Fuel Fund of Maryland, Inc.

Audited Financial Statements

June 30, 2022 and 2021

Contents

Independent Auditor's Report

Board of Trustees
Fuel Fund of Maryland, Inc.
Baltimore, Maryland

Opinion

We have audited the accompanying financial statements of Fuel Fund of Maryland, Inc., (a nonprofit organization) which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Fuel Fund of Maryland, Inc. as of June 30, 2022 and 2021, 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.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Fuel Fund of Maryland, Inc.'s internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Fuel Fund of Maryland, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

Fitzpatrick, Leary & Szarko, LLC

Lutherville, Maryland
January 27, 2023

Fuel Fund of Maryland, Inc.

Statements of Financial Position

June 30,	2022	2021
Assets		
Current Assets:		
Cash	$ 1,056,632	$ 2,047,411
Contributions receivable	52,325	28,385
Prepaid expenses	2,900	6,273
Total current assets	1,111,857	2,082,069
Property and Equipment:		
Furniture and equipment	65,179	59,721
Leasehold improvements	8,567	8,567
Total	73,746	68,288
Less accumulated depreciation	(61,209)	(55,983)
Net property and equipment	12,537	12,305
Other Assets:		
Investments	5,177,458	4,999,294
Intangible assets, net	8,207	22,771
Deposits	7,434	4,534
Total other assets	5,193,099	5,026,599
Total Assets	$ 6,317,493	$ 7,120,973

The notes to financial statements are an integral part of these statements.

	2022	2021
Liabilities and Net Assets		
Current Liabilities:		
Accounts payable	$ 11,373	$ 20,679
Accrued expenses	21,595	19,688
Total current liabilities	32,968	40,367
Net Assets:		
Without donor restrictions	1,757,487	2,387,909
With donor restrictions	4,527,038	4,692,697
Total net assets	6,284,525	7,080,606
Total Liabilities and Net Assets	$ 6,317,493	$ 7,120,973

The notes to financial statements are an integral part of these statements.

Fuel Fund of Maryland, Inc.

Statements of Activities

For the years ended June 30,

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue						
Utility credits	$ 1,638,450	$ -	$ 1,638,450	$ 1,478,339	$ -	$ 1,478,339
Foundation grant revenue	89,185	281,000	370,185	1,369,217	132,583	1,501,800
Individual and corporate revenue	1,427,776	-	1,427,776	411,516	1,420,000	1,831,516
Gifts in kind	-	-	-	1,239	-	1,239
Net assets released from restriction	446,659	(446,659)	-	1,384,740	(1,384,740)	-
Total support and revenue	3,602,070	(165,659)	3,436,411	4,645,051	167,843	4,812,894
Functional Expenses:						
Program services	3,260,553	-	3,260,553	3,341,513	-	3,341,513
Management and general	208,134	-	208,134	149,945	-	149,945
Fundraising	281,724	-	281,724	270,099	-	270,099
Total functional expenses	3,750,411	-	3,750,411	3,761,557	-	3,761,557
Increase (decrease) in net assets from operations	(148,341)	(165,659)	(314,000)	883,494	167,843	1,051,337
Other income - investment (loss) income	(482,081)	-	(482,081)	733,879	-	733,879
Increase (decrease) in net assets	(630,422)	(165,659)	(796,081)	1,617,373	167,843	1,785,216
Net assets - beginning of year	2,387,909	4,692,697	7,080,606	770,536	4,524,854	5,295,390
Net assets - end of year	$ 1,757,487	$ 4,527,038	$ 6,284,525	$ 2,387,909	$ 4,692,697	$ 7,080,606

The notes to financial statements are an integral part of these statements.

Fuel Fund of Maryland, Inc.

Statements of Functional Expenses

For the years ended June 30,	2022				2021			
		Supporting Services				Supporting Services		
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Salaries and related expenses:								
Salaries	$ 189,884	$ 74,644	$ 168,671	$ 433,199	$ 196,229	$ 28,696	$ 161,000	$ 385,925
Payroll taxes	16,125	5,854	14,126	36,105	15,852	2,461	12,638	30,951
Employee benefits	16,278	989	4,194	21,461	10,943	568	5,560	17,071
Total salaries and related expenses	222,287	81,487	186,991	490,765	223,024	31,725	179,198	433,947
Other operating expenses:								
Amortization expense	7,484	2,744	6,296	16,524	13,491	2,078	10,951	26,520
Bank charges	-	12,173	-	12,173	-	15,872	-	15,872
Consulting	6,166	58,600	20,601	85,367	25,736	51,406	14,562	91,704
Depreciation	2,367	867	1,991	5,225	3,090	440	2,483	6,013
Equipment maintenance	-	911	-	911	-	680	-	680
Fuel assistance	1,356,588	-	-	1,356,588	1,575,235	-	151	1,575,386
Fundraising	-	-	45,885	45,885	-	-	14,972	14,972
Insurance	-	7,867	-	7,867	-	11,829	-	11,829
Marketing/education	4,437	-	461	4,898	-	-	29,854	29,854
Membership and dues	-	1,752	489	2,241	-	2,267	340	2,607
Rent	20,373	7,469	17,138	44,980	21,300	3,030	17,114	41,444
Postage	1,067	4,583	874	6,524	-	272	50	322
Professional fees	-	15,000	-	15,000	-	13,060	-	13,060
Supplies	1,334	6,000	748	8,082	1,298	4,714	26	6,038
Telephone	-	8,681	-	8,681	-	12,572	-	12,572
Travel	-	-	250	250	-	-	398	398
Utility credits	1,638,450	-	-	1,638,450	1,478,339	-	-	1,478,339
Total other operating expenses	3,038,266	126,647	94,733	3,259,646	3,118,489	118,220	90,901	3,327,610
Total expenses	$ 3,260,553	$ 208,134	$ 281,724	$ 3,750,411	$ 3,341,513	$ 149,945	$ 270,099	$ 3,761,557

The notes to financial statements are an integral part of these statements.

Fuel Fund of Maryland, Inc.

Statements of Cash Flows

For the years ended June 30,	2022	2021
Cash flows from operating activities:		
(Decrease) increase in net assets	$ (796,081)	$ 1,785,216
Adjustments to reconcile (decrease) increase in net assets to net cash (used in) provided by operating activities:		
Depreciation and amortization	21,749	32,533
Unrealized (gain) loss on investments	649,936	(393,187)
Realized gain on investments	(112,352)	(298,045)
Changes in operating assets and liabilities:		
Contributions receivable	(23,940)	113,078
Prepaid expenses	3,373	6,289
Deposits	(2,900)	-
Accounts payable	(9,306)	16,686
Accrued expenses	1,907	5,681
Net cash provided by (used in) operating activities	(267,614)	1,268,251
Cash flows from investing activities:		
Purchase of investments	(1,455,826)	(2,485,913)
Proceeds from sale of investments	740,078	2,383,666
Purchase of property and equipment	(5,457)	-
Purchase of intangible assets	(1,960)	-
Net cash used in investing activities	(723,165)	(102,247)
Net increase (decrease) in cash and cash equivalents	(990,779)	1,166,004
Cash and cash equivalents, beginning of year	2,047,411	881,407
Cash and cash equivalents end of year	$ 1,056,632	$ 2,047,411

The notes to financial statements are an integral part of these statements.

Fuel Fund of Maryland, Inc.

Notes to Financial Statements

For the years ended June 30, 2022 and 2021

1. Nature of Operations

The Fuel Fund of Maryland ("the Fund") provides resources to vulnerable Maryland families for heat and home utility needs. Termination of utility service is a traumatic event for families and communities. Through the generosity of thousands of private donors, the Fuel Fund keeps families connected, safe, and warm.

The mission of the Fuel Fund is accomplished through its bill assistance program, which raises funds that are used to assist low income individuals and families pay their utility bills.

2. Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of the Fund have been prepared on the accrual basis of accounting, whereby, revenue is recognized when earned and expenses are recognized when incurred.

Basis of Presentation

The Fund is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions – Net assets without donor restrictions are net assets that are neither permanently restricted nor temporarily restricted by donor-imposed stipulations. Net assets without donor restrictions include:

> *Undesignated net assets* – Undesignated net assets are available for use at the discretion of the Board of Directors or management for general operating purposes.
>
> *Board designated net assets* – Board designated net assets represent amounts designated by the Board of Directors to be used only for specified purposes approved by the Board.

Net assets with donor restrictions – Net assets with donor restrictions consist of assets whose use is limited by donor-imposed, time and/or purpose restrictions. The Fund reports contributions and grants as revenue with donor restrictions if they are received with donor stipulations that limit the use of the assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, the net assets are reclassified as net assets without donor restrictions and reported in the Statements of Activities as net assets released from restrictions. The Fund had total net assets with donor restrictions of $4,527,038 and $4,692,697 at June 30, 2022 and 2021, respectively (Note 7).

2. Summary of Significant Accounting Policies (continued)

Basis of Presentation (continued)

Some net assets with donor restrictions include a stipulation that assets provided be maintained permanently (perpetual in nature) while permitting the Fund to spend the income generated by the assets in accordance with donor-imposed stipulations or a Board approved spending policy. The Fund had net assets with donor restrictions that are perpetual in nature (endowments) totaling $4,500,000 at June 30, 2022 and 2021.

Cash and Cash Equivalents

The Fund considers cash on hand, cash on deposit with banks, money market funds and all unrestricted highly liquid investments with an original maturity of three months or less, to be "cash and cash equivalents".

Concentration of Credit Risk

The Fund has cash accounts at major financial institutions in excess of the Federal Deposit Insurance Corporation limits of $250,000. The Fund maintains balances in excess of this limit, but does not believe that such deposits with its banks are subject to unusual risk.

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable are uncollateralized obligations, which generally require payment within thirty to ninety days from the invoice date. Accounts receivable are stated at their invoice amount. Account balances with invoices over ninety days old are considered delinquent. Payments on accounts receivable are applied to specific invoices identified on the remittance advice or, if unspecified, to the earliest unpaid invoices.

Accounts receivable are stated at the amount management expects to collect from outstanding balances. The carrying amount of accounts receivable is reduced by an allowance for doubtful accounts that reflects management's best estimate of the amounts that may not becollected. Management individually reviews all accounts receivable balances that exceed the due date and based on an assessment of current creditworthiness, estimates the portion, if any, of the balance that may not be collected. Management provides for probable uncollectible amounts through a charge to earnings and a credit to the allowance for doubtful accounts based on its assessment of the current status of individual accounts. Balances still outstanding after management has used reasonable collection efforts are written off through a charge to the allowance for doubtful accounts and a credit to accounts receivable. These amounts are considered fully collectible at June 30, 2022 and 2021 and accordingly, no allowance for doubtful accounts has been recorded. The Organization had no bad debt expense related to uncollectible accounts receivable for the years ended June 30, 2022 and 2021.

2. Summary of Significant Accounting Policies (continued)

Contributions Receivable

Contributions receivable represent amounts due from contributors based on unconditional promises to give and are considered fully collectible. Accordingly, no allowance for doubtful accounts is provided.

Uniform Prudent Management of Institutional Funds Act

The Organization follows the accounting guidance entitled, *"Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds"* (UPMIFA). UPMIFA provides guidance on the net asset classification of donor-restricted endowment funds for a nonprofit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006. It also requires additional disclosures about an organization's endowment funds (both donor restricted endowment funds and board-designated endowment funds). UPMIFA requires guidelines for expenditures of donor restricted endowment funds and also provides that assets in an endowment fund are donor-restricted net assets until appropriated for expenditure by the Organization (See Note 5).

Property and Equipment and Depreciation

Property and equipment are stated at cost. Expenditures for maintenance, repairs and renewals are charged to expense as incurred. Expenditures for additions, improvements and replacements in excess of $750 are added to the property and equipment accounts and depreciated over their estimated useful lives. When assets are retired or sold, the related costs and accumulated depreciation are removed from the accounts, and any gain or loss on disposition is recognized in income.

Depreciation is provided under the straight-line method over the estimated useful lives of the respective assets. Property and equipment (consisting of furniture and equipment) is depreciated over estimated useful lives of 3 to 10 years. Depreciation expense was $5,225 and $6,013 for the years ended June 30, 2022 and 2021, respectively.

Investments

Investments in marketable securities with readily determinable fair values, investments in debt securities and an investment in a real estate investment trust are valued at their fair values in the Statements of Financial Position. The change in net unrealized appreciation (depreciation) of marketable securities for the year is included in the accompanying Statements of Activities under the caption "investment income." Realized gains and losses on sales of investments are computed on a specific identification basis, are recorded on the trade date of the transaction and are also included in "investment income."

2. Summary of Significant Accounting Policies (continued)

Investments (continued)
The Fund's portfolio is a professionally managed portfolio that contains fixed income and equity funds. Such investments are exposed to various risks such as interest rate, market and credit. Due to the level of risk associated with such investments and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near term could materially affect investment balances and the amounts reported in the financial statements.

Intangible Assets
Intangible assets subject to amortization consist of computer software and website development costs. These costs have been capitalized and are being amortized over their estimated useful life of five years.

Functional Allocation of Expenses
The Statements of Functional Expenses present expenses by function and natural classification. The functional classification of expenses includes the following:

Program services
Program services are direct and indirect costs related to providing the Fund's programs and services. These expenses relate directly to the purpose for which the Fund exists.

Management and general
The supporting service category includes management and general costs necessary to secure proper administrative function of the governing board, maintain an adequate working environment, and manage the financial responsibilities of the Fund.

Fundraising
The supporting service category also includes expenditures which provide the structure necessary to encourage and secure outside financial support for the Fund's operations and special projects.

Expenses are charged to each functional classification based on direct expenditures incurred. Indirect expenses are allocated to the various programs and supporting services based on an allocation formula and in accordance with the various grant agreements. Certain costs have been allocated between program and supporting services based on the proportion of program-related salaries and benefits to total salaries and benefits.

2. Summary of Significant Accounting Policies (continued)

Use of 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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes

The Fund is tax-exempt under Section 501(c)(3) of the Internal Revenue Code and is classified as an "other than private foundation" (public charity). The Fund accounts for income tax provisions in accordance with Financial Accounting Standards Board Accounting Standards Concept Topic 740-10, *Accounting for Uncertainty in Income Taxes,* which creates a single model to address uncertainty in tax positions and clarifies the accounting for income taxes by prescribing the minimum recognition threshold a tax position is required to meet before being recognized in the financial statements. The Fund believes that its income tax filing positions and deductions will be sustained upon examination and, accordingly, has not recorded any reserves, or related accruals for interest and penalties, at June 30, 2022 and 2021 for uncertain income tax positions. The Fund continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax law, and new authoritative rulings. The Fund has adopted a policy under which, if required to be recognized in the future, it will classify interest related to the underpayment of income taxes as a component of interest expense, and it will classify any related penalties in operating expenses in the Statements of Activities. The Organization is subject to U.S. federal, state and local income tax examinations by tax authorities for the current year and the three preceding years.

Advertising

Advertising is expensed as incurred. Advertising expense for the years ended June 30, 2022 and 2021 totaled $4,898 and $29,854 respectively, and is included in marketing/education expense in the accompanying Statements of Functional Expenses.

Fair Value Measurements

The Fund has characterized its investments in securities based on the priority of inputs used to value the investments, based on a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1), and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the investments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the investments. Marketable securities recorded in the financial statements are categorized based on the inputs to valuation techniques as follows:

Fuel Fund of Maryland, Inc.

Notes to Financial Statements

For the years ended June 30, 2022 and 2021

2. Summary of Significant Accounting Policies (continued)

Fair Value Measurements (continued)
Level 1 - These are investments where values are based on unadjusted quoted prices for identical assets in active markets that the Fund has the ability to access. All stocks and mutual funds currently held by the Fund are considered to be level 1.

Level 2 - These are investments where values are based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the investments. The fund currently has no level 2 investments.

Level 3 - These are investments where values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect assumptions of management about assumptions market participants would use in pricing the investments. The Fund's investment in a real estate investment trust is considered to be a level 3 investment.

Estimated fair value amounts have been determined using available market information and the valuation methodologies described above. The carrying amounts of cash equivalents and current receivables approximate fair value due to the short-term nature of these instruments. Fair value for investments in equity securities, and mutual funds is determined by reference to quoted market prices. Fair value for the real estate investment trust is determined based on methodologies that consider prices at which the securities were sold in other offerings, general market conditions in the real estate industry, the investees' business plans and separate valuation of its assets.

3. Investments

Investments consisted of the following at June 30:

	2022		
	Cost	Unrealized Appreciation (Depreciation)	Fair Value
Fixed income funds	$ 3,341,781	$ (250,595)	$ 3,091,186
Equity funds	1,286,533	51,557	1,338,090
Stocks	432,859	(1,075)	431,784
Real estate investment trust	219,998	96,400	316,398
Total	$ 5,281,171	$ (103,713)	$ 5,177,458

3. Investments (continued)

	2021		
	Cost	Unrealized Appreciation (Depreciation)	Fair Value
Fixed income funds	$ 2,942,434	$ 36,753	$ 2,979,187
Equity funds	1,288,768	291,932	1,580,700
Stocks	182,577	111,681	294,258
Real estate investment trust	129,293	15,856	145,149
Total	$ 4,543,072	$ 456,222	$ 4,999,294

The following schedule summarizes investment return and its classification in the Statements of Activities for the years ended June 30:

	2022	2021
Interest and dividends	$ 87,078	$ 71,710
Realized gain on sale of investments	112,352	298,045
Unrealized gain (loss) on investments	(649,936)	393,187
Investment fees	(31,575)	(29,063)
Total	$ (482,081)	$ 733,879

Investment income is reported net of investment fees totaling $31,575 and $29,063 for the years ended June 30, 2022 and 2021, respectively.

An investment may be considered to be impaired if its cost basis exceeds its fair value, thus resulting in unrealized depreciation. Management feels that the investment portfolio's unrealized losses are temporary and no significant losses other than those already recorded will be recognized on these investments.

Fuel Fund of Maryland, Inc.

Notes to Financial Statements

For the years ended June 30, 2022 and 2021

3. Investments (continued)

The following schedule summarizes investments in the portfolio that were in a loss position as of June 30:

	2022		
		Unrealized Losses	
	Fair Value	Less than 12 months	12 months or more
Fixed income	$ 3,091,156	$ 337,542	3,083
Stocks	80,741	16,258	1,219
Equity funds	683,258	42,282	-
Foreign stocks	3,592	810	-
Total	$ 3,858,747	$ 396,892	$ 4,302

	2021		
		Unrealized Losses	
	Fair Value	Less than 12 months	12 months or more
Equity funds	$ 304,325	$ 3,675	$ -
Stocks	11,303	728	-
Total	$ 315,628	$ 4,403	$ -

4. Intangible Assets

Intangible assets with finite lives subject to amortization consisted of the following at June 30:

	2022	2021
Computer software and website:		
Gross carrying amount	$ 510,318	$ 508,358
Accumulated amortization	(502,111)	(485,587)
Net balance	$ 8,207	$ 22,771

Amortization expense relating to these intangibles was $16,524 and $26,520 for the years ended June 30, 2022 and 2021, respectively.

4. Intangible Assets (continued)

Future amortization expense is expected to be as follows:

Year ended June 30,		Amount
2023	$	6,148
2024		1,143
2025		392
2026		393
2027		131
Total	$	8,207

5. Quasi-Endowment Fund

The Organization has a quasi-endowment fund ("QEF") established by a grant from the Public Service Commission of Maryland ("PSC") as part of the Customer Investment Fund ("CIF"), which was established as a condition of the PSC's approval of the Exelon - Constellation merger. The purpose of the QEF is to provide ongoing funds for energy assistance to vulnerable Maryland families. The original amount of the grant was $5,000,000, and under the terms agreed to by the Fuel Fund and the PSC, Fuel Fund must maintain a balance in the QEF of at least 90% of the original grant amount, or $4,500,000. The Fuel Fund may use the investment income from the QEF to provide energy assistance to vulnerable Maryland families. If the Organization wishes to spend any of the QEF's principal, it must first obtain approval for a CIF program modification from the PSC. Prior to the beginning of the fiscal year ended June 30, 2019, management believed, under the terms of the grant, that it could spend part of the QEF principal on bill assistance for needy Maryland families. During the year ended June 30, 2019, the PSC clarified the terms of the agreement with the Fuel Fund, and the Fuel Fund agreed to a plan to restore the QEF principal balance to $4,500,000. The restoration plan calls for the Fuel Fund to leave investment income from the QEF in the QEF, and to contribute 10% of the private donations received each month into the QEF (subject to certain limitations) until the principal balance reaches $4,500,000 or until the Fuel Fund has made repayments totaling $764,336. The Fund fulfilled the QEF repayment plan during the year ended June 30, 2021.

Return objectives and risk parameters

The Board of Directors of the Fund has established an investment policy to clearly articulate the views on investment objectives and risk tolerance for the QEF. The objectives of the QEF have been established after a comprehensive review of current and projected financial requirements, market returns, risks and other special requirements. The primary objective is to restore the QEF to $4,500,000 and then maintain it at that level or higher.

5. Quasi-Endowment Fund (continued)

Strategies employed for achieving objectives
To satisfy the return objective, the Fund relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Fund targets a diversified asset allocation which includes diversified mutual funds and alternative investments to achieve its objective within prudent risk constraints.

Underwater endowment funds
The Fund considers the QEF to be underwater if the fair value of the underlying QEF assets is less than the $4,500,000 that is required to be maintained by the PSC. The Fund's QEF was not underwater at June 30, 2022 or 2021.

Spending policy
In accordance with UPMIFA, the Fund considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted quasi-endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Fund, and (7) the Fund's investment policies. During the year ended June 30, 2021, the QEF has been restored to $4,500,000 and the Fund is currently determining a spending policy.

The following table represents the composition of the Organization's endowment net assets by type at June 30, 2022 and 2021:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor restricted quasi-endowment fund	$ -	$ 4,500,000	$ 4,500,000

5. Quasi-Endowment Fund (continued)

The change in the quasi-endowment fund net assets is as follows for the years ended June 30:

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Net assets - beginning of year	$ 686,011	$ 4,500,000	$ 5,186,011
Investment return - net	(482,081)	-	(482,081)
Transfers to the QEF	750,000	-	750,000
Net assets - end of year	$ 953,930	$ 4,500,000	$ 5,453,930

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Net assets - beginning of year	$ -	$ 4,500,000	$ 4,500,000
Investment return - net	686,011	-	686,011
Net assets - end of year	$ 686,011	$ 4,500,000	$ 5,186,011

There have been no changes in the donor restricted QEF during the years ended June 30, 2022 and 2021, Fuel Fund has restored the underwater QEF balance back to the amount required by the PSC.

6. Fair Value Measurements

Fair values of assets measured on a recurring basis are as follows at June 30:

	2022		
	Fair Value	Quoted Prices in Active Markets (Level 1)	Significant Unobservable Inputs (Level 3)
Fixed income funds	$ 3,091,186	$ 3,091,186	$ -
Equity funds	1,338,090	1,338,090	-
Stocks	431,784	431,784	-
Real estate investment trust	316,398	-	316,398
Total	$ 5,177,458	$ 4,861,060	$ 316,398

6. Fair Value Measurements (continued)

	2021		
	Fair Value	Quoted Prices in Active Markets (Level 1)	Significant Unobservable Inputs (Level 3)
Fixed income funds	$ 2,979,187	$ 2,979,187	$ -
Equity funds	1,580,700	1,580,700	-
Stocks	294,258	294,258	-
Real estate investment trust	145,149	-	145,149
Total	$ 4,999,294	$ 4,854,145	$ 145,149

The table below presents information about the changes in the Fund's level 3 invested assets which are measured at fair value on a recurring basis using significant unobservable inputs for the years ended June 30, 2022 and 2021.

Balance, June 30, 2020	$ 120,096
Capital distribution	(1,183)
Capital contribution	15,801
Unrealized gain	10,435
Balance, June 30, 2021	$ 145,149
Capital adjustment	(9,295)
Capital contribution	100,000
Unrealized gain	80,544
Balance, June 30, 2022	$ 316,398

7. Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes at June 30:

	2022	2021
Quasi-endowment fund	$ 4,500,000	$ 4,500,000
Guaranty fund	2,038	2,038
Bill assistance	25,000	190,659
Total	$ 4,527,038	$ 4,692,697

8. Revenue Recognition

Revenue under ASU 2018-08: Not-For-Profit Entities (Topic 958)

Contributions
The Organization recognizes nonreciprocal contributions received and made at fair value on the earlier of the date of the receipt of cash or the date an unconditional promise to give is made. Contributions received and made are reported as either revenues without donor restrictions or revenue with donor restrictions. Contributions with donor restrictions that are used for the purpose specified by the donor in the same year as the contribution is received are recognized as revenues with donor restrictions and reclassified as net assets released from restrictions in the same year.

Grants
The Organization has grants with various government agencies and private foundations. Each grant is analyzed to determine if the grantor is receiving commensurate value in return for the resources provided. If commensurate value is exchanged, the grant is considered an exchange transaction, and the revenue is reported under ASU 2014-09 (Topic 606): *Revenue from Contracts with Customers*. If commensurate value is not exchanged, the grant is considered a contribution and reported under ASU 2018-08. All of the Fund's support and revenue are considered contributions. A resource provider (i.e. a government agency or private foundation) is not synonymous with the general public. Therefore, a benefit received by the general public is not equivalent to commensurate value received by the resource provider. In addition, execution of the resource provider's mission does not constitute value received by the resource provider. The Organization's grants are considered nonreciprocal contributions under ASU 2018-08, restricted by the awarding agency for certain purposes. In addition, the grants are considered conditional contributions because both requirements to meet the definition of a condition under ASU 2018-08 are met (i.e. there is a barrier that must be overcome before the Organization is entitled to receive the funds and there is a right of return to the resource provider). Revenue from conditional contributions is recognized when the conditions are satisfied. Because the nature of the condition is based on incurring qualifying expenses, revenue is recognized as expenses are incurred.

9. Utility Credit Program

Baltimore Gas & Electric Company ("BGE") has a component regulated into its utility rates to provide funds to be used to assist persons with limited incomes with the payment of energy bills. These funds are distributed each year in the form of matching energy credits from BGE. In order to qualify for the credits, customers must demonstrate financial need. Under the program, BGE provides one dollar of energy credit assistance for every two dollars paid by qualifying customers and the Fuel Fund (on behalf of the qualifying BGE customers).

9. Utility Credit Program (continued)

In order to raise matching funds to assist needy BGE customers, the Fund solicits donations from BGE customers through an annual envelope campaign. In addition, the Fund solicits donations and grants from corporate and private donors and religious organizations to provide assistance. The Fuel Fund administers the utility credit program on behalf of BGE through a series of local agencies. The Fund assists Maryland residents in demonstrating financial need, provides administrative staff to administer the program, and provides matching funds.

Based on the process employed by the Fund to reserve and distribute the credits, management considers the credits to be effectively received as income and expended by the Fund. The Fund administered the distribution of utility credits in the amounts of $1,638,450 and $1,478,339 for the years ended June 30, 2022 and 2021, respectively. Accordingly, these amounts are reflected in the accompanying statements of activities as both revenue and program expense.

10. Commitments and Operating Lease

Restoration of QEF Balance
During the year ended June 30, 2019, the Fund reviewed a footnote to a 2017 order by the PSC indicating that the Fund has flexibility with spending the investment income generated by the quasi-endowment, but the Fund must first seek a CIF program modification from the PSC if it wishes to spend any of the quasi-endowment's principal. This was not the Fund's interpretation of the quasi-endowment as part of the original CIF award and the Fund had drawn $1,700,000 from the QEF to fund bill assistance and other program activities. To restore the quasi-endowment back to the $4,500,000 principal balance required by the PSC, the Fund agreed to leave investment income from the QEF in the QEF, and to contribute 10% of the private donations received each month into the QEF (subject to a floor if the Fund's cash balance declines to a specified multiple of operating expenses) until the principal balance reached $4,500,000 or until the Fuel Fund made repayments totaling $764,336. During the year ended June 30, 2021, the QEF was restored to $4,500,000.

Operating Lease
The Fund leased office space for its corporate offices under a five year lease that expired in February, 2022. The lease agreement is classified as an operating lease for financial reporting purposes. The lease called for base monthly rental payments of $2,808, with escalation provisions of 3.5% of base rent each year thereafter. During the year ended June 30, 2022, the Fund entered a new lease effective November 1, 2021 that expires on February 28, 2024. The lease calls for base monthly installments of $1,450 from November 1, 2021 through February 28, 2022 and $2,900 from March 1, 2022 through February 28, 2024. Rent expense under the Fund's operating leases totaled $44,980 and $41,444 for the years ended June 30, 2022 and 2021, respectively.

10. Commitments and Operating Lease (continued)

The future minimum payments required under the corporate office lease total $34,800 for the year ended June 30, 2023 and $23,200 for the year ended June 30, 2024.

11. Concentrations

Approximately 52% and 37% of the Fund's unrestricted revenues for the years ended June 30, 2022 and 2021, respectively, represent utility credits provided through Baltimore Gas and Electric Company.

12. Defined Contribution Plan

The Fund terminated the 403(b) defined contribution plan and instituted a simple IRA plan for its employees effective January 1, 2022. Under the terms of both plans, the Fund contributes up to 50% of the first 6% of eligible employees' wages. The Plan is available to all full time employees (full time employees are defined as employees working greater than 20 hours per week) meeting the eligibility requirements of the Plan. Plan participant eligibility is based on years of service (minimum of six months of service) and age (must be age 21 or older). Plan expense totaled $3,158 and $2,970 for the years ended June 30, 2022 and 2021, respectively.

13. Liquidity and Availability of Resources

The Fund's financial assets available within one year of the statements of financial position date for general expenditures are as follows at June 30:

	2022	2021
Financial assets available within one year:		
Cash and cash equivalents	$ 1,056,632	$ 2,047,411
Contributions receivable	52,325	28,385
Investments	5,177,458	4,999,294
Total financial assets available within one year	6,286,415	7,075,090
Less: amounts unavailable for general expenditures within one year, due to:		
Restricted by donors	(4,527,038)	(4,692,697)
Total financial assets available to management for general expenditures within one year	$ 1,759,377	$ 2,382,393

14. Subsequent Events

Management has evaluated subsequent events through January 27, 2023 the date the financial statements were available to be issued. There were no subsequent events requiring disclosure.