

Dollar Energy Fund, Inc.

Financial Statements

For the Years Ended September 30, 2018 and
2017 with Independent Auditor's Report

MaherDuessel

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DOLLAR ENERGY FUND, INC.

FOR THE YEARS ENDED SEPTEMBER 30, 2018 AND 2017

TABLE OF CONTENTS

Independent Auditor's Report

Financial Statements:

Statements of Financial Position	1
Statements of Activities:	
- For the Year Ended September 30, 2018	2
- For the Year Ended September 30, 2017	3
Statements of Functional Expenses:	
- For the Year Ended September 30, 2018	4
- For the Year Ended September 30, 2017	5
Statements of Cash Flows	6
Notes to Financial Statements	7

Independent Auditor's Report

**Board of Directors
Dollar Energy Fund, Inc.**

We have audited the accompanying financial statements of Dollar Energy Fund, Inc. (a nonprofit organization), which comprise the statements of financial position as of September 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 Responsibility 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 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 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 Dollar Energy Fund, Inc. as of September 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.

Change in Accounting Principle

As described in Note 2 to the financial statements, Dollar Energy Fund, Inc. adopted ASU-2016-14, "*Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*," which amends the requirements for financial statements for nonprofit entities. The amendment changes how a nonprofit organization classifies net assets and provides information in its financial statements and notes about its financial performance, cash flow, and liquidity, among other requirements. Our opinion is not modified with respect to this matter.

Maier Duessel

Pittsburgh, Pennsylvania
December 14, 2018

DOLLAR ENERGY FUND, INC.

STATEMENTS OF FINANCIAL POSITION

SEPTEMBER 30, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
Assets		
Cash and cash equivalents	\$ 4,718,282	\$ 5,957,936
Investments	3,293,954	2,032,000
Accounts receivable	716,621	684,695
Contributions receivable	4,631,846	2,376,660
Prepaid expenses	36,023	-
Other restricted assets	297,159	306,341
Property and equipment, net	526,368	732,446
Total Assets	<u>\$ 14,220,253</u>	<u>\$ 12,090,078</u>
Liabilities and Net Assets		
Liabilities:		
Accounts payable	\$ 130,142	\$ 129,002
Accrued liabilities	191,229	216,580
Total Liabilities	<u>321,371</u>	<u>345,582</u>
Net Assets:		
Without donor restrictions:		
Board-designated	3,293,954	2,032,000
Undesignated	3,101,245	3,923,001
	<u>6,395,199</u>	<u>5,955,001</u>
With donor restrictions - time and purpose	<u>7,503,683</u>	<u>5,789,495</u>
Total Net Assets	<u>13,898,882</u>	<u>11,744,496</u>
Total Liabilities and Net Assets	<u>\$ 14,220,253</u>	<u>\$ 12,090,078</u>

See accompanying notes to financial statements.

DOLLAR ENERGY FUND, INC.

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues:			
<u>Support and revenues:</u>			
Contributions from customers	\$ 1,315,565	\$ 121,342	\$ 1,436,907
Corporate support	300,000	6,668,202	6,968,202
Contract revenue	9,292,870	-	9,292,870
Investment return, net	287,883	-	287,883
Donated services and facilities	166,668	-	166,668
Foundation grants	-	11,250	11,250
Government grants	-	199,408	199,408
Special events	536,421	-	536,421
Other grants and contributions	3,855	-	3,855
Other income	32,839	-	32,839
	11,936,101	7,000,202	18,936,303
<u>Net assets released from restrictions:</u>			
Satisfaction of program and time restrictions	5,286,014	(5,286,014)	-
	17,222,115	1,714,188	18,936,303
Expenses:			
<u>Program</u>			
Program	14,560,758	-	14,560,758
Management and general	1,455,388	-	1,455,388
Fundraising	765,771	-	765,771
	16,781,917	-	16,781,917
Change in Net Assets	440,198	1,714,188	2,154,386
Net Assets:			
<u>Beginning of year</u>			
	5,955,001	5,789,495	11,744,496
End of year	\$ 6,395,199	\$ 7,503,683	\$ 13,898,882

See accompanying notes to financial statements.

DOLLAR ENERGY FUND, INC.

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues:			
<u>Support and revenues:</u>			
Contributions from customers	\$ 1,323,258	\$ -	\$ 1,323,258
Corporate support	-	4,892,835	4,892,835
Contract revenue	9,260,867	-	9,260,867
Investment return, net	221,027	-	221,027
Donated services and facilities	235,569	-	235,569
Foundation grants	3,094	-	3,094
Government grants	-	80,000	80,000
Special events	386,930	-	386,930
Other grants and contributions	3,243	-	3,243
Other income	18,840	-	18,840
	11,452,828	4,972,835	16,425,663
<u>Net assets released from restrictions:</u>			
Satisfaction of program and time restrictions	5,053,974	(5,053,974)	-
	16,506,802	(81,139)	16,425,663
Expenses:			
Program	14,077,596	-	14,077,596
Management and general	1,201,932	-	1,201,932
Fundraising	790,908	-	790,908
	16,070,436	-	16,070,436
Change in Net Assets	436,366	(81,139)	355,227
Net Assets:			
Beginning of year	5,518,635	5,870,634	11,389,269
End of year	\$ 5,955,001	\$ 5,789,495	\$ 11,744,496

See accompanying notes to financial statements.

DOLLAR ENERGY FUND, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Supporting Activities				Total Expenses
	Program	Management and General	Fundraising	Supporting Activities Subtotal	
Salaries	\$ 4,636,884	\$ 705,534	\$ 211,454	\$ 916,988	\$ 5,553,872
Payroll taxes	304,706	53,411	16,976	70,387	375,093
Employee benefits	868,493	95,787	43,657	139,444	1,007,937
Grants to customers	6,057,938	-	-	-	6,057,938
Energy efficiency benefits	817,025	-	-	-	817,025
Agency remuneration	240,558	-	-	-	240,558
Contracted services	226,463	382,024	133,229	515,253	741,716
Advertising and promotion	-	14,049	323,023	337,072	337,072
Rent and utilities	396,696	40,465	10,207	50,672	447,368
Telephone	224,508	7,444	1,680	9,124	233,632
Insurance	35,811	8,820	1,335	10,155	45,966
Leases, equipment, and maintenance agreements	216,729	7,521	3,214	10,735	227,464
Audit	-	13,708	-	13,708	13,708
Office supplies	48,757	53,843	1,837	55,680	104,437
Postage	63,366	5,074	698	5,772	69,138
Printing and copying	8,219	-	653	653	8,872
Training and staff development	-	19,366	-	19,366	19,366
Travel and conference	15,563	22,658	10,975	33,633	49,196
Depreciation	232,374	22,833	6,009	28,842	261,216
Donated services and facilities	166,668	-	-	-	166,668
Miscellaneous	-	2,851	824	3,675	3,675
Total	\$ 14,560,758	\$ 1,455,388	\$ 765,771	\$ 2,221,159	\$ 16,781,917

See accompanying notes to financial statements.

DOLLAR ENERGY FUND, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED SEPTEMBER 30, 2017

	Supporting Activities				Total Expenses
	Program	Management and General	Fundraising	Supporting Activities Subtotal	
Salaries	\$ 4,576,632	\$ 591,990	\$ 171,666	\$ 763,656	\$ 5,340,288
Payroll taxes	272,137	52,985	14,392	67,377	339,514
Employee benefits	811,183	79,118	39,278	118,396	929,579
Grants to customers	6,171,685	-	-	-	6,171,685
Energy efficiency benefits	539,305	-	-	-	539,305
Agency remuneration	238,173	-	-	-	238,173
Contracted services	318,608	274,159	18,201	292,360	610,968
Advertising and promotion	-	5,695	282,965	288,660	288,660
Rent and utilities	247,671	27,336	6,956	34,292	281,963
Telephone	210,606	7,282	1,470	8,752	219,358
Insurance	33,760	20,346	1,391	21,737	55,497
Leases, equipment, and maintenance agreements	244,783	10,701	3,297	13,998	258,781
Audit	-	13,766	-	13,766	13,766
Office supplies	42,095	52,117	840	52,957	95,052
Postage	88,391	-	611	611	89,002
Printing and copying	13,562	110	1,010	1,120	14,682
Training and staff development	129	10,308	-	10,308	10,437
Travel and conference	14,541	19,893	4,678	24,571	39,112
Depreciation	254,230	25,807	7,169	32,976	287,206
Donated services and facilities	-	-	235,569	235,569	235,569
Miscellaneous	105	10,319	1,415	11,734	11,839
Total	\$ 14,077,596	\$ 1,201,932	\$ 790,908	\$ 1,992,840	\$ 16,070,436

See accompanying notes to financial statements.

DOLLAR ENERGY FUND, INC.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED SEPTEMBER 30, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
Cash Flows From Operating Activities:		
Change in net assets	\$ 2,154,386	\$ 355,227
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Net realized and unrealized (gain) loss on investments	(94,194)	(117,347)
Depreciation	261,216	287,206
Change in:		
Accounts receivable	(31,926)	(4,180)
Contributions receivable	(2,255,186)	1,235,627
Prepaid expenses	(36,023)	-
Other restricted assets	9,182	(31,586)
Accounts payable	1,140	(119,825)
Accrued liabilities	(25,351)	23,313
Deferred revenue	-	(175,105)
Net cash provided by (used in) operating activities	<u>(16,756)</u>	<u>1,453,330</u>
Cash Flows From Investing Activities:		
Purchases of property and equipment	(55,138)	(291,644)
Purchases of investments	<u>(1,167,760)</u>	<u>(590,560)</u>
Net cash provided by (used in) investing activities	<u>(1,222,898)</u>	<u>(882,204)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(1,239,654)	571,126
Cash and Cash Equivalents:		
Beginning of year	<u>5,957,936</u>	<u>5,386,810</u>
End of year	<u>\$ 4,718,282</u>	<u>\$ 5,957,936</u>

See accompanying notes to financial statements.

DOLLAR ENERGY FUND, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2018 AND 2017

1. Organization

Dollar Energy Fund, Inc., founded in 1983, is a nonprofit corporation exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The mission of Dollar Energy Fund, Inc. is to improve the quality of life for households experiencing hardships by providing utility assistance and other services that lead to self-sufficiency. Based in Pittsburgh, Pennsylvania, Dollar Energy Fund, Inc. collaborates with utility companies throughout the states of Pennsylvania, Ohio, Tennessee, Virginia, West Virginia, Maryland, Texas, Louisiana, Arkansas, California, Kentucky, and Connecticut. In addition, Dollar Energy Fund, Inc. partners with approximately 500 community-based organizations and other non-profit organizations in delivering services in the community.

Dollar Energy Fund, Inc. support comes primarily from donations by utility companies and their customers, along with fee for service agreements, to provide customer choice education programs, customer assistance programs, and administration of weatherization programs.

All donations to Dollar Energy Fund, Inc.'s hardship program are matched dollar-for-dollar by Dollar Energy Fund, Inc.'s partnering utility companies. Contributions can be made to Dollar Energy Fund, Inc. through direct donations, through the partnering utilities' monthly bills, or electronically on Dollar Energy Fund, Inc.'s website, www.dollarenergy.org.

Dollar Energy Fund, Inc. administers payment assistance, consumer education, payment counseling, weatherization, and conservation programs for gas, electric, water, and telephone utility companies. Dollar Energy Fund, Inc. also provides call center services. Dollar Energy Fund's Inc. state-of-the-art call center allows Dollar Energy Fund, Inc. to provide quality customer service and detailed reporting.

Dollar Energy Fund, Inc. also offers technology solutions to program administrators through iPartner, a web-based software solution that was invented by Dollar Energy Fund, Inc. This software combines elements of tracking and information management systems to connect users, track application processes, and generate real-time statistical reports. iPartner significantly decreased administration costs and increased efficiency for Dollar Energy Fund, Inc.'s hardship program. iPartner is currently being used by utility companies, agencies, and hardship funds in multiple states.

DOLLAR ENERGY FUND, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2018 AND 2017

2. Summary of Significant Accounting Policies

Basis of Presentation

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

Net Assets

Dollar Energy Fund, Inc. classifies resources for accounting and reporting purposes into separate net asset classes based on the existence or absence of donor-imposed restrictions. In the accompanying financial statements, net assets that have similar characteristics have been combined into similar categories. A description of Dollar Energy Fund, Inc.'s net asset categories is as follows:

Without Donor Restrictions - Unrestricted net assets are net assets that are not subject to donor-imposed restrictions or stipulations as to purpose or use.

With Donor Restrictions - Net assets whose use is limited by donor-imposed stipulations that either expire with the passage of time or can be fulfilled and removed by actions of Dollar Energy Fund, Inc. pursuant to those stipulations. Also included in this category are net assets subject to donor-imposed stipulations to be maintained in perpetuity by Dollar Energy Fund, Inc. Dollar Energy Fund, Inc. currently has no net assets with donor restrictions that are to be maintained in perpetuity.

Donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires, (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Cash and Cash Equivalents

For purposes of the statements of cash flows, Dollar Energy Fund, Inc. considers all interest-bearing money market funds and non-interest-bearing accounts to be cash or cash equivalents. Dollar Energy Fund, Inc. maintains, at various financial institutions, cash and cash equivalents that may periodically exceed federally insured limits. As of September 30, 2018 and 2017, \$4,032,029 and \$5,502,610, respectively, of Dollar Energy Fund, Inc.'s bank

DOLLAR ENERGY FUND, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2018 AND 2017

balance as it related to cash and cash equivalents was uninsured. To mitigate risk for the uninsured funds, this cash is maintained in a sweep account that is collateralized by the financial institution in Federal Home Loan Mortgage Company securities. Management has no concerns about the insolvency of the financial institutions involved at this time.

Accounting Estimates

The preparation of 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 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.

Income Taxes

The Internal Revenue Service has determined Dollar Energy Fund, Inc. to be exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and further is classified as an organization which is not a private foundation. Further, Dollar Energy Fund, Inc. annually files a Form 990 and Form 990T as applicable. Management asserts that they have no uncertain tax positions requiring the establishment of a liability or disclosure in the financial statements.

Dollar Energy Fund, Inc. is duly registered as a charitable organization with the Department of State, Commonwealth of Pennsylvania. In addition, Dollar Energy Fund, Inc. is registered as a charitable organization with the State of Ohio, the State of Tennessee, the Commonwealth of Virginia, the State of West Virginia, the State of Maryland, and the State of Connecticut. Also, Dollar Energy Fund, Inc. is an active charitable organization in the State of Texas, the State of Arkansas, the State of Louisiana, the State of California, and the State of Kentucky. These states do not require Dollar Energy Fund, Inc. to register as a charitable organization.

Property and Equipment

Purchased property and equipment are recorded at cost. Asset acquisitions with a useful life expectancy greater than one year and with a cost of \$500 or greater are capitalized by Dollar Energy Fund, Inc. and depreciated. Donations of property and equipment are recorded as restricted support at their estimated fair value. Repairs and maintenance that do not extend the lives of the applicable assets are charged to expense as incurred. Gains or losses from the retirement or other disposition of assets are included in income.

DOLLAR ENERGY FUND, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2018 AND 2017

Depreciation is provided on the straight-line method over the estimated useful lives. Depreciation expense was \$261,216 and \$287,206 for the years ended September 30, 2018 and 2017, respectively.

Donated Services and Facilities

Under accounting principles generally accepted in the United States of America, Dollar Energy Fund, Inc. recognizes services requiring specialized skills such as those provided by accountants, attorneys, marketing consultants, and other professionals if the services would need to be purchased if not donated. Services received as donations are recorded and reflected in the accompanying financial statements at their estimated fair values at the date of receipt. The amount of such donated services was \$155,331 for the year ended September 30, 2018 and \$222,535 for the year ended September 30, 2017.

In addition, the use of certain facilities is donated to Dollar Energy Fund, Inc. and values are assigned to such contributions based on rates commensurate with the space provided. The amount of such donated facilities was \$11,337 for the year ended September 30, 2018 and \$13,034 for the year ended September 30, 2017.

Fair Value Measurements

Dollar Energy Fund, Inc. applies fair value accounting for all financial assets and liabilities and non-financial assets and liabilities that are recognized or disclosed at fair value in the financial statements on a recurring basis. Dollar Energy Fund, Inc. defines fair value as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities, which are required to be recorded at fair value, Dollar Energy Fund, Inc. considers the principal or most advantageous market in which they would transact and the market-based risk measurements or assumptions that market participants would use in pricing the asset or liability, such as inherent risk, transfer restrictions, and credit risk.

Dollar Energy Fund, Inc. applies the following fair value hierarchy, which prioritizes the inputs used to measure fair value into three levels and bases the categorization within the hierarchy upon the lowest level of input that is available and significant to the fair value measurement:

Level 1 - Observable inputs such as quoted prices in active markets for identical investments that Dollar Energy Fund, Inc. has the ability to access.

DOLLAR ENERGY FUND, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2018 AND 2017

Level 2 - Inputs include:

- a. Quoted prices for similar assets or liabilities in active markets;
- b. Quoted prices for identical or similar assets or liabilities in inactive markets;
- c. Inputs, other than quoted prices in active markets, that are observable either directly or indirectly;
- d. Inputs that are derived principally from, or corroborated by, observable market data by correlation or other means.

Level 3 - Unobservable inputs in which there is little or no market activity for the asset or liability, which require the reporting entity to develop its own estimates and assumptions relating to the pricing of the asset or liability including assumptions regarding risk.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The valuation techniques are used to maximize the use of observable inputs and minimize the use of unobservable inputs.

Investments

Investments are recorded at fair value in the statements of financial position within the fair value hierarchy. Unrealized gains and losses are included in net assets in the accompanying statements of activities.

The total returns on investments and cash equivalents for the years ended September 30, 2018 and 2017 are summarized as follows:

	2018	2017
Interest on cash and cash equivalents	\$ 25,929	\$ 15,102
Dividend income	167,760	88,578
Total interest and dividend income	193,689	103,680
Unrealized gain (loss)	94,194	117,347
Investment return	\$ 287,883	\$ 221,027

DOLLAR ENERGY FUND, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2018 AND 2017

Fair values of assets measured on a recurring basis as of September 30, 2018 and 2017 are as follows:

Description	09/30/18	Fair Value Measurements at Reporting Date Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Other Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Mutual funds:				
Term bond funds	\$ 601,485	\$ 601,485	\$ -	\$ -
Growth funds	719,919	719,919	-	-
Short-term bond funds	607,295	607,295	-	-
Blend funds	681,135	681,135	-	-
Value funds	684,120	684,120	-	-
Totals	\$ 3,293,954	\$ 3,293,954	\$ -	\$ -

Description	09/30/17	Fair Value Measurements at Reporting Date Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Other Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Mutual funds:				
Term bond funds	\$ 372,104	\$ 372,104	\$ -	\$ -
Growth funds	439,404	439,404	-	-
Short-term bond funds	366,490	366,490	-	-
Blend funds	424,431	424,431	-	-
Value funds	429,571	429,571	-	-
Totals	\$ 2,032,000	\$ 2,032,000	\$ -	\$ -

Accounts Receivable

Accounts receivable are recorded at net realizable value. Accounts are written off when they are determined to be uncollectible based upon management's assessment of individual accounts. Dollar Energy Fund, Inc. does not currently recognize or accrue interest on any unpaid receivable balances. Management has determined that no allowance for doubtful accounts was necessary for the years ended September 30, 2018 and 2017.

Compensated Absences

Employees who terminate their employment and give proper notice per Dollar Energy Fund, Inc. notice provisions will be paid for a maximum of 80 unused hours of accrued paid time

DOLLAR ENERGY FUND, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2018 AND 2017

off, unless an employee is eligible for the retiree payout, in which the employee is entitled for all unused hours of accrued paid time off. Dollar Energy Fund, Inc. recognizes the expense and related liability when earned by the employees. Compensated absences of \$97,252 and \$130,005 at September 30, 2018 and 2017, respectively, are recorded as accrued liabilities in the statements of financial position.

Contributions and Contributions Receivable

Contributions are recognized as revenue when they are received or unconditionally pledged. Dollar Energy Fund, Inc. expects all contributions receivable to be collected and has, therefore, not created an allowance for doubtful accounts.

Due to the short-term nature of the expected receivables, the net realizable value is considered a reasonable estimate of their fair value. Receivables that are expected to be collected in a future year are not discounted as the discount is deemed to be immaterial to the financial statements. Dollar Energy Inc. expects all contributions receivable to be collected within one year.

Corporate Support

Corporate support consists of utility company funding to provide funds for its low-income customers and operating funds to cover the management costs of the hardship program. Operating funds are comprised of two components, operating funds and Community Based Organization (CBO) fees. Dollar Energy Fund, Inc. records corporate support as without donor restrictions or with donor restrictions revenue and as a receivable when Dollar Energy Fund, Inc. receives a signed commitment from the utility companies. Releases from with donor restrictions corporate support are based on when grants are provided to low-income utility customers and when expenses are incurred for the management of the hardship program and CBO expenses.

Contract Revenue

Contract revenue consists of exchange transactions with utility companies and are recognized when earned. Contracts relate to home check-up programs, weatherization programs, appliance replacement programs, customer assistance programs, payment counseling programs, and other educational programs.

DOLLAR ENERGY FUND, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2018 AND 2017

Risks and Uncertainties

Financial instruments, which potentially expose Dollar Energy Fund, Inc. to concentrations of credit risk, include cash and investments in marketable securities. As a matter of policy, Dollar Energy Fund, Inc. maintains cash balances only with financial institutions having a high credit quality. Concentration of credit risk for investments in marketable securities is mitigated by the overall diversification of managed investment portfolios. Investment securities are also exposed to various other risks such as interest rate and market risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in values of investment securities will occur in the near-term and that such change could materially affect the amount reported on the statements of financial position.

Any of Dollar Energy Fund, Inc.'s funding sources may, at its discretion, request reimbursement for expenses or return of funds, or both, as a result of non-compliance by Dollar Energy Fund, Inc. with the terms of the grants or contracts. Management is unaware of any instances of non-compliance with grant or contract terms. Unspent matching funds and credits of \$0 and \$193,948 were returned in fiscal years ended September 30, 2018 and 2017, respectively.

Other Restricted Assets

Other restricted assets consist of credits provided by utility companies in lieu of providing cash to Dollar Energy Fund, Inc. to provide grants to customers. These utility companies maintain the cash in-house and issue credits to the customers' bills for grants to customers provided by Dollar Energy Fund, Inc. Therefore, cash does not change hands between these utility companies and Dollar Energy Fund, Inc. As of September 30, 2018, and 2017, other restricted assets were \$297,159 and \$306,341, respectively.

DOLLAR ENERGY FUND, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2018 AND 2017

Property and Equipment

Property and equipment consisted of the following at September 30, 2018:

	<u>9/30/2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>9/30/2018</u>
Leasehold improvements	\$ 1,539,703	\$ -	\$ -	\$ 1,539,703
Furniture	414,554	-	-	414,554
Equipment	<u>751,851</u>	<u>55,138</u>	<u>(17,826)</u>	<u>789,163</u>
	2,706,108	55,138	(17,826)	2,743,420
Less - accumulated depreciation	<u>(1,973,662)</u>	<u>(261,216)</u>	<u>17,826</u>	<u>(2,217,052)</u>
Property and equipment	<u>\$ 732,446</u>	<u>\$ (206,078)</u>	<u>\$ -</u>	<u>\$ 526,368</u>

Property and equipment consisted of the following at September 30, 2017:

	<u>9/30/2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>9/30/2017</u>
Leasehold improvements	\$ 1,397,218	\$ 142,485	\$ -	\$ 1,539,703
Furniture	340,026	74,528	-	414,554
Equipment	<u>733,977</u>	<u>74,631</u>	<u>(56,757)</u>	<u>751,851</u>
	2,471,221	291,644	(56,757)	2,706,108
Less - accumulated depreciation	<u>(1,743,213)</u>	<u>(287,206)</u>	<u>56,757</u>	<u>(1,973,662)</u>
Property and equipment	<u>\$ 728,008</u>	<u>\$ 4,438</u>	<u>\$ -</u>	<u>\$ 732,446</u>

Functional Expenses

The statements of functional expenses present expenses in accordance with the various classifications of Dollar Energy Fund, Inc.'s activities. Allocations among the classifications are allocated using a variety of cost allocation techniques such as management's identification of direct costs and budgeted time and effort.

Reclassifications

Certain reclassifications have been made to the financial statements for the year ended September 30, 2017 to conform to the current year's presentation.

DOLLAR ENERGY FUND, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2018 AND 2017

Adopted Pronouncements

The requirements of the following Financial Accounting Standards Board (FASB) Statement was adopted for the financial statements:

ASU No. 2016-14, *“Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities,”* aims to improve how a nonprofit organization classifies its net assets and provides information in its financial statements and notes about its financial performance, cash flows, and liquidity. Main provisions of this guidance include: presentation of two classes of net assets versus the previously required three; recognition of capital gifts for construction as a net asset without donor restrictions when the associated long-lived asset is placed in service; and recognition of underwater endowment funds as a reduction in net assets with donor restrictions. The guidance also enhances disclosures for board-designated amounts, composition of net assets without donor restrictions, liquidity, and expenses by both their natural and functional classification. The provisions of this statement have been adopted and incorporated into these financial statements.

Pending Pronouncements

FASB has issued statements that will become effective in future years as outlined below. Management has not yet determined the impact of these statements on the financial statements.

ASU 2014-09, *“Revenue from Contracts with Customers (Topic 606),”* is effective for the financial statements for the year ending September 30, 2020 (as amended by ASU 2015-14). This amendment provides guidance for revenue recognition related to contracts with the transfer of promised goods or services to customers and related disclosures.

ASU 2016-02, *“Leases (Topic 842),”* is effective for the financial statements for the year ending September 30, 2021. This amendment will require lessees to recognize assets and liabilities on the statement of financial position for the rights and obligations created by all leases with terms of more than twelve months. Disclosures also will be required by lessees to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

ASU 2016-18, *“Statement of Cash Flows (Topic 230): Restricted Cash,”* is effective for the financial statements for the year ending September 30, 2020. This amendment requires that the statement of cash flows explain the change during the period in the total cash,

DOLLAR ENERGY FUND, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2018 AND 2017

cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents.

ASU 2018-08, “*Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 958)*,” is effective for the financial statements for the year ending September 30, 2020. This amendment provides guidance for characterizing grants and similar contracts with government agencies and others as reciprocal transactions (exchanges) or nonreciprocal transactions (contributions) and distinguishing between conditional and unconditional contributions.

Subsequent Events

Subsequent events have been evaluated through the Independent Auditor’s Report date, which is the date the financial statements were available to be issued.

3. Line of Credit

Dollar Energy Fund, Inc. has a line of credit in the amount of \$750,000, at an interest rate of 4.75% based on the Prime Rate (5.25% at September 30, 2018) less .50%. The line of credit is collateralized by first lien and security interest in Dollar Energy Fund, Inc.’s accounts, chattel paper, general intangibles, inventory, equipment, fixtures, and documents. There was no outstanding balance on the line of credit at September 30, 2018 and 2017.

4. Net Assets

Without Donor Restrictions – Board Designated

Board-designated net assets of \$3,293,954 and \$2,032,000 at September 30, 2018 and 2017, respectively, consist of a Board-Designated Reserve as established by Dollar Energy Fund, Inc.’s Board of Directors. The Board-Designated Reserve is included in investments on the statements of financial position. The investment philosophy of Dollar Energy Fund, Inc.’s Board-Designated Reserve is characterized as conservative, but long-term in nature. The Board-Designated Reserve is aimed primarily at protecting against inflation by preserving purchasing power of invested capital, while providing reasonable rate of return.

DOLLAR ENERGY FUND, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2018 AND 2017

Based on experience and conditions in the financial markets, the following guidelines were adopted for the Board-Designated Reserve:

- 1) Sixty percent of the Board-Designated Reserve shall be invested in equities and forty percent shall be invested in fixed income securities;
- 2) Investments in equity securities will not exceed fifteen percent in any one industry, and no more than ten percent in any one company;
- 3) Prohibited transactions include the purchase of securities on margin and short-sale transactions and assets other than marketable stocks, bonds, cash equivalents, and mutual funds.

Additional provisions of the Board-Designated Reserve include the following:

- 1) Cash and cash equivalents at September 30th which exceed forty percent of Dollar Energy Fund, Inc.'s required corporate support match for the following fiscal year and three months of operating expenses are to be transferred to the Board-Designated Reserve;
- 2) The Board-Designated Reserve will transfer an amount equal to cash and cash equivalents at September 30th that does not exceed Dollar Energy Fund, Inc.'s required corporate support match for the following fiscal year and one month of operating expenses;
- 3) The Board-Designated Reserve at September 30th is capped at an amount equal to corporate support (customer grants match only) received in the previous fiscal year;
- 4) The Board of Directors has the discretion to allocate the use of up to twenty-five percent of the Board-Designated Reserve in each fiscal year.

DOLLAR ENERGY FUND, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2018 AND 2017

With Donor Restrictions – Time and Purpose

Net assets released from donor restrictions as reflected in the statement of activities are as follows for the year ended September 30, 2018:

	<u>Customer Grants</u>	<u>Operating Support</u>	<u>Agency Remuneration</u>	<u>September 30, 2018</u>
Pennsylvania	\$ 2,419,997	\$ 343,530	\$ 95,415	\$ 2,858,942
West Virginia	851,733	92,092	8,758	952,583
Ohio	641,871	-	-	641,871
Virginia	377,482	33,004	8,734	419,220
Tennessee	13,156	2,412	592	16,160
Arkansas	8,029	1,110	-	9,139
Louisiana	17,670	2,415	-	20,085
Texas	17,884	2,040	-	19,924
Kentucky	81,664	5,232	2,284	89,180
Connecticut	5,860	-	-	5,860
California	16,162	-	-	16,162
Maryland	24,603	1,269	358	26,230
Government grants	199,408	-	-	199,408
Foundation grants	11,250	-	-	11,250
	<u>\$ 4,686,769</u>	<u>\$ 483,104</u>	<u>\$ 116,141</u>	<u>\$ 5,286,014</u>

DOLLAR ENERGY FUND, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2018 AND 2017

Net assets released from donor restrictions as reflected in the statement of activities are as follows for the year ended September 30, 2017:

	<u>Customer Grants</u>	<u>Operating Support</u>	<u>Agency Remuneration</u>	<u>September 30, 2017</u>
Pennsylvania	\$ 1,999,072	\$ 366,803	\$ 146,380	\$ 2,512,255
West Virginia	699,871	80,107	10,926	790,904
Ohio	521,063	77,660	31,375	630,098
Virginia	231,652	33,152	13,024	277,828
Tennessee	23,110	2,860	890	26,860
Arkansas	429,438	80,469	-	509,907
Louisiana	17,928	2,440	-	20,368
Texas	17,650	2,092	-	19,742
Kentucky	100,330	5,797	3,108	109,235
Connecticut	5,025	26,813	-	31,838
California	14,081	-	-	14,081
Maryland	27,165	3,286	407	30,858
Government grants	80,000	-	-	80,000
Foundation grants	-	-	-	-
	<u>\$ 4,166,385</u>	<u>\$ 681,479</u>	<u>\$ 206,110</u>	<u>\$ 5,053,974</u>

DOLLAR ENERGY FUND, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2018 AND 2017

Net assets with donor restrictions at September 30, 2018 are subject to expenditure for a specific purpose or time (customer grants and agency remuneration) or solely to the passage of time (operating support) as follows:

	<u>Customer Grants</u>	<u>Operating Support</u>	<u>Agency Remuneration</u>	<u>September 30, 2018</u>
Pennsylvania	\$ 3,968,367	\$ 321,168	\$ 96,282	\$ 4,385,817
West Virginia	429,359	42,325	4,200	475,884
Ohio	1,244,857	82,250	57,750	1,384,857
Virginia	113,336	8,982	3,409	125,727
Tennessee	11,960	-	-	11,960
Arkansas	9,751	1,035	-	10,786
Louisiana	17,585	2,265	-	19,850
Texas	18,016	2,105	-	20,121
Kentucky	61,285	4,661	2,227	68,173
Connecticut	464,115	13,125	-	477,240
California	413,117	51,705	29,546	494,368
Maryland	26,337	2,036	527	28,900
	<u>\$ 6,778,085</u>	<u>\$ 531,657</u>	<u>\$ 193,941</u>	<u>\$ 7,503,683</u>

Net assets with donor restrictions at September 30, 2017 are subject to expenditure for a specific purpose or time (customer grants and agency remuneration) or solely to the passage of time (operating support) as follows:

	<u>Customer Grants</u>	<u>Operating Support</u>	<u>Agency Remuneration</u>	<u>September 30, 2017</u>
Pennsylvania	\$ 3,200,798	\$ 262,674	\$ 67,778	\$ 3,531,250
West Virginia	444,823	16,721	3,340	464,884
Ohio	1,026,728	-	-	1,026,728
Virginia	207,159	8,935	2,962	219,056
Tennessee	3,120	-	-	3,120
Arkansas	8,890	1,110	-	10,000
Louisiana	17,670	2,415	-	20,085
Texas	17,950	2,040	-	19,990
Kentucky	77,353	4,357	1,942	83,652
Connecticut	319,975	-	-	319,975
California	48,188	-	-	48,188
Maryland	40,940	1,269	358	42,567
	<u>\$ 5,413,594</u>	<u>\$ 299,521</u>	<u>\$ 76,380</u>	<u>\$ 5,789,495</u>

DOLLAR ENERGY FUND, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2018 AND 2017

5. Retirement Plan

Dollar Energy Fund, Inc. employees may participate in a 403(b) defined contribution plan (plan). Dollar Energy Fund, Inc.'s plan covers substantially all eligible employees as defined by the plan document. Employee contributions are permitted up to an employee's eligible compensation not to exceed the statutory limits. Dollar Energy Fund, Inc.'s contributions to the plan are discretionary. Dollar Energy Fund, Inc.'s contributions are allocated to each eligible employee's account based on a percentage defined by Dollar Energy Fund, Inc.

For fiscal years 2018 and 2017, Dollar Energy Fund, Inc. provided a 3% profit sharing contribution after one year of service and a 3% match for employee contributions to the plan. Dollar Energy Fund, Inc. contributed approximately \$213,000 and \$185,000 during fiscal years 2018 and 2017, respectively.

6. Operating Lease

Dollar Energy Fund, Inc. has a non-cancelable operating lease related to its operating facility, which expires in December 2028, in accordance with the renewal options of the lease agreement. Rent expense was \$432,439 and \$268,878 in fiscal years 2018 and 2017, respectively, and is included in rent and utilities on the statements of functional expenses.

The following is a schedule, by year, of future minimum rent payments required under Dollar Energy Fund, Inc.'s non-cancelable operating lease at September 30, 2018:

2019	\$	423,524
2020		480,379
2021		489,923
2022		499,666
2023		509,674
Thereafter		<u>2,846,752</u>
	\$	<u><u>5,249,918</u></u>

DOLLAR ENERGY FUND, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2018 AND 2017

7. Economic Dependency

Dollar Energy Fund, Inc. has received the majority of its support from contributions. Total support received by Dollar Energy Fund, Inc. in the form of contributions was approximately 49% and 42% for 2018 and 2017, respectively. Dollar Energy Fund, Inc.'s two largest contributors accounted for approximately 12% and 10% of total revenues for the years ended September 30, 2018 and 2017, respectively. Management anticipates that support will continue from Dollar Energy Fund, Inc.'s contributors. Any significant reduction in the level of contribution support would significantly affect Dollar Energy Fund, Inc.'s programs.

8. Liquidity and Availability

As of September 30, 2018, financial assets available within one year for general expenditures, such as operating expenses, were as follows:

Financial assets, at September 30, 2018:

Cash and cash equivalents	\$ 4,718,282
Investments	3,293,954
Accounts receivable	716,621
Contributions receivable	4,631,846
Other restricted assets	297,159

Less those unavailable for general expenditures
within one year due to:

Contractual or donor-imposed restrictions:	
Board-designated investments	(3,293,954)
Restricted by donor for agency remuneration	(193,941)
Restricted by donor for customer grants	<u>(6,778,085)</u>

Financial assets available to meet cash needs for general expenses within one year	<u><u>\$ 3,391,882</u></u>
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DOLLAR ENERGY FUND, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2018 AND 2017

As of September 30, 2017, financial assets available within one year for general expenditures, such as operating expenses, were as follows:

Financial assets, at September 30, 2017:	
Cash and cash equivalents	\$ 5,957,936
Investments	2,032,000
Accounts receivable	684,695
Contributions receivable	2,376,660
Other restricted assets	306,341
Less those unavailable for general expenditures within one year due to:	
Contractual or donor-imposed restrictions:	
Board-designated investments	(2,032,000)
Restricted by donor for agency remuneration	(76,380)
Restricted by donor for customer grants	<u>(5,413,594)</u>
Financial assets available to meet cash needs for general expenses within one year	<u>\$ 3,835,658</u>

Dollar Energy Fund, Inc. is substantially supported by restricted contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, Dollar Energy Fund, Inc. must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year.

As part of Dollar Energy Fund, Inc.'s liquidity management, it has a financial and investment policy which structures its financial assets to be available as general expenses, liabilities, and other obligations become due. As more fully described in Note 4, cash and cash equivalents are managed to a minimum of twenty-five percent of Dollar Energy Fund, Inc.'s required corporate support match for the following fiscal year and one month of operating expenses, which are, on average, \$800,000. At the end of the fiscal year, if cash and cash equivalents are below the twenty-five percent threshold, funds are withdrawn from the Board-Designated Reserve in order to meet minimum cash and cash equivalent requirements in accordance with Dollar Energy Fund, Inc.'s financial and investment policy.

DOLLAR ENERGY FUND, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2018 AND 2017

As more fully described in Note 3, Dollar Energy Fund, Inc. also has a line of credit in the amount of \$750,000, which it could draw upon in the event of an unanticipated liquidity need.

9. Related Party

For the years ended September 30, 2018 and 2017, Dollar Energy Fund, Inc.'s Board of Directors includes one utility company representative that provides corporate support to Dollar Energy Fund, Inc.