

Fuel Fund of Maryland, Inc.
Audited Financial Statements
June 30, 2025 and 2024

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Independent Auditor's Report

Board of Trustees
Fuel Fund of Maryland, Inc.
Timonium, 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, 2025 and 2024, 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, 2025 and 2024, 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 about 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 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.

Patrick Leary: Smycko, LLC

Lutherville, Maryland

March 31, 2026

Fuel Fund of Maryland, Inc.

Statements of Financial Position

June 30,	<u>2025</u>	<u>2024</u>
Assets		
Current Assets:		
Cash	\$ 2,397,817	\$ 2,002,037
Contributions receivable	16,475	102,414
Prepaid expenses	<u>10,279</u>	<u>11,091</u>
Total current assets	<u>2,424,571</u>	<u>2,115,542</u>
Property and Equipment:		
Furniture and equipment	49,494	39,727
Less accumulated depreciation	<u>(36,559)</u>	<u>(33,382)</u>
Net property and equipment	<u>12,935</u>	<u>6,345</u>
Other Assets:		
Investments	5,712,442	5,424,426
Deposits	4,938	4,938
Right-of-use asset, operating leases	23,832	57,630
Intangible assets, net of accumulated amortization	<u>30,208</u>	<u>-</u>
Total other assets	<u>5,771,420</u>	<u>5,486,994</u>
Total Assets	<u>\$ 8,208,926</u>	<u>\$ 7,608,881</u>

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

Fuel Fund of Maryland, Inc.

Statements of Financial Position

June 30,	<u>2025</u>	<u>2024</u>
Liabilities and Net Assets		
Current Liabilities:		
Accounts payable	\$ 18,430	\$ 14,558
Accrued expenses	12,804	13,125
Operating lease liabilities - current portion	<u>23,896</u>	<u>33,798</u>
Total current liabilities	<u>55,130</u>	<u>61,481</u>
Long-term Liabilities		
Operating lease liabilities - noncurrent portion	<u>-</u>	<u>23,896</u>
Total long-term liabilities	<u>-</u>	<u>23,896</u>
Total liabilities	<u>55,130</u>	<u>85,377</u>
Net Assets:		
Without donor restrictions	3,610,283	2,913,599
With donor restrictions	<u>4,543,513</u>	<u>4,609,905</u>
Total net assets	<u>8,153,796</u>	<u>7,523,504</u>
Total Liabilities and Net Assets	<u>\$ 8,208,926</u>	<u>\$ 7,608,881</u>

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,

	2025			2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue						
Utility credits - gift in kind	\$ 2,445,075	\$ -	\$ 2,445,075	\$ 2,642,325	\$ -	\$ 2,642,325
Foundation grant revenue	58,354	633,555	691,909	51,796	100,086	151,882
Individual and corporate revenue	1,339,528	2,527	1,342,055	1,419,171	12,781	1,431,952
Net assets released from restriction	702,474	(702,474)	-	266,358	(266,358)	-
Total support and revenue	<u>4,545,431</u>	<u>(66,392)</u>	<u>4,479,039</u>	<u>4,379,650</u>	<u>(153,491)</u>	<u>4,226,159</u>
Functional Expenses:						
Program services	3,821,284	-	3,821,284	3,525,034	-	3,525,034
Management and general	300,681	-	300,681	277,748	-	277,748
Fundraising	232,032	-	232,032	242,839	-	242,839
Total functional expenses	<u>4,353,997</u>	<u>-</u>	<u>4,353,997</u>	<u>4,045,621</u>	<u>-</u>	<u>4,045,621</u>
Increase (decrease) in net assets from operations	<u>191,434</u>	<u>(66,392)</u>	<u>125,042</u>	<u>334,029</u>	<u>(153,491)</u>	<u>180,538</u>
Other income						
Investment income	<u>505,250</u>	<u>-</u>	<u>505,250</u>	<u>316,382</u>	<u>-</u>	<u>316,382</u>
Total other income	<u>505,250</u>	<u>-</u>	<u>505,250</u>	<u>316,382</u>	<u>-</u>	<u>316,382</u>
Increase (decrease) in net assets	696,684	(66,392)	630,292	650,411	(153,491)	496,920
Net assets - beginning of year	<u>2,913,599</u>	<u>4,609,905</u>	<u>7,523,504</u>	<u>2,263,188</u>	<u>4,763,396</u>	<u>7,026,584</u>
Net assets - end of year	<u>\$ 3,610,283</u>	<u>\$ 4,543,513</u>	<u>\$ 8,153,796</u>	<u>\$ 2,913,599</u>	<u>\$ 4,609,905</u>	<u>\$ 7,523,504</u>

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,

	2025				2024			
	<u>Supporting Services</u>				<u>Supporting Services</u>			
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and related expenses:								
Salaries	\$ 154,045	\$ 41,618	\$ 158,430	\$ 354,093	\$ 124,342	\$ 112,548	\$ 153,862	\$ 390,752
Payroll taxes	11,632	3,199	12,198	27,029	9,375	3,915	12,328	25,618
Employee benefits	14,718	124	3,805	18,647	16,035	8,300	4,050	28,385
Total salaries and related expenses	<u>180,395</u>	<u>44,941</u>	<u>174,433</u>	<u>399,769</u>	<u>149,752</u>	<u>124,763</u>	<u>170,240</u>	<u>444,755</u>
Other operating expenses:								
Amortization expense	-	1,042	-	1,042	-	-	-	-
Bank charges	-	14,996	-	14,996	-	16,620	-	16,620
Consulting	2,743	175,132	5,124	182,999	468	78,793	3,960	83,221
Depreciation	-	3,176	-	3,176	-	1,496	-	1,496
Equipment maintenance	-	1,659	-	1,659	-	1,217	-	1,217
Fuel assistance	1,174,988	-	-	1,174,988	719,895	-	-	719,895
Fundraising	-	542	33,419	33,961	-	642	53,431	54,073
Insurance	-	9,103	-	9,103	-	9,433	-	9,433
Marketing/education	282	6,029	2,204	8,515	-	3,062	-	3,062
Membership and dues	1,483	2,457	486	4,426	1,062	3,329	812	5,203
Lease expense	15,139	4,091	15,570	34,800	11,074	10,023	13,703	34,800
Postage	-	5,296	395	5,691	-	2,600	-	2,600
Professional fees	-	20,224	-	20,224	-	16,550	-	16,550
Supplies	1,162	5,889	401	7,452	458	2,693	528	3,679
Telephone	-	5,419	-	5,419	-	6,527	-	6,527
Travel	17	685	-	702	-	-	165	165
Utility credits	2,445,075	-	-	2,445,075	2,642,325	-	-	2,642,325
Total other operating expenses	<u>3,640,889</u>	<u>255,740</u>	<u>57,599</u>	<u>3,954,228</u>	<u>3,375,282</u>	<u>152,985</u>	<u>72,599</u>	<u>3,600,866</u>
Total expenses	<u>\$ 3,821,284</u>	<u>\$ 300,681</u>	<u>\$ 232,032</u>	<u>\$ 4,353,997</u>	<u>\$ 3,525,034</u>	<u>\$ 277,748</u>	<u>\$ 242,839</u>	<u>\$ 4,045,621</u>

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,	<u>2025</u>	<u>2024</u>
Cash flows from operating activities:		
Increase in net assets	\$ 630,292	\$ 496,920
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation and amortization	4,218	1,496
Unrealized (gain) on investments	(233,116)	(83,574)
Realized (gain) on investments	(31,594)	(47,254)
Changes in operating assets and liabilities:		
Contributions receivable	85,939	103,790
Prepaid expenses	812	16,413
Intangible assets	(31,250)	-
Accounts payable	3,872	12,806
Accrued expenses	(321)	1,913
Net cash provided by operating activities	<u>428,852</u>	<u>502,510</u>
Cash flows from investing activities:		
Purchase of investments	(1,016,325)	(1,083,638)
Proceeds from sale of investments	993,019	1,110,442
Purchase of property and equipment	(9,766)	-
Net cash (used in) provided by investing activities	<u>(33,072)</u>	<u>26,804</u>
Net increase in cash and cash equivalents	395,780	529,314
Cash and cash equivalents, beginning of year	<u>2,002,037</u>	<u>1,472,723</u>
Cash and cash equivalents end of year	<u>\$ 2,397,817</u>	<u>\$ 2,002,037</u>

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, 2025 and 2024

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 \$4,543,513 and \$4,609,905 at June 30, 2025 and 2024, respectively (Note 6).

Fuel Fund of Maryland, Inc.

Notes to Financial Statements

For the years ended June 30, 2025 and 2024

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, 2025 and 2024.

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.

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 4).

Fuel Fund of Maryland, Inc.

Notes to Financial Statements

For the years ended June 30, 2025 and 2024

2. Summary of Significant Accounting Policies (continued)

Property and Equipment and Depreciation

Property and equipment are stated at cost, if purchased, and fair market value at the date of donation, if donated. 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 \$3,176 and \$1,496 for the years ended June 30, 2025 and 2024, 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."

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.

Fuel Fund of Maryland, Inc.

Notes to Financial Statements

For the years ended June 30, 2025 and 2024

2. Summary of Significant Accounting Policies (continued)

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.

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

Fuel Fund of Maryland, Inc.

Notes to Financial Statements

For the years ended June 30, 2025 and 2024

2. Summary of Significant Accounting Policies (continued)

Income Taxes (continued)

recorded any reserves, or related accruals for interest and penalties at June 30, 2025 and 2024 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, 2025 and 2024 totaled \$8,515 and \$3,062, 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:

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 investments in real estate investment trusts are considered to be level 3 investments.

Estimated fair value amounts have been determined using available market information and the valuation methodologies described above. The carrying amounts of cash equivalents and

Fuel Fund of Maryland, Inc.

Notes to Financial Statements

For the years ended June 30, 2025 and 2024

2. Summary of Significant Accounting Policies (continued)

Fair Value Measurements (continued)

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:

	2025		
	Cost	Unrealized (Depreciation) Appreciation	Fair Value
Fixed income funds	\$ 3,708,151	\$ (330,666)	\$ 3,377,485
Equity funds	1,370,174	406,128	1,776,302
Stocks	227,422	108,569	335,991
Real estate investment trust	168,749	53,915	222,664
Total	<u>\$ 5,474,496</u>	<u>\$ 237,946</u>	<u>\$ 5,712,442</u>

	2024		
	Cost	Unrealized (Depreciation) Appreciation	Fair Value
Fixed income funds	\$ 3,830,555	\$ (485,137)	\$ 3,345,418
Equity funds	1,207,930	319,355	1,527,285
Stocks	212,535	102,775	315,310
Real estate investment trust	167,936	68,477	236,413
Total	<u>\$ 5,418,956</u>	<u>\$ 5,470</u>	<u>\$ 5,424,426</u>

Fuel Fund of Maryland, Inc.

Notes to Financial Statements

For the years ended June 30, 2025 and 2024

3. Investments (continued)

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

	<u>2025</u>	<u>2024</u>
Interest and dividends	\$ 273,978	\$ 218,392
Realized gain on sale of investments	31,594	47,254
Unrealized gain (loss) on investments	233,116	83,654
Investment fees	<u>(33,438)</u>	<u>(32,918)</u>
Total	<u>\$ 505,250</u>	<u>\$ 316,382</u>

Investment income is reported net of investment fees totaling \$33,438 and \$32,918 for the years ended June 30, 2025 and 2024, 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.

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

	<u>2025</u>		
		<u>Unrealized Losses</u>	
	<u>Fair Value</u>	<u>Less than 12 months</u>	<u>12 months or more</u>
Fixed income	\$ 3,120,897	\$ 7,258	\$ 337,496
Stocks	36,480	3,621	5,494
Equity funds	47,819	-	2,755
Other	80,658	435	21,287
Total	<u>\$ 3,285,854</u>	<u>\$ 11,314</u>	<u>\$ 367,032</u>

Fuel Fund of Maryland, Inc.

Notes to Financial Statements

For the years ended June 30, 2025 and 2024

3. Investments (continued)

	Fair Value	2024 Unrealized Losses	
		Less than 12 months	12 months or more
Fixed income	\$ 3,117,362	\$ -	\$ 492,672
Stocks	27,670	2,571	4,127
Equity funds	46,515	-	1,324
Other	86,070	-	15,921
Total	<u>\$ 3,277,617</u>	<u>\$ 2,571</u>	<u>\$ 514,044</u>

4. 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 Fuel Fund wishes to spend any of the QEF's principal, it must first obtain approval for a CIF program modification from the PSC.

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 maintain the QEF at a balance of \$4,500,000 or higher.

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.

Fuel Fund of Maryland, Inc.

Notes to Financial Statements

For the years ended June 30, 2025 and 2024

4. Quasi-Endowment Fund (continued)

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, 2025 or 2024.

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.

The following table represents the composition of the Organization's endowment net assets by type at June 30, 2025 and 2024:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor restricted quasi-endowment fund	\$ -	\$ 4,500,000	\$ 4,500,000

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

	<u>2025</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Net assets - beginning of year	\$ 1,811,384	\$ 4,500,000	\$ 6,311,384
Investment return - net	474,588	-	474,588
Net assets - end of year	<u>\$ 2,285,972</u>	<u>\$ 4,500,000</u>	<u>\$ 6,785,972</u>
	<u>2024</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Net assets - beginning of year	\$ 1,494,334	\$ 4,500,000	\$ 5,994,334
Investment return - net	317,050	-	317,050
Net assets - end of year	<u>\$ 1,811,384</u>	<u>\$ 4,500,000</u>	<u>\$ 6,311,384</u>

There have been no changes in the donor restricted QEF during the years ended June 30, 2025 and 2024.

Fuel Fund of Maryland, Inc.

Notes to Financial Statements

For the years ended June 30, 2025 and 2024

5. Fair Value Measurements

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

	2025		
	Fair Value	Quoted Prices in Active Markets (Level 1)	Significant Unobservable Inputs (Level 3)
Fixed income funds	\$ 3,377,485	\$ 3,377,485	\$ -
Equity funds	1,776,302	1,776,302	-
Stocks	335,991	335,991	-
Real estate investment trust	222,664	-	222,664
Total	<u>\$ 5,712,442</u>	<u>\$ 5,489,778</u>	<u>\$ 222,664</u>
	2024		
	Fair Value	Quoted Prices in Active Markets (Level 1)	Significant Unobservable Inputs (Level 3)
Fixed income funds	\$ 3,345,418	\$ 3,345,418	\$ -
Equity funds	1,527,285	1,527,285	-
Stocks	315,310	315,310	-
Real estate investment trust	236,413	-	236,413
Total	<u>\$ 5,424,426</u>	<u>\$ 5,188,013</u>	<u>\$ 236,413</u>

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, 2025 and 2024.

Balance, June 30, 2023	\$ 291,785
Capital distribution	(124,017)
Unrealized gain	<u>68,645</u>
Balance, June 30, 2024	\$ 236,413
Capital adjustment	(67,664)
Unrealized gain	<u>53,915</u>
Balance, June 30, 2025	<u>\$ 222,664</u>

Fuel Fund of Maryland, Inc.

Notes to Financial Statements

For the years ended June 30, 2025 and 2024

6. Intangible Assets

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

	<u>2025</u>	<u>2024</u>
Computer software and website:		
Gross carrying amount	\$ 49,494	\$ 13,945
Accumulated amortization	<u>(14,987)</u>	<u>(13,945)</u>
Net balance	<u>\$ 34,507</u>	<u>\$ -</u>

Amortization expense relating to these intangibles was \$1,042 and \$-0- for the years ended June 30, 2025 and 2024, respectively.

Future amortization expense is expected to be as follows:

<u>Year ended June 30,</u>	<u>Amount</u>
2026	\$ 6,250
2027	6,250
2028	6,250
2029	6,250
2030	<u>9,507</u>
Total	<u>\$ 34,507</u>

7. Net Assets with Donor Restrictions

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

	<u>2025</u>	<u>2024</u>
Quasi-endowment fund	\$ 4,500,000	\$ 4,500,000
Guaranty fund	2,038	2,038
Billing assistance	25,000	-
Bill assistance - Silver Lights	-	50,000
Timing	<u>16,475</u>	<u>57,867</u>
	<u>\$ 4,543,513</u>	<u>\$ 4,609,905</u>

Fuel Fund of Maryland, Inc.

Notes to Financial Statements

For the years ended June 30, 2025 and 2024

8. Revenue Recognition

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

Contributions

The Fund 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 revenue 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 Fund has grants with various 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 Fund's grants are considered nonreciprocal contributions under ASU 2018-08, restricted by the awarding agency for certain purposes.

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).

In order to raise matching funds to assist needy BGE customers, the Fund solicits donations from BGE customers through BGE's website. 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. The Fund assists Maryland residents in demonstrating financial need, provides administrative staff to administer the program, and provides matching funds.

Fuel Fund of Maryland, Inc.

Notes to Financial Statements

For the years ended June 30, 2025 and 2024

9. Utility Credit Program

Based on the process employed by the Fund to reserve and distribute the credits, management considers the credits to be simultaneously received as income and expended by the Fund. The Fund administered the distribution of utility credits in the amounts of \$2,445,075 and \$2,642,325 for the years ended June 30, 2025 and 2024, respectively. Accordingly, these amounts are reflected in the accompanying statements of activities as both revenue and program expense.

10. Operating Leases

The Fund leases office space and office equipment under various operating lease agreements that terminate between February 2024 and July 2026. The leases call for monthly rentals totaling \$2,975.

The Fund is required to record a right-of-use (ROU) asset and a corresponding lease liability for the present value of future lease payments for their long-term leases. The ROU asset and lease liability are calculated using the rate implicit in the lease agreement, if readily available. According to the Fund’s elected policy, if the rate implicit in the lease is not readily available and cannot be accurately calculated, the ROU asset and liability are calculated using the risk-free discount rate at either 1) July 1, 2022 upon implementation of *Topic 842*, or the start date of the lease, whichever is later. In addition, according to the Fund’s elected policy, payments made for taxes and other operating costs as defined in the lease agreements are not included in the ROU asset or lease liability calculation.

The following summarizes the line items in the Statement of Financial Position which include amounts for operating leases at June 30:

	<u>2025</u>	<u>2024</u>
Right-of-use asset, operating leases	\$ 23,832	\$ 57,630
Operating lease liabilities - current	\$ 23,896	\$ 33,798
Operating lease liabilities - noncurrent	<u>-</u>	<u>23,896</u>
Total operating lease liabilities	<u>\$ 23,896</u>	<u>\$ 57,694</u>

The following summarizes the line items in the Statements of Activities which include the components of lease expense for the years ended June 30:

	<u>2025</u>	<u>2024</u>
Operating lease costs	\$ 34,800	\$ 34,800

Fuel Fund of Maryland, Inc.

Notes to Financial Statements

For the years ended June 30, 2025 and 2024

10. Operating Leases (continued)

The following summarizes cash flow information related to long-term leases for the years ended June 30:

	<u>2025</u>	<u>2024</u>
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	\$ 35,700	\$ 32,800
Lease assets obtained in exchange for lease obligations:	\$ -	\$ 63,559

The following summarizes the weighted average remaining lease terms and discount rates under long-term leases as of June 30:

	<u>2025</u>	<u>2024</u>
Weighted average remaining lease term	0.68	1.68
Weighted average discount rate	4.83%	4.84%

The maturities of long-term lease liabilities are as follows:

	Year Ended <u>June 30,</u> 2026
Total minimum lease payments	<u>24,238</u>
Less: amounts representing interest	<u>(342)</u>
Present value of future minimum lease payments	23,896
Less: current portion	<u>(23,896)</u>
Long-term portion	<u>\$ -</u>

11. Concentrations

Approximately 54% and 60% of the Fund's unrestricted revenue for the years ended June 30, 2025 and 2024, respectively, represent utility credits provided through Baltimore Gas and Electric Company.

Fuel Fund of Maryland, Inc.

Notes to Financial Statements

For the years ended June 30, 2025 and 2024

12. Defined Contribution Plan

The Fund contributes up to 50% of the first 6% of eligible employees' wages to a Simple IRA. 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 \$6,743 and \$6,588 for the years ended June 30, 2025 and 2024, 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:

	<u>2025</u>	<u>2024</u>
Financial assets available within one year:		
Cash and cash equivalents	\$ 2,397,817	\$ 2,002,037
Contributions receivable	16,475	102,414
Investments	<u>5,712,442</u>	<u>5,424,426</u>
Total financial assets available within one year	8,126,734	7,528,877
Less: amounts unavailable for general expenditures within one year, due to:		
Restricted by donors	<u>(4,543,513)</u>	<u>(4,609,905)</u>
Total financial assets available to management for general expenditures within one year	<u>\$ 3,583,221</u>	<u>\$ 2,918,972</u>

14. Subsequent Events

Management has evaluated subsequent events through March 31, 2026, the date the financial statements were available to be issued. Except as listed below, there were no subsequent events requiring disclosure.

Subsequent to year end, the Fund amended the lease for its current office space. Under the terms of the amendment, the lease term is extended to February 28, 2028 with monthly payment of \$2,900. All other provisions of the lease remain unchanged.