

# **Oregon HEAT**

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**Audited Financial Statements  
June 30, 2011 and 2010**

# Contents

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<b>Independent Auditor's Report</b>	<b>1</b>
<b>Financial Statements:</b>	
Statements of Financial Position	2
Statements of Activities	3
Statements of Functional Expenses	5
Statements of Cash Flows	7
Notes to Financial Statements	8



# Acumen Financial Services Group, PC

## Certified Public Accountants

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### INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Oregon HEAT  
Tualatin, Oregon

We have audited the accompanying statements of financial position of Oregon HEAT (a nonprofit organization) as of June 30, 2011 and 2010, and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Oregon HEAT as of June 30, 2011 and 2010 and the changes in its net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

*Acumen Financial Services Group, PC*

Wilsonville, OR  
August 11, 2011

# Oregon HEAT

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## Statement of Financial Position

June 30, 2011 and 2010

<u>Assets</u>	<u>2011</u>	<u>2010</u>
Current assets:		
Cash and cash equivalents	\$ 397,098	517,429
Other receivables	280,609	308,479
Investments	1,189,849	1,468,322
Prepaid expenses	13,290	5,525
Total current assets	<u>1,880,846</u>	<u>2,299,755</u>
Property and equipment - net	<u>17,124</u>	<u>23,645</u>
	<u>\$ 1,897,970</u>	<u>2,323,400</u>
 <u>Liabilities</u>		
Current liabilities:		
Accounts payable	\$ 15,010	21,285
Accrued liabilities	<u>10,937</u>	<u>8,581</u>
Total current liabilities	<u>25,947</u>	<u>29,866</u>
 <u>Net Assets</u>		
Net assets:		
Unrestricted	917,344	1,166,432
Temporarily restricted	<u>954,679</u>	<u>1,127,102</u>
Total net assets	<u>1,872,023</u>	<u>2,293,534</u>
	<u>\$ 1,897,970</u>	<u>2,323,400</u>

See accompanying notes to financial statements and accountant's report.

# Oregon HEAT

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## Statement of Activities

For the years ended June 30, 2011 and 2010

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total 2011</u>
Revenues:			
Contributions	\$ 568,025	1,201,388	1,769,413
In-kind donations	104,688	-	104,688
Interest earned	22,707	-	22,707
Special events	32,830	-	32,830
	<u>728,250</u>	<u>1,201,388</u>	<u>1,929,638</u>
Net Assets released from restrictions	<u>1,373,811</u>	<u>(1,373,811)</u>	<u>-</u>
Total revenues and other support	<u>2,102,061</u>	<u>(172,423)</u>	<u>1,929,638</u>
Expenses:			
Program services			
Energy assistance	1,801,083	-	1,801,083
Program management	378,840	-	378,840
Supporting services			
Management and general	33,965	-	33,965
Fund-raising	137,261	-	137,261
Total expenses	<u>2,351,149</u>	<u>-</u>	<u>2,351,149</u>
Change in net assets	(249,088)	(172,423)	(421,511)
Beginning net assets	<u>1,166,432</u>	<u>1,127,102</u>	<u>2,293,534</u>
Ending net assets	<u>\$ 917,344</u>	<u>954,679</u>	<u>1,872,023</u>

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total 2010</u>
Revenues:			
Contributions	\$ 585,961	1,000,435	1,586,396
In-kind donations	105,023	-	105,023
Interest earned	36,332	-	36,332
Special events	4,569	-	4,569
	<u>731,885</u>	<u>1,000,435</u>	<u>1,732,320</u>
Net Assets released from restrictions	<u>917,878</u>	<u>(917,878)</u>	<u>-</u>
Total revenues and other support	<u>1,649,763</u>	<u>82,557</u>	<u>1,732,320</u>
Expenses:			
Program services			
Energy assistance	1,423,200	-	1,423,200
Program management	326,002	-	326,002
Supporting services			
Management and general	34,877	-	34,877
Fund-raising	118,118	-	118,118
Total expenses	<u>1,902,197</u>	<u>-</u>	<u>1,902,197</u>
Change in net assets	(252,434)	82,557	(169,877)
Beginning net assets	<u>1,418,866</u>	<u>1,044,545</u>	<u>2,463,411</u>
Ending net assets	<u>\$ 1,166,432</u>	<u>1,127,102</u>	<u>2,293,534</u>

See accompanying notes to financial statements and accountant's report.

# Oregon HEAT

## Statement of Functional Expenses

For the years ended June 30, 2011 and 2010

	Program Services		Supporting Services		Total 2011
	Energy Assistance	Program Management	Management and General	Fund- Raising	
Energy assistance	\$ 1,720,466	-	-	-	1,720,466
Program fees	80,617	-	-	-	80,617
Salaries	-	159,517	13,871	57,796	231,184
Benefits	-	17,802	1,548	6,450	25,800
Payroll taxes	-	14,615	1,271	5,295	21,181
Direct mail	-	83,036	7,220	30,085	120,341
Printing and postage	-	2,455	213	889	3,557
Professional fees	-	7,190	625	2,605	10,420
Occupancy	-	18,529	1,611	6,714	26,854
Supplies	-	2,919	254	1,058	4,231
Equipment rental	-	647	56	234	937
Insurance	-	1,695	147	614	2,456
Transportation	-	6,679	581	2,420	9,680
Dues and subscriptions	-	4,906	427	1,778	7,111
Bank charges	-	3,221	280	1,167	4,668
Publicity	-	23,869	2,076	8,649	34,594
Conferences	-	3,436	299	1,245	4,980
Depreciation	-	8,293	721	3,005	12,019
Information technology	-	9,112	792	3,301	13,205
Board expenses	-	-	1,024	-	1,024
Temporary Services	-	10,919	949	3,956	15,824
<b>Total expenses</b>	<b>\$ 1,801,083</b>	<b>378,840</b>	<b>33,965</b>	<b>137,261</b>	<b>2,351,149</b>

	Program Services		Supporting Services		Total 2010
	Energy Assistance	Program Management	Management and General	Fund- Raising	
Energy assistance	\$ 1,348,147	-	-	-	1,348,147
Program fees	75,053	-	-	-	75,053
Salaries	-	137,272	11,937	49,736	198,945
Benefits	-	17,502	1,522	6,341	25,365
Payroll taxes	-	12,794	1,113	4,636	18,543
Direct mail	-	82,017	7,132	29,716	118,865
Printing and postage	-	4,376	381	1,586	6,343
Professional fees	-	5,520	480	2,000	8,000
Occupancy	-	18,529	1,611	6,714	26,854
Supplies	-	1,306	114	473	1,893
Equipment rental	-	1,279	111	463	1,853
Insurance	-	1,532	133	555	2,220
Transportation	-	6,522	567	2,363	9,452
Dues and subscriptions	-	6,177	537	2,238	8,952
Bank charges	-	2,336	203	847	3,386
Publicity	-	12,318	1,071	4,463	17,852
Conferences	-	1,520	132	551	2,203
Depreciation	-	7,479	650	2,710	10,839
Information technology	-	7,523	654	2,726	10,903
Board expenses	-	-	6,529	-	6,529
<b>Total expenses</b>	<b>\$ 1,423,200</b>	<b>326,002</b>	<b>34,877</b>	<b>118,118</b>	<b>1,902,197</b>

# Oregon HEAT

## Statement of Cash Flows

For the years ended June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Cash Flows From Operating Activities:		
Net Income (Loss)	\$ (421,511)	(169,877)
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	12,019	10,839
Changes in operating assets and liabilities		
Other receivables	27,870	(78,841)
Prepaid expenses	(7,765)	(2,540)
Accounts payable	(6,275)	3,280
Accrued liabilities	2,356	(2,475)
Net cash provided by operating activities	<u>(393,306)</u>	<u>(239,614)</u>
Cash Flows From Investing Activities:		
Purchase of investments	(22,707)	(36,331)
Redemption of investments	301,180	-
Purchase of equipment	(5,498)	(4,578)
Net cash from investing activities	<u>272,975</u>	<u>(40,909)</u>
Net change in cash	(120,331)	(280,523)
Cash, beginning of year	<u>517,429</u>	<u>797,952</u>
Cash, end of year	<u>\$ 397,098</u>	<u>517,429</u>

See accompanying notes to financial statements and accountant's report.

# Oregon HEAT

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## Notes to the Financial Statements

For the years ended June 30, 2011 and 2010

### (1) Summary of Significant Accounting Policies

#### Nature of Activities

Oregon HEAT was incorporated in 1989 as a nonprofit organization. Oregon HEAT is a DBA of Oregon Energy Services, Inc. Its purpose is to provide and coordinate resources to create a statewide fuel fund to help low income Oregonians meet their energy needs and achieve energy self-reliance through energy education and advocacy. Funding is provided by individual and corporate contributions and grants.

As an independent nonprofit organization, Oregon HEAT is known for implementing innovative pilot projects. Many of these have been incubators for later-developed State and utility programs. Its purpose is to find improved ways to enable low-income families to better afford their home heating and electricity needs. Funding for such projects has come from grants and donations from business and individuals.

Oregon HEAT uses a second-year funding policy. Under that policy, Oregon HEAT 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.

Previously, Oregon HEAT built up a moderate balance from unrestricted donations. As per the existing policy, the balance will be spent down in the next fiscal year and will continue to be spent down annually.

#### 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.

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## Notes to the Financial Statements

For the years ended June 30, 2011 and 2010

### (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 2011 or 2010. 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 Forms 990, *Return of Organization Exempt from Income Tax*, for the years ending 2011, 2010, 2009 and 2008 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.

#### Other Receivables

Other receivables consists of grants, contributions and a donation agreement receivable with Pacific Power 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, 2011 and 2010, this amount was zero.

#### Property and Equipment

Acquisitions of property and equipment in excess of \$750 are capitalized. Property and equipment are carried at cost. Depreciation and Amortization expense for the years ended June 30, 2011 and 2010 was \$12,019 and \$10,839. 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

# Oregon HEAT

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## Notes to the Financial Statements

For the years ended June 30, 2011 and 2010

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

#### In-Kind Donations

The Organization occupies space and utilizes equipment and receptionist services provided by Portland General Electric. The donor attributes a fair market value of \$26,854 and \$26,854 for the years ended June 30, 2011 and 2010, respectively, for the items donated. In addition, during the years ended June 30, 2011 and 2010, Portland General Electric and Pacific Power donated fund-raising envelopes with an estimated value of \$73,499 and \$73,499.

#### Advertising

The Organization uses advertising to promote its programs to the general public. Advertising costs are expensed as incurred and totaled \$19,435 and \$16,522, which are included in publicity expenses, as of June 30, 2011 and 2010.

### (2) Investments

The Organization has investments consisting of Certificates of Deposit (CD's) maturing in a range of nine to sixteen months from date of purchase. In the current year the Organization converted their CDs into CDARS accounts, with interest rates ranging from .8 to 1.75%.

### (3) 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, 2011 and 2010 may be summarized as follows:

	2011	2010
Portland General Electric	\$ 430,117	\$ 571,483
Pacific Power	409,537	434,132
Other	<u>115,025</u>	<u>121,487</u>
	<u>\$954,679</u>	<u>\$1,127,102</u>

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## **Notes to the Financial Statements**

For the years ended June 30, 2011 and 2010

### **(4) Retirement Plan**

The Organization has a Simplified Employee Pension (SEP) for eligible employees who have completed three years of service. Employer contributions are calculated at 6% of compensation. Retirement expense for the year ended June 30, 2011 and 2010 respectively amounted to \$7,744 and \$8,778.

### **(5) 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.

### **(6) Subsequent Events**

The Organization has evaluated subsequent events through August 11, 2011, the date which the financial statements were available to be issued.