately \$1,676,000 and \$1,078,000 at June 30, 2023 and 2022, respectively.

The Organization's revenues are concentrated with 64% of total revenues coming from three sources for the year ended June 30, 2023 (42% from two sources for the year ended June 30, 2022.)

13. RELATED PARTY DISCLOSURE

Certain board members are employees of utility companies through which grants and contributions are provided to the Organization for energy assistance programs, and other board members are employees of community service groups that partner with the Organization. These transactions occur in the normal course of business and are disclosed as part of the Organization's conflict of interest policy.

14. FAIR VALUE MEASUREMENTS

Assets and liabilities, including investments, are recorded at fair value in the statement of financial position and are categorized based upon the level of judgment associated with the inputs used to measure their fair value.

Level inputs are defined as follows:

Level 1: Unadjusted quoted prices in active markets for identical assets and liabilities.



HEAT OREGON dba OREGON ENERGY FUND  
NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2023

14. FAIR VALUE MEASUREMENTS, Continued

Level 2: Observable inputs other than those included in Level 1, such as quoted market prices for similar assets or liabilities in active markets, or quoted market prices for identical assets or liabilities in inactive markets.

Level 3: Unobservable inputs reflecting management's own assumptions about the inputs used in pricing the asset or liability. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair values requires significant management judgment or estimation.

Fair values of assets measured on recurring basis at June 30, 2023 and June 30, 2022 are as follows:

	Total	Level 1
<b>June 30, 2023</b>		
Investments:		
Money market fund	\$ 19,589	\$ 19,589
Exchange-traded funds:		
Equity	840,432	840,432
Corporate bonds	105,617	105,617
U.S. government bonds	360,638	360,638
Foreign bonds	52,448	52,448
	\$ 1,378,724	\$ 1,378,724
<b>June 30, 2022</b>		
Investments:		
Money market fund	\$ 21,380	\$ 21,380
Exchange-traded funds:		
Equity	844,577	844,577
Corporate bonds	92,108	92,108
U.S. government bonds	239,821	239,821
Foreign bonds	91,500	91,500
	\$ 1,289,386	\$ 1,289,386

The fair values of money market and exchange-traded funds (ETFs) are determined by reference to quoted market prices or other relevant market data as provided by the bank or broker.