

2011-2012 ANNUAL REPORT

(Fiscal Year begins July 1, 2011 and ends June 30, 2012)



Neighbors Helping Neighbors In Need

THAW

Keeping Michigan families warm since 1985.




Mission Statement

THAW is a leading provider of utility assistance for Michigan residents in need.

We collaborate with our partners to deliver services that support long term, affordable energy solutions.



Neighbors Helping Neighbors In Need



“Today THAW provides important energy assistance when a family is in crisis. In the future we will focus on early intervention — getting to people with assistance to avoid the crisis and keep the home and family stable.”

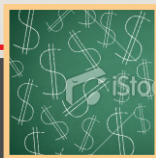
— Bertram Marks, Executive Committee, THAW

THAW FY12 highlights...

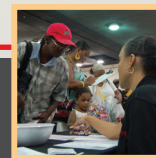


In October THAW elected three new Board members:

1. Jerry Carlson, Microsoft
2. Carl English, AEP (retired)
3. Kirk Mayes, Brightmoor Alliance (*pictured above*)



After several months of uncertainty, THAW was awarded a \$9.8 million state grant in December from the Michigan Public Service Commission (MPSC). This is the largest award THAW has ever received from the State.



THAW transitioned from the Low Income Energy Efficiency Fund (LIEEF) to the Vulnerable Household Warmth Fund (VHWF). New program specifications required THAW to train 70+ sites on the new eligibility requirements.



Linda Blair
President,
THAW Board of Directors

The landscape is changing...

The landscape of energy assistance in the state of Michigan and nationally is changing. This past year has been one of opportunity and adaptation. The elimination of LIEEF funding opened the door for transformation. Agencies, utilities and state legislators have begun the critical task of assessing a system in need of reform. THAW's mission is energized by innovating long term solutions that lead to energy self-sufficiency and support this reform.

Over the next three years you will be seeing more on how THAW plans to enhance the system and empower our customers. This transformation will be an alignment of public, non-profit and private partnerships that supports a new approach to keeping Michigan's families warm.

A handwritten signature in black ink that reads "Linda H. Blair".



Through collaboration with DTE Energy and SEMCO, THAW assisted more than 5,000 customers through mobile processing. It extended THAW's reach and allowed our team to efficiently meet customers where they are — in neighborhood churches and community centers around the state



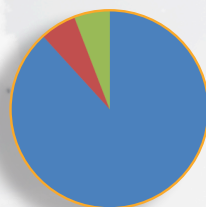
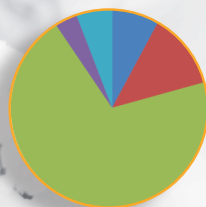
Raised over \$500,000 in corporate support as part of THAW and DTE Energy's "Week of Warmth" community outreach partnership. During this week we distributed nearly \$1,000,000 in energy assistance.



Kicked-off Michigan Solutions, a public private partnership with Consumers Energy, Clear Results and the Department of Human Services. This behavioral research study provided key information on the behavior and attitudes of the low-income customer toward energy consumption and payment.

Financials

Financial Snapshot 2012



Support

| | |
|---------------------------------------|-------------------|
| Public and Corporate Support | 1,272,985 |
| Utility and Fuel Company Cash Support | 2,087,695 |
| Foundations and Grants | 11,332,905 |
| Faith-based and St. Vincent DePaul | 585,760 |
| Interest and Net Events | 950,644 |
| Total Cash Support | 16,229,989 |

Expenses

| | |
|-----------------------|-------------------|
| | 2012 |
| Program Services | 9,784,244 |
| Management & General | 658,282 |
| Fundraising | 650,110 |
| Total Expenses | 11,092,636 |

| | |
|-------------------------------|-------------------|
| In-kind (donated) Support | 5,060 |
| Utility Match or Bill Credits | 2,125,636 |
| Total Non-Cash Support | 2,130,696 |
| Grand Total | 18,360,685 |

| | |
|---------------------------|--------------|
| Program Services Expenses | 9,784,244 |
| Total Functional Expenses | 11,092,636 |
| Program Ratio | 88.2% |

Message from the Treasurer

The twelve months ending on June 30, 2012 was a record year for The Heat and Warmth Fund. THAW attracted the highest level of government funding in its 27-year history. The \$9.8 million Vulnerable Household Warmth Fund (VHWF) was awarded by the Michigan Public Service Commission.

The Finance Committee provides fiscal governance to ensure compliance and adequacy of controls. In addition, an independent auditor performs quarterly reviews of the financial statements as well as a complete annual audit. We believe THAW has talented and skilled staff performing the internal accounting required to support the fulfillment of THAW's mission in an efficient and effective manner.

Terry Oprea
Treasurer, THAW Board of Directors

Revenue and Expenses

THE HEAT AND WARMTH FUND STATEMENT OF ACTIVITIES, FOR THE YEAR ENDED JUNE 30, 2012 WITH COMPARATIVE TOTALS FOR 2011.

| Revenue and Support | 2012 | 2011 |
|----------------------------------|-------------------|-------------------|
| Grants | 10,907,435 | 9,003,624 |
| Public/Corporate Support | 1,272,985 | 1,361,627 |
| Foundations | 425,470 | 305,078 |
| Utility Support and Match | 2,212,325 | 2,828,264 |
| Special Events | 947,578 | 532,366 |
| Interest | 3,066 | 4,989 |
| Faith Based /St. Vincent de Paul | 585,760 | 455,030 |
| Miscellaneous | 2,001,006 | 0 |
| Total Revenue/Support | 18,355,625 | 14,490,978 |
| Expenses: | 2012 | 2011 |
| Direct Assistance | 8,602,975 | 12,384,118 |
| Salaries and Benefits | 1,288,749 | 1,170,396 |
| Office Expenses | 314,385 | 325,278 |
| Contractual Services | 395,974 | 204,379 |
| Applicant Screening/Referral | 92,688 | 132,299 |
| Travel and Meetings | 91,803 | 77,510 |
| Promotion/Advertising | 128,250 | 9,390 |
| Faithbased Program Expenses | 0 | 0 |
| Good Neighbor Initiative | 0 | 0 |
| Bad Debt Expense | 18,000 | 24,367 |
| Loss on Sale of Assets | 0 | 0 |
| Equipment: Purch./Repair/Maint. | 37,466 | 170,001 |
| Web Base System: Updates/Maint. | 28,984 | 64,326 |
| Depreciation | 29,320 | 55,598 |
| Energy Education | 0 | 0 |
| Other Expense | 64,042 | 0 |
| Total Expenditures | 11,092,636 | 14,617,662 |

Assets and Liabilities

THE HEAT AND WARMTH FUND STATEMENT OF FINANCIAL POSITION, FOR THE YEAR ENDED JUNE 30 2012 WITH COMPARATIVE TOTALS FOR 2011.

| Assets | 2012 | 2011 |
|--|----------------------|---------------------|
| Current Assets: | | |
| Cash Equivalents | \$ 9,933,402 | \$ 2,695,290 |
| Pledges Receivable | \$ 9,337 | \$ 1,554 |
| Prepaid Expenses | \$ 23,940 | \$ 6,691 |
| Grants Receivable | \$ 213,182 | \$ 492,128 |
| Total Current Assets | \$ 10,179,861 | \$ 3,195,663 |
| <i>At cost, equipment less accumulated depreciation of \$549,443 in 2012 and \$520,123 in 2011</i> | \$ 11,274 | \$ 40,594 |
| Total Assets | \$ 10,191,135 | \$ 3,236,257 |
| Liabilities and Net Assets | 2012 | 2011 |
| Current Liabilities: | | |
| Accounts Payable | \$ 15,497 | \$ 267,789 |
| Accrued Liabilities | \$ 129,888 | \$ 190,767 |
| Total Current Liabilities | \$ 145,385 | \$ 458,556 |
| Net Assets: | | |
| Temporarily Restricted | \$ 5,790,850 | \$ 1,010,748 |
| Unrestricted | \$ 4,254,900 | \$ 1,766,953 |
| Total Net Assets | \$ 10,045,750 | \$ 2,777,701 |
| Total Liabilities and Net Assets | \$ 10,191,135 | \$ 3,236,257 |

Program
Expense
Ratio

88.2%

\$8.6 million was
distributed to more than
9,000 households
across Michigan



Who we serve



Over **60%** of the households have a child in the home

Average annual income
per household

\$15,529



More than **15%** of the households reported a senior in the home

12% of the households have a disabled person in the home

21% of our applicant households have 2 or more incomes

\$1,082

Average amount of
THAW assistance per
household



Corporate Support

\$50,000+

Consumers Energy
DTE Energy
Semco Energy

\$10,000-\$50,000

Blue Cross Blue Shield of Michigan and Blue Care Network
Barton Malow Company
Diversified Minority Services, Inc.
GreaterGiving
ITC Holdings Corp.
Just Energy (US) Corp.
Meade
Panhandle Energy
SAP Industries, Inc.
Schaller Corporation

\$2,500-\$9,999

AAA Michigan
ABB Inc.
Accu-Read Services
Bigard & Huggard Drilling, Inc.
BP Energy Co.
Cass Lock Service Co., Inc.
Comerica Bank
Community Financial
Dassault Systemes Delmia Corp.
DeMaria Building Company
Devon Facility Management
Doeren Mayhew
Fifth Third Bank
Guardian Plumbing & Heating, Inc.
Guaranty Bank
HAP
Hainer & Berman PC
Hitachi Metals America, Ltd.
Holland Engineering Inc.
Huntington National Bank
Itron, Inc.
Invenergy, LLC
JP Morgan Chase
Jefferson Wells

KPMG, LLP
Les Project Holdings, LLC
Major Pipeline, LLC
MGM Grand
Microsoft Corporation
Miller, Canfield, Paddock & Stone, PLC
Miller Pipeline Corporation
My Choice Energy, LLC
Oneok Partners Intermediate, LP
PricewaterhouseCoopers, LLP
Professional Building Maintenance
PVS-Nolwood Chemicals, Inc.
R.L. Coolsaet Construction Co.
Roy Smith Company
Seel, LLC
Strategic Staffing Solutions, Inc.
The Active Network, Inc.
The Bradley Co.
The Taubman Company
Utility Resource Group, LLC
Vector Pipeline, LP
Verizon
Wind Energy Partners, LLC

Foundation Support

Skillman Foundation
Max M. & Marjorie S. Fisher Foundation, Inc.
McGregor Fund
Ford Motor Company Fund and Community Services
PNC Foundation
Charter One Foundation

Bellaimey Family Foundation
The W.J. Lillian Kemler Foundation
The Arrowhead Foundation
The Hitachi Foundation
Charles Schwab Fund for Charitable Giving

Empowerment, Not Discouragement
System Reform

Effectiveness
Efficiency

Self Sufficiency

Behavioral Shift

Consumption

Customer Participation

Ease of Navigation

Access

“Our interest in innovating is reform.
The system, in which energy assistance is
provided, is laden with opportunities to be
more effective and efficient. It is our mission
to find them or invent them.”

— Susan Sherer, CEO, THAW



Energy Self Sufficiency for Everyone

THAW's highest goal is that every customer is able to pay for the energy they use. Instead of providing one solution for all customers, we are innovating new interventions that we believe will provide customized solutions leading to energy self-sufficiency.

Robust working relationships with the Department of Human Services, utility partners, foundations and business community will be key to our efforts. This year we will launch "Michigan Solutions" — a set of innovative strategies that will impact Michigan citizens in need by encouraging accountability and empowerment while reducing utility shut-offs and public assistance.

While innovating new solutions, THAW has remained a leader in providing emergency utility assistance for those facing immediate shut-off in the cold Michigan winters. Over the past two years, we have assisted nearly 20,000 Michigan residents in need. In partnership with the utility companies THAW took our processing "on the road" processing thousands of customers across Michigan at churches, schools and community centers — meeting people where they live to help an urgent need.

Keep watching THAW as we move from being a leader in energy assistance to a leader in energy security for low income residents in Michigan.



Susan Sherer
CEO, THAW

Energy used = Energy paid

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Ed Ptasznik, Jr., *United Way Southeastern Michigan*

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Dianne Bostic Robinson, *Dianne Bostic Robinson & Associates*



Neighbors Helping Neighbors In Need

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www.thawfund.org