Fuel Fund of Maryland, Inc.

Audited Financial Statements

June 30, 2018 and 2017

Contents

FITZPATRICK, LEARY & SZARKO LLC
Certified Public Accountants and Business Advisors

Independent Auditor's Report

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

Report on the Financial Statements

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, 2018 and 2017, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Fuel Fund of Maryland, Inc. as of June 30, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Fitzpatrick, Leary & Szymko, LLC

Timonium, Maryland
December 11, 2018

Fuel Fund of Maryland, Inc.

Statements of Financial Position

June 30,	2018	2017
Assets		
Current Assets:		
Cash and cash equivilants, including money market funds of $203,087 in 2018 and $93,946 in 2017	$ 586,598	$ 331,454
Accounts receivable	1,951	-
Contributions receivable	-	1,535
Prepaid expenses	22,670	4,355
Due from employee	-	7,755
Total current assets	611,219	345,099
Property and Equipment:		
Furniture and equipment	56,478	48,398
Software	493,343	478,328
Leasehold improvements	8,567	8,567
Total	558,388	535,293
Less accumulated depreciation	(410,092)	(307,588)
Net property and equipment	148,296	227,705
Other Assets:		
Investments	4,038,183	5,430,485
Deposits	12,233	2,496
Total other assets	4,050,416	5,432,981
Total Assets	$ 4,809,931	$ 6,005,785

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

	2018	2017
Liabilities and Net Assets		
Current Liabilities:		
Accounts payable	$ 69,588	$ 63,453
Accrued expenses	62,326	54,372
Deferred revenue	11,835	61,835
Total current liabilities	143,749	179,660
Net Assets:		
Unrestricted	1,833,500	1,294,116
Temporarily restricted	2,832,682	4,532,009
Total net assets	4,666,182	5,826,125
Total Liabilities and Net Assets	$ 4,809,931	$ 6,005,785

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,	2018	2017
UNRESTRICTED NET ASSETS		
Unrestricted Revenues, Gains and Other Support:		
Utility credits	$ 2,669,677	$ 2,472,420
Foundation grant revenue	336,676	139,272
Individual and corporate revenue	1,234,530	1,167,474
Investment income	403,847	577,341
Net assets released from restriction	1,825,733	619,655
Total unrestricted revenues, gains and other support	6,470,463	4,976,162
Expenses:		
Program services	5,325,017	4,712,242
Management and general	298,625	326,459
Fundraising	307,437	394,994
Total expenses	5,931,079	5,433,695
Increase (decrease) in unrestricted net assets	539,384	(457,533)
TEMPORARILY RESTRICTED NET ASSETS		
Contributions	126,406	20,000
Net assets released from restrictions	(1,825,733)	(619,655)
Decrease in temporarily restricted net assets	(1,699,327)	(599,655)
Decrease in total net assets	(1,159,943)	(1,057,188)
Net assets - beginning of year	5,826,125	6,883,313
Net assets - end of year	$ 4,666,182	$ 5,826,125

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,	2018	2017
Cash flows from operating activities:		
Decrease in net assets	$ (1,159,943)	$ (1,057,188)
Adjustments to reconcile decrease in net assets to net cash used in operating activities:		
Depreciation	102,505	117,320
Unrealized (gain) loss on investments	61,832	(475,282)
Realized (gain) loss on investments	(387,240)	(40,993)
Changes in operating assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	(1,951)	-
Contributions receivable	1,535	(1,535)
Prepaid expenses	(18,315)	(1,983)
Due from employee	7,755	(7,755)
Deposits	(9,737)	430
Increase (decrease) in:		
Accounts payable	6,135	27,022
Accrued expenses	7,954	(7,864)
Deferred revenue	(50,000)	61,835
Grants payable	-	(51,777)
Net cash used in operating activities	(1,439,470)	(1,437,770)
Cash flows from investing activities:		
Purchase of investments	(1,806,976)	(280,410)
Proceeds from sale of investments	3,524,686	425,424
Purchases of property and equipment	(23,096)	(107,283)
Net cash provided by investing activities	1,694,614	37,731
Net increase (decrease) in cash and cash equivalents	255,144	(1,400,039)
Cash and cash equivalents, beginning of year	331,454	1,731,493
Cash and cash equivalents, end of year	$ 586,598	$ 331,454

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,

	2018				2017			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Salaries and related expenses:								
Salaries	$ 442,871	$ 93,167	$ 153,744	$ 689,782	$ 440,515	$ 223,231	$ 153,476	$ 817,222
Payroll taxes	35,321	5,592	12,749	53,662	39,123	19,825	13,630	72,578
Employee benefits	28,848	4,383	1,017	34,248	21,041	10,663	7,331	39,035
Total salaries and related expenses	507,040	103,142	167,510	777,692	500,679	253,719	174,437	928,835
Other operating expenses:								
Bank charges	14,317	6,406	5,042	25,765	11,534	5,845	4,019	21,398
Consulting	79,719	120,485	12,243	212,447	62,521	20,675	25,606	108,802
Depreciation	57,118	25,558	19,829	102,505	110,994	6,326	-	117,320
Equipment maintenance	1,109	137	1,228	2,474	1,385	649	550	2,584
Fuel assistance	1,951,441	-	-	1,951,441	1,510,271	-	-	1,510,271
Fundraising	-	-	52,353	52,353	-	-	61,180	61,180
Insurance	-	8,979	-	8,979	-	4,294	-	4,294
Marketing/education	97	-	20,758	20,855	1,532	777	98,438	100,747
Membership and dues	2,429	841	2,247	5,517	2,232	921	7,782	10,935
Miscellaneous (income) expense	-	-	-	-	(1,441)	(730)	(502)	(2,673)
Moving expenses	-	-	-	-	-	1,894	-	1,894
Rent	20,178	8,637	6,701	35,516	19,375	8,210	8,040	35,625
Postage	1,101	110	6,465	7,676	2,767	443	6,481	9,691
Professional fees	200	18,400	-	18,600	-	12,687	-	12,687
Supplies	8,832	3,304	8,482	20,618	5,299	2,711	5,664	13,674
Telephone	6,104	2,549	1,977	10,630	6,638	3,303	2,271	12,212
Travel	5,655	77	2,602	8,334	6,036	4,735	1,028	11,799
Utility credits	2,669,677	-	-	2,669,677	2,472,420	-	-	2,472,420
Total other operating expenses	4,817,977	195,483	139,927	5,153,387	4,211,563	72,740	220,557	4,504,860
Total expenses	$ 5,325,017	$ 298,625	$ 307,437	$ 5,931,079	$ 4,712,242	$ 326,459	$ 394,994	$ 5,433,695

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, 2018 and 2017

1. Nature of Operations

The Fuel Fund of Maryland 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 two programs: Bill Assistance – raising funds that are used to assist low income individuals and families pay their utility bills; and, Watt Watchers of Maryland – an energy conservation education program that teaches people how to conserve utilities and save money on their utility bills.

2. Summary of Significant Accounting Policies

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".

The Fund maintains cash in bank and money market accounts which, at times, may exceed federally insured limits. The Federal Deposit Insurance Corporation ("FDIC") limits provide insurance on all interest and non-interest bearing account balances up to $250,000. The Fund believes that the associated risk has been mitigated by maintaining cash balances in high quality financial institutions. Additionally, the Fund has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents. At June 30, 2018 and 2017, the Fund's cash accounts exceeded federally insured limits by $412,116 and $182,080, respectively.

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 of 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 be collected. 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.

2. Summary of Significant Accounting Policies (continued)

Accounts Receivable and Allowance for Doubtful Accounts (continued)
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, 2018 and 2017 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, 2018 and 2017.

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.

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 $102,505 and $117,320 for the years ended June 30, 2018 and 2017, respectively.

Restricted and Unrestricted Revenue Recognition
Contributions are recognized as income when the donor makes an unconditional promise to give to the Fund. Contributions and grants received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor imposed restrictions. Additionally, recognition and collectability of contributions are evaluated based on historical collection trends of specific types of promises to give.

The Fund reports contributions of cash and other assets (including grants) as restricted support if they are received with donor stipulations that limit the time period or manner of use of the contribution. These donor-restricted contributions are reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a donor restriction expires (that is, when a stipulated time restriction or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as “net assets released from restriction.”

2. Summary of Significant Accounting Policies (continued)

Restricted and Unrestricted Revenue Recognition (continued)
Donor restricted contributions that are both received and satisfied within the same year are recorded as unrestricted support.

Grants are generally conditioned on spending the funds in accordance with the terms of the grant. Funds not spent are usually refundable to the granting agency. The Fund recognizes revenue from conditional grants as the related expenses are incurred. Funds expended in excess of collections are recorded as "accounts receivable" and funds received but not spent are recorded as "deferred revenue" on the Statements of Financial Position.

Donated Services
The Fund receives various types of donated services each year. Some of these donated services relate to media promotions on behalf of the Fund. It is common industry practice for organizations similar to the Fund not to record donated media promotions. Accordingly, no revenue or expense relating to such donated services has been recorded in the accompanying financial statements of the Fund for the years ended June 30, 2018 and 2017.

No amounts have been recorded in the accompanying financial statements for donated services of other volunteers as no objective basis is available to measure the value of such services. However, a substantial number of volunteers donated significant amounts of their time to the Fund's program services.

Functional Allocation of Expenses
The costs of providing various programs and other activities have been summarized on a functional basis in the accompanying Statements of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

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 three classes of net assets: unrestricted, temporarily restricted, and permanently restricted net assets.

Unrestricted net assets - Unrestricted net assets are neither permanently restricted nor temporarily restricted by donor-imposed stipulations. These assets are currently available to support the Fund's operations.

2. Summary of Significant Accounting Policies (continued)

Basis of Presentation (continued)
Temporarily restricted net assets - Temporarily restricted net assets result from contributions whose use is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Fund pursuant to these stipulations. Net assets may be temporarily restricted for various purposes, such as use in future periods or use for specified purposes.

Permanently restricted net assets - Permanently restricted net assets result from contributions whose use is limited by donor-imposed stipulations that neither expire by the passage of time nor can be fulfilled or otherwise removed by the Fund's actions. The Fund had no permanently restricted net assets at June 30, 2018 and 2017.

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, 2018 and 2017 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. With few exceptions, the Fund is no longer subject to U.S. federal, state and local income tax examinations by tax authorities for years before 2015.

Advertising
Advertising is expensed as incurred. Advertising expense for the years ended June 30, 2018 and 2017 totaled $1,142 and $15,324, respectively, and is included in marketing/education expense in the accompanying Statements of Functional Expenses.

2. Summary of Significant Accounting Policies (continued)

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.

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 real estate investment trust is considered to be a level 3 investment.

2. Summary of Significant Accounting Policies (continued)

Fair Value Measurements (continued)
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 their assets.

3. Investments

Marketable securities consist of the following at June 30:

	2018		
	Cost	Unrealized Appreciation (Depreciation)	Fair Value
Fixed income funds	$ 1,726,975	$ (22,863)	$ 1,704,112
Equity funds	1,192,738	400,262	1,593,000
Stocks	504,656	90,819	595,475
Real estate investment trust	140,545	5,051	145,596
Total	$ 3,564,914	$ 473,269	$ 4,038,183

	2017		
	Cost	Unrealized Appreciation (Depreciation)	Fair Value
Fixed income funds	$ 1,200,772	$ (13,246)	$ 1,187,526
Equity funds	2,646,783	443,475	3,090,258
Stocks	939,693	108,494	1,048,187
Real estate investment trust	108,136	(3,622)	104,514
Total	$ 4,895,384	$ 535,101	$ 5,430,485

3. Investments (continued)

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

	2018	2017
Interest and dividends	$ 109,583	$ 94,182
Realized gain on sale of investments	387,240	40,993
Unrealized gain (loss) on investments	(61,832)	475,282
Investment fees	(31,144)	(33,116)
Total	$ 403,847	$ 577,341

Investment income is reported net of investment fees totaling $31,144 and $33,116 for the years ended June 30, 2018 and 2017, 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:

	2018		
		Unrealized Losses	
	Fair Value	Less than 12 months	12 months or more
Fixed income funds	$ 1,704,114	$ 12,776	$ 10,087
Equity funds	102,395	7,371	-
Stocks	133,520	3,713	12,582
Total	$ 1,940,029	$ 23,860	$ 22,669

	2017		
		Unrealized Losses	
	Fair Value	Less than 12 months	12 months or more
Fixed income funds	$ 1,187,526	$ 13,246	$ -
Equity funds	264,521	-	6,724
Stocks	259,385	9,863	34,819
Real estate investment trust	104,514	-	3,622
Total	$ 1,815,946	$ 23,109	$ 45,165

4. Contributions Receivable

The Fund solicits contributions for specific purposes and also to cover management and general costs. Contributions receivable represent unrestricted and unconditional promises to give. Unconditional promises to give totaled $-0- and $1,535 as of June 30, 2018 and 2017, respectively. Contributions receivable are expected to be received within one year, and as a result, no discount was recorded at June 30, 2018 and 2017.

5. Fair Value Measurements

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

	2018		
	Fair Value	Quoted Prices in Active Markets (Level 1)	Quoted Prices in Inactive Markets (Level 3)
Fixed income funds	$ 1,704,112	$ 1,704,112	$ -
Equity funds	1,593,000	1,593,000	-
Stocks	595,475	595,475	-
Real estate investment trust	145,596	-	145,596
Total	$ 4,038,183	$ 3,892,587	$ 145,596

	2017		
	Fair Value	Quoted Prices in Active Markets (Level 1)	Quoted Prices in Inactive Markets (Level 3)
Fixed income funds	$ 1,187,526	$ 1,187,526	$ -
Equity funds	3,090,258	3,090,258	-
Stocks	1,048,187	1,048,187	-
Real estate investment trust	104,514	-	104,514
Total	$ 5,430,485	$ 5,325,971	$ 104,514

5. Fair Value Measurements (continued)

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, 2018 and 2017.

Balance, June 30, 2016	$ 28,492
Capital contribution	78,647
Unrealized loss	(2,625)
Balance, June 30, 2017	$ 104,514
Capital contribution	32,409
Unrealized gain	8,673
Balance, June 30, 2018	$ 145,596

6. 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 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 $2,669,677 and $2,472,420 for the years ended June 30, 2018 and 2017, respectively. Accordingly, these amounts are reflected in the accompanying statements of activities as both revenue and program expense.

7. Commitments

The Fund leases office space for its corporate offices under a five year lease expiring in February 2022. The lease agreement is classified as an operating lease for financial reporting purposes. The lease calls for base monthly payments of $2,808, with escalation provisions of 3.5% of base rent each year thereafter. Rent expense was $35,516 and $35,625 for the years ended June 30, 2018 and 2017, respectively.

Future minimum payments required under the corporate office lease are as follows:

Year ended June 30,	Amount
2019	$ 35,286
2020	36,521
2021	37,800
2022	25,781
Total	$ 135,388

8. Concentrations

Approximately 41% and 50% of the Fund's unrestricted revenues for the years ended June 30, 2018 and 2017, respectively, represent utility credits provided through Baltimore Gas and Electric Company.

9. Defined Contribution Plan

The Fund instituted a 403(b) defined contribution plan for its employees during fiscal year 2001. Under the terms of the Plan, 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 $10,993 and $14,683 for the years ended June 30, 2018 and 2017, respectively.

10. Restricted Net Assets

In 2014 the Fund received payments from the Public Service Commission of Maryland as a condition of the merger of Constellation Energy Group, Inc. and Exelon Corporation. Under the terms of the award, the Fund was to use $5,000,000 of the payments received to develop a quasi-endowment fund as a stable and sustainable resource to meet the true demand for energy assistance. The net assets associated with the quasi-endowment fund are classified as temporarily restricted net assets at June 30, 2018 and 2017, respectively.

10. Restricted Net Assets (continued)

Temporarily restricted net assets are as follows as of June 30:

	2018	2017
Investment fund	$ 2,800,000	$ 4,500,000
Guaranty fund	9,737	-
Rooftop solar	21,515	21,515
Power of home	1,430	10,494
Total	$ 2,832,682	$ 4,532,009

11. Contingency

During January 2017, the Public Service Commission of Maryland ("PSC") issued an order related to the Customer Investment Fund ("CIF") regarding additional grants provided to several organizations and agencies. In a footnote to the order, the PSC noted that the Fund has flexibility related to the expenditure of interest earned on the quasi-endowment, however, the Fund must first seek a CIF program modification from the PSC if it wishes to spend any of the quasi-endowment's principal. Until recently, the Fund was unaware of the PSC's footnote and believed that it did have flexibility related to spending the quasi-endowment and has treated the quasi-endowment as a temporarily restricted net asset. During the years ended June 30, 2018 and 2017, the Fund has transferred $1,700,000 and $500,000, respectively, from the quasi-endowment to the operating account to make bill assistance payments for vulnerable Maryland families. The majority of these transfers were comprised of accumulated interest and capital appreciation. Beginning in May 2018, the transfers included a portion of the original $5,000,000. While the Fund believes that the transfers are appropriate and in line with the original CIF order made by the PSC, the Fund is actively attempting to get clarification on this matter from the PSC. Whether the PSC will approve the past and any future transfers is unknown at this time.

12. Subsequent Events

Management has evaluated subsequent events through December 11, 2018, the date the financial statements were available to be issued. Subsequent to year end, the Organization withdrew $450,000 from the quasi-endowment to fund operations and make bill assistance payments.