

# **Dollar Energy Fund, Inc.**

## Financial Statements

For the Years Ended September 30, 2019 and 2018  
with Independent Auditor's Report

**MaherDuessel**

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# DOLLAR ENERGY FUND, INC.

FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018

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## 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, 2019 and 2018, 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, 2019 and 2018, 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.

*Mahe Duessel*

Pittsburgh, Pennsylvania  
December 13, 2019

# DOLLAR ENERGY FUND, INC.

## STATEMENTS OF FINANCIAL POSITION

SEPTEMBER 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 5,734,899	\$ 4,718,282
Investments	16,883,641	3,293,954
Accounts receivable	656,103	716,621
Contributions receivable	5,249,244	4,631,846
Prepaid expenses	47,855	36,023
Other restricted assets	287,654	297,159
Property and equipment, net	1,114,192	526,368
<b>Total Assets</b>	<b><u>\$ 29,973,588</u></b>	<b><u>\$ 14,220,253</u></b>
<b>Liabilities and Net Assets</b>		
<b>Liabilities:</b>		
Accounts payable	\$ 189,739	\$ 130,142
Accrued liabilities	189,799	191,229
<b>Total Liabilities</b>	<b><u>379,538</u></b>	<b><u>321,371</u></b>
<b>Net Assets:</b>		
Without donor restrictions:		
Board-designated	3,402,541	3,293,954
Undesignated	3,003,246	3,101,245
<b>Total Without Donor Restrictions</b>	<b><u>6,405,787</u></b>	<b><u>6,395,199</u></b>
With donor restrictions - time and purpose	23,188,263	7,503,683
<b>Total Net Assets</b>	<b><u>29,594,050</u></b>	<b><u>13,898,882</u></b>
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 29,973,588</u></b>	<b><u>\$ 14,220,253</u></b>

See accompanying notes to financial statements.

# DOLLAR ENERGY FUND, INC.

## STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenues:</b>			
<hr/>			
Support and revenues:			
Contributions from customers	\$ 1,942,449	\$ -	\$ 1,942,449
Corporate support	-	22,500,657	22,500,657
Contract revenue	8,380,004	-	8,380,004
Investment return, net	154,481	72,944	227,425
Donated services and facilities	209,818	-	209,818
Foundation grants	-	260,000	260,000
Government grants	-	150,000	150,000
Special events	536,208	-	536,208
Other grants and contributions	4,068	-	4,068
Other income	113,428	-	113,428
	<hr/>	<hr/>	<hr/>
Total support and revenues	11,340,456	22,983,601	34,324,057
Net assets released from restrictions:			
Satisfaction of program and time restrictions	7,299,021	(7,299,021)	-
	<hr/>	<hr/>	<hr/>
Total revenues	18,639,477	15,684,580	34,324,057
	<hr/>	<hr/>	<hr/>
<b>Expenses:</b>			
<hr/>			
Program	16,480,402	-	16,480,402
Management and general	1,354,954	-	1,354,954
Fundraising	793,533	-	793,533
	<hr/>	<hr/>	<hr/>
Total expenses	18,628,889	-	18,628,889
	<hr/>	<hr/>	<hr/>
<b>Change in Net Assets</b>	10,588	15,684,580	15,695,168
<b>Net Assets:</b>			
<hr/>			
Beginning of year	6,395,199	7,503,683	13,898,882
	<hr/>	<hr/>	<hr/>
End of year	\$ 6,405,787	\$ 23,188,263	\$ 29,594,050
	<hr/>	<hr/>	<hr/>

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
<b>Revenues:</b>			
Support and revenues:			
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
Net assets released from restrictions:			
Satisfaction of program and time restrictions	5,286,014	(5,286,014)	-
	17,222,115	1,714,188	18,936,303
<b>Expenses:</b>			
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
<b>Change in Net Assets</b>	440,198	1,714,188	2,154,386
<b>Net Assets:</b>			
Beginning of year	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 FUNCTIONAL EXPENSES

FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Supporting Activities				Total Expenses
	Program	Management and General	Fundraising	Supporting Activities Subtotal	
Salaries	\$ 4,663,617	\$ 740,541	\$ 216,327	\$ 956,868	\$ 5,620,485
Payroll taxes	326,595	64,680	18,193	82,873	409,468
Employee benefits	981,712	121,523	48,756	170,279	1,151,991
Grants to customers	8,430,243	-	-	-	8,430,243
Energy efficiency benefits	-	-	-	-	-
Agency remuneration	310,332	-	-	-	310,332
Contracted services	373,797	222,739	94,323	317,062	690,859
Advertising and promotion	-	-	369,022	369,022	369,022
Rent and utilities	447,647	54,820	11,868	66,688	514,335
Telephone	257,724	6,103	1,719	7,822	265,546
Insurance	37,894	9,583	1,188	10,771	48,665
Leases, equipment, and maintenance agreements	102,793	18,307	3,656	21,963	124,756
Audit	-	13,708	-	13,708	13,708
Office supplies	60,535	42,715	13,586	56,301	116,836
Postage	53,578	7,737	568	8,305	61,883
Printing and copying	16,425	845	185	1,030	17,455
Training and staff development	748	16,466	-	16,466	17,214
Travel and conference	15,713	13,761	8,743	22,504	38,217
Depreciation	191,231	19,384	5,093	24,477	215,708
Donated services and facilities	209,818	-	-	-	209,818
Miscellaneous	-	2,042	306	2,348	2,348
<b>Total expenses</b>	<b>\$ 16,480,402</b>	<b>\$ 1,354,954</b>	<b>\$ 793,533</b>	<b>\$ 2,148,487</b>	<b>\$ 18,628,889</b>

See accompanying notes to financial statements.

## DOLLAR ENERGY FUND, INC.

### STATEMENT OF FUNCTIONAL EXPENSES

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
<b>Total expenses</b>	<b>\$ 14,560,758</b>	<b>\$ 1,455,388</b>	<b>\$ 765,771</b>	<b>\$ 2,221,159</b>	<b>\$ 16,781,917</b>

See accompanying notes to financial statements.

# DOLLAR ENERGY FUND, INC.

## STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018

	2019	2018
<b>Cash Flows From Operating Activities:</b>		
Change in net assets	\$ 15,695,168	\$ 2,154,386
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Net realized and unrealized (gain) loss on investments	5,458	(94,194)
Depreciation	215,708	261,216
Change in:		
Accounts receivable	60,518	(31,926)
Contributions receivable	(617,398)	(2,255,186)
Prepaid expenses	(11,832)	(36,023)
Other restricted assets	9,505	9,182
Accounts payable	59,597	1,140
Accrued liabilities	(1,430)	(25,351)
Net cash provided by (used in) operating activities	15,415,294	(16,756)
<b>Cash Flows From Investing Activities:</b>		
Purchases of property and equipment	(803,532)	(55,138)
Purchases of investments	(13,655,645)	(1,167,760)
Proceeds from sale and maturity of investments	60,500	-
Net cash provided by (used in) investing activities	(14,398,677)	(1,222,898)
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>1,016,617</b>	<b>(1,239,654)</b>
<b>Cash and Cash Equivalents:</b>		
Beginning of year	4,718,282	5,957,936
End of year	\$ 5,734,899	\$ 4,718,282

See accompanying notes to financial statements.

# DOLLAR ENERGY FUND, INC.

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018

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### 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, Connecticut, and Indiana. In addition, Dollar Energy Fund, Inc. partners with approximately 600 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](http://www.dollarenergy.org).

Dollar Energy Fund, Inc. administers payment assistance, consumer education, payment counseling, weatherization, and conservation programs for gas, electric, water, sewage and telephone utility companies. Dollar Energy Fund, Inc. also provides call center services. Dollar Energy Fund, Inc.'s 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, 2019 AND 2018

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### 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 – Net assets without donor restrictions 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. 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, 2019 and 2018, \$4,923,186 and \$4,032,029, respectively, of Dollar Energy Fund, Inc.'s bank

# DOLLAR ENERGY FUND, INC.

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018

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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, the State of Connecticut, the State of Kentucky, the State of Arkansas, and the State of California. Also, Dollar Energy Fund, Inc. is an active charitable organization in the State of Texas, the State of Louisiana, and the State of Indiana. 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

# DOLLAR ENERGY FUND, INC.

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018

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or losses from the retirement or other disposition of assets are included in income. Depreciation is provided on the straight-line method over the estimated useful lives.

### 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 \$197,640 for the year ended September 30, 2019 and \$155,331 for the year ended September 30, 2018.

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 \$12,178 for the year ended September 30, 2019 and \$11,337 for the year ended September 30, 2018.

### 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.

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# DOLLAR ENERGY FUND, INC.

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018

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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, 2019 and 2018 are summarized as follows:

	2019	2018
Interest on cash and cash equivalents	\$ 45,894	\$ 25,929
Dividend income	259,933	167,760
Total interest and dividend income	305,827	193,689
Unrealized gain (loss)	(77,102)	94,194
Investment fees	(1,300)	-
Investment return	\$ 227,425	\$ 287,883

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# DOLLAR ENERGY FUND, INC.

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018

Fair values of assets measured on a recurring basis as of September 30, 2019 and 2018 are as follows:

Description	09/30/19	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)
Cash equivalents held by investment managers	\$ 13,481,101	\$ 13,481,101	\$ -	\$ -
Mutual funds:				
Term bond funds	695,745	695,745	-	-
Growth funds	669,458	669,458	-	-
Short-term bond funds	668,739	668,739	-	-
Blend funds	665,692	665,692	-	-
Value funds	702,906	702,906	-	-
Totals	<u>\$ 16,883,641</u>	<u>\$ 16,883,641</u>	<u>\$ -</u>	<u>\$ -</u>

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)
Cash equivalents held by investment managers	\$ -	\$ -	\$ -	\$ -
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	<u>\$ 3,293,954</u>	<u>\$ 3,293,954</u>	<u>\$ -</u>	<u>\$ -</u>

### 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, 2019 and 2018.

# DOLLAR ENERGY FUND, INC.

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018

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### 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 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.

As of January 1, 2019, non-exempt employees will be paid for a maximum of 80 unused hours of accrued paid time off as of December 31<sup>st</sup>. Any excess hours over 80 will be forfeited by the employee.

Dollar Energy Fund, Inc. recognizes the expense and related liability when earned by the employees. Compensated absences of \$78,470 and \$97,252 at September 30, 2019 and 2018, 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 the 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 community-based organization expenses.

# DOLLAR ENERGY FUND, INC.

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018

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### Contract Revenue

Contract revenue consists of exchange transactions with utility companies and 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.

### 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. No unspent matching funds and credits were returned in fiscal years ended September 30, 2019 or 2018.

### 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, 2019, and 2018, other restricted assets were \$287,654 and \$297,159, respectively.

# DOLLAR ENERGY FUND, INC.

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018

### Property and Equipment

Property and equipment consisted of the following at September 30, 2019:

	<u>9/30/2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>9/30/2019</u>
Leasehold improvements	\$ 1,539,703	\$ 691,154	\$ -	\$ 2,230,857
Furniture	414,554	55,394	-	469,948
Equipment	789,163	56,984	-	846,147
	<u>2,743,420</u>	<u>803,532</u>	<u>-</u>	<u>3,546,952</u>
Less: accumulated depreciation	<u>(2,217,052)</u>	<u>(215,708)</u>	<u>-</u>	<u>(2,432,760)</u>
Property and equipment	<u>\$ 526,368</u>	<u>\$ 587,824</u>	<u>\$ -</u>	<u>\$ 1,114,192</u>

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	751,851	55,138	(17,826)	789,163
	<u>2,706,108</u>	<u>55,138</u>	<u>(17,826)</u>	<u>2,743,420</u>
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>

### 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.

# DOLLAR ENERGY FUND, INC.

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018

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### Pending Accounting Standards

Financial Accounting Standards Board (FASB) has issued standards that will become effective in future years as outlined below. Management has not yet determined the impact of these standards 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 standard 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),”* as amended by ASU 2018-10 and 2018-11, is effective for the financial statements for the year ending September 30, 2022. This standard will require lessees to recognize assets and liabilities on the statements of financial position for the rights and obligations created by all leases 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 standard requires that the statement of cash flows explain the change during the period in the total cash, 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 standard 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.

# DOLLAR ENERGY FUND, INC.

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018

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### 3. Line of Credit

Dollar Energy Fund, Inc. has a line of credit in the amount of \$750,000, at an interest rate of 4.50% based on the Prime Rate (5.00% at September 30, 2019) 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, 2019 and 2018.

### 4. Net Assets

#### Without Donor Restrictions – Board-Designated

Board-designated net assets of \$3,402,541 and \$3,293,954 at September 30, 2019 and 2018, respectively, consist of a Board-Designated Reserve as established by Dollar Energy Fund, Inc.'s Board of Directors (Board). 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. 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 30<sup>th</sup> 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 30<sup>th</sup> that does not exceed Dollar Energy Fund, Inc.'s

# DOLLAR ENERGY FUND, INC.

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018

- required corporate support match for the following fiscal year and one month of operating expenses;
- 3) The Board-Designated Reserve at September 30<sup>th</sup> 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.

### 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, 2019:

	<u>Customer Grants</u>	<u>Operating Support</u>	<u>Agency Remuneration</u>	<u>September 30, 2019</u>
Pennsylvania	\$ 2,311,981	\$ 325,544	\$ 100,782	\$ 2,738,307
West Virginia	2,217,854	170,198	10,579	2,398,631
Ohio	707,845	82,250	57,750	847,845
Virginia	206,929	40,576	11,116	258,621
Tennessee	2,670	1,713	561	4,944
Arkansas	9,364	1,035	-	10,399
Louisiana	17,585	2,265	-	19,850
Texas	17,918	2,105	-	20,023
Kentucky	58,805	4,661	2,227	65,693
Connecticut	15,950	15,504	-	31,454
California	417,801	87,890	90,180	595,871
Maryland	20,108	2,474	691	23,273
Indiana	44,250	6,059	3,069	53,378
Government grants	150,000	-	-	150,000
Foundation grants	80,732	-	-	80,732
	<u>\$ 6,279,792</u>	<u>\$ 742,274</u>	<u>\$ 276,955</u>	<u>\$ 7,299,021</u>

# DOLLAR ENERGY FUND, INC.

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018

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, 2019 AND 2018

Net assets with donor restrictions at September 30, 2019 are subject to expenditure for a specific purpose or time (customer grants, agency remuneration, and proprietary project) or solely to the passage of time (operating support) as follows:

	Customer Grants	Operating Support	Agency Remuneration	Proprietary Project	September 30, 2019
Pennsylvania	\$ 3,944,230	\$ 290,113	\$ 73,192	\$ 179,268	\$ 4,486,803
West Virginia	14,072,712	43,199	3,465	-	14,119,376
Ohio	3,179,707	217,976	139,329	-	3,537,012
Virginia	196,624	8,126	2,596	-	207,346
Tennessee	32,016	-	-	-	32,016
Arkansas	9,277	1,214	-	-	10,491
Louisiana	17,585	2,195	-	-	19,780
Texas	18,048	2,078	-	-	20,126
Kentucky	57,359	5,011	2,610	-	64,980
Connecticut	472,974	-	-	-	472,974
California	6,379	162,930	-	-	169,309
Maryland	21,229	1,498	323	-	23,050
Indiana	25,000	-	-	-	25,000
	<u>\$ 22,053,140</u>	<u>\$ 734,340</u>	<u>\$ 221,515</u>	<u>\$ 179,268</u>	<u>\$ 23,188,263</u>

# DOLLAR ENERGY FUND, INC.

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018

Net assets with donor restrictions at September 30, 2018 are subject to expenditure for a specific purpose or time (customer grants, agency remuneration, and proprietary project) 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>

### 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 2019 and 2018, 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 \$230,000 and \$213,000 during fiscal years 2019 and 2018, respectively.

# DOLLAR ENERGY FUND, INC.

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018

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### 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 \$470,902 and \$432,439 in fiscal years 2019 and 2018, 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, 2019:

2020	\$ 480,379
2021	489,923
2022	499,666
2023	509,674
2024	519,947
Thereafter	<u>2,326,804</u>
	<u>\$ 4,826,393</u>

### 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 74% and 49% for 2019 and 2018, respectively. Dollar Energy Fund, Inc.'s two largest contributors accounted for approximately 54% and 12% of total revenues for the years ended September 30, 2019 and 2018, 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.

# DOLLAR ENERGY FUND, INC.

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018

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### 8. Liquidity and Availability

As of September 30, 2019 and 2018, financial assets available within one year for general expenditures, such as operating expenses, were as follows:

	<u>2019</u>	<u>2018</u>
Financial assets:		
Cash and cash equivalents	\$ 5,734,899	\$ 4,718,282
Investments	16,883,641	3,293,954
Accounts receivable	656,103	716,621
Contributions receivable	5,249,244	4,631,846
Other restricted assets	287,654	297,159
Less: those unavailable for general expenditures within one year due to:		
Contractual or donor-imposed restrictions:		
Board-designated investments	(3,402,541)	(3,293,954)
Restricted by donor for proprietary project	(179,268)	-
Restricted by donor for agency remuneration	(221,515)	(193,941)
Restricted by donor for customer grants	<u>(22,053,140)</u>	<u>(6,778,085)</u>
Financial assets available to meet cash needs for general expenses within one year	<u>\$ 2,955,077</u>	<u>\$ 3,391,882</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.

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# DOLLAR ENERGY FUND, INC.

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018

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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, 2019 and 2018, Dollar Energy Fund, Inc.'s Board includes one utility company representative that provides corporate support to Dollar Energy Fund, Inc. For the year ended September 30, 2019, Dollar Energy Fund, Inc.'s Board includes one individual who works for a company that provides investment management services for Dollar Energy Fund, Inc.