

Oregon HEAT
Audited Financial Statements
June 30, 2009 and 2008

Contents

Independent Auditor's Report	1
Financial Statements:	
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

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Oregon HEAT
Tualatin, Oregon

We have audited the accompanying statements of financial position of Oregon HEAT (a nonprofit organization) as of June 30, 2009 and 2008, 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, 2009 and 2008 and the changes in its net assets and cash flows for the years then ended.

Acumen Financial Services Group PC

Wilsonville, Oregon
August 13, 2009

Oregon HEAT

Statement of Financial Position

June 30, 2009 and 2008

<u>Assets</u>	<u>2009</u>	<u>2008</u>
Current assets:		
Cash and cash equivalents	\$ 797,952	447,991
Other receivables	229,638	287,439
Investments	1,431,991	1,381,836
Prepaid expenses	2,985	2,414
Total current assets	<u>2,462,566</u>	<u>2,119,680</u>
Property and equipment - net	<u>29,906</u>	<u>15,875</u>
	<u>\$ 2,492,472</u>	<u>2,135,555</u>
 <u>Liabilities</u>		
Current liabilities:		
Accounts payable	\$ 18,005	22,027
Accrued liabilities	11,056	8,165
Oil advances	-	30,578
Total current liabilities	<u>29,061</u>	<u>60,770</u>
 <u>Net Assets</u>		
Net assets		
Unrestricted	1,418,866	1,350,129
Temporarily restricted	<u>1,044,545</u>	<u>724,656</u>
Total net assets	<u>2,463,411</u>	<u>2,074,785</u>
	<u>\$ 2,492,472</u>	<u>2,135,555</u>

See accompanying notes to financial statements.

Oregon HEAT

Statement of Activities

For the year ended June 30, 2009

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total 2009</u>
Revenues			
Contributions	\$ 701,916	1,102,654	1,804,570
In-kind donations	104,131	-	104,131
Interest earned	53,980	379	54,359
	<u>860,027</u>	<u>1,103,033</u>	<u>1,963,060</u>
Net Assets released from restrictions	783,144	(783,144)	-
	<u>1,643,171</u>	<u>319,889</u>	<u>1,963,060</u>
Total revenues and other support			
Expenses			
Program Services			
Energy assistance	1,076,446	-	1,076,446
Program management	339,788	-	339,788
Supporting services			
Management and general	35,085	-	35,085
Fund-raising	123,115	-	123,115
	<u>1,574,434</u>	<u>-</u>	<u>1,574,434</u>
Total expenses			
Change in net assets	68,737	319,889	388,626
Beginning net assets	<u>1,350,129</u>	<u>724,656</u>	<u>2,074,785</u>
Ending net assets	<u>\$ 1,418,866</u>	<u>1,044,545</u>	<u>2,463,411</u>

Oregon HEAT

Statement of Activities

For the year ended June 30, 2008

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total 2008</u>
Revenues			
Contributions	\$ 606,970	675,452	1,282,422
In-kind donations	77,245	-	77,245
Interest earned	85,282	8,229	93,511
	<u>769,497</u>	<u>683,681</u>	<u>1,453,178</u>
Net Assets released from restrictions	<u>1,160,249</u>	<u>(1,160,249)</u>	<u>-</u>
Total revenues and other support	<u>1,929,746</u>	<u>(476,568)</u>	<u>1,453,178</u>
Expenses			
Program Services			
Energy assistance	1,197,189	-	1,197,189
Program management	300,224	-	300,224
Supporting services			
Management and general	29,829	-	29,829
Fund-raising	108,782	-	108,782
Total expenses	<u>1,636,024</u>	<u>-</u>	<u>1,636,024</u>
Change in net assets	293,722	(476,568)	(182,846)
Beginning net assets	<u>1,056,407</u>	<u>1,201,224</u>	<u>2,257,631</u>
Ending net assets	<u>\$ 1,350,129</u>	<u>724,656</u>	<u>2,074,785</u>

Oregon HEAT

Statement of Functional Expenses

For the year ended June 30, 2009

	Program Services		Supporting Services		Total 2009
	Energy Assistance	Program Management	Management and General	Fund- Raising	
Oil allocations	\$ 23,204	-	-	-	23,204
Energy assistance	974,351	-	-	-	974,351
Program fees	78,891	-	-	-	78,891
Salaries	-	136,302	11,852	49,385	197,539
Benefits	-	20,866	1,815	7,561	30,242
Payroll taxes	-	13,421	1,167	4,863	19,451
Direct mail	-	81,192	7,060	29,418	117,670
Printing and postage	-	1,401	122	508	2,031
Professional fees	-	9,453	822	3,425	13,700
Occupancy	-	18,529	1,611	6,714	26,854
Supplies	-	1,507	131	546	2,184
Equipment rental	-	1,282	111	464	1,857
Insurance	-	1,661	144	602	2,407
Transportation	-	7,866	684	2,850	11,400
Dues and subscriptions	-	3,952	344	1,432	5,728
Bank charges	-	3,514	306	1,273	5,093
Publicity	-	24,995	2,174	9,056	36,225
Conferences	-	1,789	156	648	2,593
Depreciation	-	3,918	341	1,420	5,679
Information technology	-	8,140	708	2,950	11,798
Board expenses	-	-	5,537	-	5,537
Total expenses	\$ <u>1,076,446</u>	<u>339,788</u>	<u>35,085</u>	<u>123,115</u>	<u>1,574,434</u>

Oregon HEAT

Statement of Functional Expenses

For the year ended June 30, 2008

	Program Services		Supporting Services		Total 2008
	Energy Assistance	Program Management	Management and General	Fund- Raising	
Oil allocations	\$ 61,083	-	-	-	61,083
Energy assistance	1,007,657	-	-	-	1,007,657
Program fees	128,449	-	-	-	128,449
Salaries	-	127,726	11,107	46,278	185,111
Benefits	-	18,421	1,602	6,674	26,697
Payroll taxes	-	13,038	1,134	4,724	18,896
Direct mail	-	66,850	5,813	24,221	96,884
Printing and postage	-	1,470	128	533	2,131
Professional fees	-	16,599	1,443	6,014	24,056
Occupancy	-	18,529	1,611	6,714	26,854
Supplies	-	1,224	106	444	1,774
Equipment rental	-	643	56	233	932
Insurance	-	2,127	185	771	3,083
Transportation	-	5,722	498	2,074	8,294
Dues and subscriptions	-	3,523	306	1,277	5,106
Bank charges	-	2,606	227	945	3,778
Publicity	-	9,573	832	3,469	13,874
Conferences	-	1,534	133	556	2,223
Depreciation	-	3,513	305	1,273	5,091
Information technology	-	7,126	620	2,582	10,328
Board expenses	-	-	3,723	-	3,723
Total expenses	\$ <u>1,197,189</u>	<u>300,224</u>	<u>29,829</u>	<u>108,782</u>	<u>1,636,024</u>

Oregon HEAT

Statement of Cash Flows

For the years ended June 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Cash Flows From Operating Activities:		
Net Income (Loss)	\$ 388,626	(182,846)
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	5,679	5,091
Changes in operating assets and liabilities		
Grants receivable	57,801	(38,498)
Prepaid expenses	(571)	1,015
Accounts payable	(4,023)	(4,073)
Accrued liabilities	2,891	(1,509)
Oil advances	(30,577)	19,808
Net cash provided by operating activities	<u>419,826</u>	<u>(201,012)</u>
Cash flows from investing activities		
Purchase of investments	(50,155)	(59,621)
Purchases of equipment	(19,710)	(4,465)
Net cash from investing activities	<u>(69,865)</u>	<u>(64,086)</u>
Net change in cash	349,961	(265,098)
Cash, beginning of year	<u>447,991</u>	<u>713,089</u>
Cash, end of year	<u>\$ 797,952</u>	<u>447,991</u>

Oregon HEAT

Notes to Financial Statements

June 30, 2009 and 2008

(1) Summary of Significant Accounting Policies

Nature of Activities

Oregon HEAT was incorporated in 1989 as a nonprofit corporation. 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.

During the same period, Oregon HEAT built up a moderate balance from unrestricted donations. Now that the settlement spending has been completed, the board adopted a policy to spend down that balance over a three-year period.

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.

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 2009 or 2008.

Oregon HEAT

Notes to Financial Statements

June 30, 2009 or 2008

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

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. At various times during the fiscal year, the Organization's cash in bank balances exceeded the Federally insured limits. The Organization's bank has insured all funds deposited through a tri-party pledge, security and safekeeping agreement.

Property and Equipment

Acquisitions of property and equipment in excess of \$300 are capitalized. Property and equipment are carried at cost. Depreciation and Amortization expense for the year ended June 30, 2009 or 2008 was \$5,901 and \$5,679. 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 Asset	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

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, 2009 or 2008, respectively, for the items donated. In addition, during the years ended June 30, 2009 or 2008, Portland General Electric and Pacific Power donated fund-raising envelopes with an estimated value of \$73,607 and \$49,052.

Advertising

Advertising and publicity costs are expensed as incurred. Advertising and publicity expenses were \$20,223 and \$11,658 as of June 30, 2009 or 2008.

Oregon HEAT

Notes to Financial Statements

June 30, 2009 or 2008

(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.

(3) Grants Receivable

The Organization has grants receivable restricted for timing and purpose. There were no outstanding grants as of June 30, 2009 or 2008.

(4) Donated Oil

The following is a summary of the activity for the year of heating oil donations to the suppliers and the amounts distributed to individuals in the form of energy assistance. The cumulative result of oil donation activity is a balance of zero as of June 30, 2009, as the oil noncash contribution program was discontinued, and an advance from the home heating oil suppliers active in the program of \$30,578 as of June 30, 2008.

	2009	2008
Oil on hand (advances), beginning of year	\$ (30,578)	(10,770)
Value of donated oil	53,782	41,275
Distribution of donated oil		
reported as energy assistance	(23,204)	(61,083)
Oil on hand (advances), end of year	\$ <u> - </u>	<u>(30,578)</u>

Oregon HEAT

Notes to Financial Statements

June 30, 2009 or 2008

(5) Restrictions on Assets

Contributions are allocated to the geographical area served by contracted 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, 2009 and 2008 may be summarized as follows:

	2009	2008
Portland General Electric	\$ 621,075	214,567
Pacific Power	410,191	432,468
Williams Settlement	-	2,483
Oregon Community Foundation	-	8,475
Energy Smart Program	49	59,593
Other	<u>13,230</u>	<u>7,070</u>
	<u>\$1,044,545</u>	<u>724,656</u>

(6) 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, 2009 and 2008 respectively amounted to \$9,245 and \$6,097.

(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.