THE HEAT AND WARMTH FUND
(A Nonprofit Organization)

FINANCIAL STATEMENTS

SEPTEMBER 30, 2025
(With Independent Auditor's Report Thereon)

DoerenMayhew
ASSURANCE

THE HEAT AND WARMTH FUND
(A Nonprofit Organization)

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
The Heat and Warmth Fund
(A Nonprofit Organization)

Report on the Audit of the Financial statements

Opinion

We have audited the financial statements of The Heat and Warmth Fund, which comprise the statement of financial position as of September 30, 2025, and the related statements of activities, functional expenses and cash flows for the fifteen month period then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of The Heat and Warmth Fund as of September 30, 2025, and the changes in its net assets and its cash flows for the fifteen month period ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 The Heat and Warmth Fund and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. 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 The Heat and Warmth Fund's ability to continue as a going concern for one year after the date that the financial statements are issued.

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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 GAAS and *Government 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 GAAS and *Government 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 The Heat and Warmth Fund'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 The Heat and Warmth Fund'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.

Report on Summarized Comparative Information

We have previously audited The Heat and Warmth Fund's (A Nonprofit Organization) twelve month year ended June 30, 2024 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 5, 2024. In our opinion, the summarized comparative information presented herein as of and for the twelve month year ended June 30, 2024 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards, is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 16, 2026, on our consideration of The Heat and Warmth Fund's (A Nonprofit Organization) internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of The Heat and Warmth Fund's (A Nonprofit Organization) internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and in considering The Heat and Warmth Fund's (A Nonprofit Organization) internal control over financial reporting and compliance.

Doeren Mayhew Assurance

Troy, Michigan
June 16, 2026

THE HEAT AND WARMTH FUND
(A Nonprofit Organization)

STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2025
WITH COMPARATIVE INFORMATION AS OF JUNE 30, 2024

Assets	2025	2024
Current assets		
Cash and cash equivalents	$ 10,108,006	$ 13,357,802
Certificate of deposit	-	2,000,000
Investment securities (note 2)	1,284,515	1,317,388
Grants receivable, less allowance for uncollectable receivables of $9,000 in 2025 and $36,551 in 2024 (note 1)	9,433,150	1,385,352
Prepaid expenses and other current assets	184,933	103,905
Total current assets	21,010,604	18,164,447
Equipment, software and leasehold improvements		
At cost, less accumulated depreciation of $1,956,798 in 2025 and $1,543,682 in 2024 (note 3)	837,857	1,250,973
Other assets		
Right-of-use asset, operating lease (note 9)	107,628	330,778
Intangible assets, less accumulated amortization of $135,992 in 2025 and $68,340 in 2024 (note 7)	77,246	144,898
Total other assets	184,874	475,676
Total assets	$ 22,033,335	$ 19,891,096
Liabilities and Net Assets		
Current liabilities		
Accounts payable	$ 139,480	$ 218,008
Accrued wages and other accrued liabilities	354,015	222,524
Lease liability - operating, current portion (note 9)	135,876	218,377
Other liabilities - current portion (note 8)	57,227	53,647
Deferred grant income	-	1,783,267
Total current liabilities	686,598	2,495,823
Long-term liabilities		
Lease liability - operating, net of current portion (note 9)	-	193,414
Other liabilities - net of current portion (note 8)	24,740	95,816
Total long-term liabilities	24,740	289,230
Net assets		
Without donor restrictions	11,510,509	12,601,327
With donor restrictions (note 11)	9,811,488	4,504,716
Total net assets	21,321,997	17,106,043
Total liabilities and net assets	$ 22,033,335	$ 19,891,096

See accompanying notes to financial statements

THE HEAT AND WARMTH FUND
(A Nonprofit Organization)

STATEMENT OF ACTIVITIES
FIFTEEN MONTH PERIOD ENDED SEPTEMBER 30, 2025
WITH SUMMARIZED INFORMATION FOR THE YEAR ENDED JUNE 30, 2024

	Without Donor Restrictions	With Donor Restrictions	**15 Months Ended 2025**	**12 Months Ended 2024**
Revenue and support from operations				
Public and corporate support	$ 1,433,096	$ -	$ 1,433,096	$ 1,069,012
Other grant revenue	2,242,605	1,000,000	3,242,605	1,761,166
Federal grants	-	3,388,752	3,388,752	2,349,704
State of Michigan grants	284,099	14,620,000	14,904,099	6,320,622
Foundation grant and contribution support	253,578	2,225,974	2,479,552	1,122,353
Investment return, net of fees	114,701	-	114,701	171,871
Special events revenue	776,478	-	776,478	1,045,549
Miscellaneous income	15,899	-	15,899	14,984
In-kind contributions (note 5)	94,327	-	94,327	125,560
Total revenue and support from operations	5,214,783	21,234,726	26,449,509	13,980,821
Functional expenses				
Program services	18,573,239	-	18,573,239	11,617,184
Supporting services	3,660,316	-	3,660,316	2,476,186
Total functional expenses (note 1)	22,233,555	-	22,233,555	14,093,370
Release of net assets from restrictions	15,927,954	(15,927,954)	-	-
Change in net assets	(1,090,818)	5,306,772	4,215,954	(112,549)
Net assets - beginning	12,601,327	4,504,716	17,106,043	17,218,592
Net assets - ending	$ 11,510,509	$ 9,811,488	$ 21,321,997	$ 17,106,043

See accompanying notes to financial statements

THE HEAT AND WARMTH FUND
(A Nonprofit Organization)

STATEMENT OF FUNCTIONAL EXPENSES
FIFTEEN MONTH PERIOD ENDED SEPTEMBER 30, 2025
WITH SUMMARIZED INFORMATION FOR THE YEAR ENDED JUNE 30, 2024

		Supporting Services				
	Program Services	Management and General	Fundraising	Total Supporting Services	**15 Months Ended 2025**	**12 Months Ended 2024**
Assistance to individuals (note 6)	$ 14,628,356	$ -	$ -	$ -	$ 14,628,356	$ 8,678,258
Provision for credit losses	-	-	20,397	20,397	20,397	32,977
Bank fees	-	289	46,937	47,226	47,226	34,930
Contractual services	493,521	626,376	61,518	687,894	1,181,415	816,494
Depreciation and amortization	479,090	1,029	648	1,677	480,767	387,075
Dues and subscriptions	794	9,900	2,068	11,968	12,762	15,274
Equipment and software	132,616	34,484	6,384	40,868	173,484	113,306
In-kind expense (note 5)	-	-	94,327	94,327	94,327	125,560
Insurance	-	19,216	-	19,216	19,216	13,507
License and fees	4,435	10,002	(50)	9,952	14,387	2,120
Miscellaneous	31,684	10,226	3,004	13,230	44,914	37,498
Occupancy	225,001	87,654	33,931	121,585	346,586	271,758
Printing and postage	6,362	5,671	51,733	57,404	63,766	264,838
Professional development	273	9,652	4,755	14,407	14,680	18,858
Promotional	2,289	6,828	275,720	282,548	284,837	226,140
Salaries and fringe benefits	2,149,912	1,687,083	412,853	2,099,936	4,249,848	2,627,291
Supplies	155,559	14,886	4,425	19,311	174,870	13,695
Telephone	249,087	10,220	16,165	26,385	275,472	216,083
Travel and meetings	13,256	23,971	1,885	25,856	39,112	46,652
Web expense	1,004	26,498	39,631	66,129	67,133	151,056
Total functional expenses	$ 18,573,239	$ 2,583,985	$ 1,076,331	$ 3,660,316	$ 22,233,555	$ 14,093,370

See accompanying notes to financial statements

THE HEAT AND WARMTH FUND
(A Nonprofit Organization)

STATEMENT OF CASH FLOWS
FIFTEEN MONTH PERIOD ENDED SEPTEMBER 30, 2025
WITH COMPARATIVE INFORMATION FOR THE YEAR ENDED JUNE 30, 2024

	15 Months Ended 2025	12 Months Ended 2024
Cash flows from operating activities		
Change in net assets	$ 4,215,954	$ (112,549)
Adjustments		
Depreciation and amortization	480,767	387,075
Provision for credit losses	20,397	32,977
Net realized and unrealized loss/(gain) on investment	44,619	(114,287)
Decrease/(increase) in assets		
Grants receivable	(8,068,195)	86,430
Prepaid expenses and other current assets	(81,028)	(43,869)
Increase/(decrease) in liabilities		
Accounts payable	(78,528)	(322,577)
Right-of-use asset and liabilities, operating leases	(52,765)	(31,339)
Other liabilities	(67,496)	(50,972)
Accrued wages and other accrued liabilities	131,491	16,076
Deferred grant income	(1,783,267)	1,212,715
Total adjustments	(9,454,005)	1,172,229
Net cash provided from (used in) operating activities	(5,238,051)	1,059,680
Cash flows from investing activities		
Purchase of certificate of deposit	-	(2,000,000)
Proceeds from maturity of certificate of deposit	2,000,000	
Proceeds from sale of investments	3,155,751	250,000
Purchases of investments	(3,167,496)	(307,880)
Net cash provided from (used in) investing activities	1,988,255	(2,057,880)
Net decrease in cash and cash equivalents	(3,249,796)	(998,200)
Cash and cash equivalents - beginning	13,357,802	14,356,002
Cash and cash equivalents - ending	$ 10,108,006	$ 13,357,802

See accompanying notes to financial statements

THE HEAT AND WARMTH FUND
(A Nonprofit Organization)

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND JUNE 30, 2024

Note 1 – Nature of Activities and Significant Accounting Policies

Nature of Activities

The Heat and Warmth Fund (A Nonprofit Organization) (THAW" or "Organization") is a community organization that was established in December 1985 to provide utility assistance for Michigan residents in need. THAW currently provides assistance with heat, electricity and water. They also provide energy efficiency education and energy efficiency upgrades in the home, as well as case management and referral services to help stabilize and empower families with long-term solutions.

Basis of Presentation

The financial statements of the Organization have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America as applied to non-profit organizations. Under these principles, net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of THAW and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions

Net assets that are not subject to donor-imposed stipulations.

Net Assets With Donor Restrictions

Net assets subject to donor-imposed stipulations that may or will be met either by actions of THAW and/or the passage of time.

Change in Fiscal Year End

Effective during the period ended September 30, 2025, the Organization changed its fiscal year end from June 30 to September 30. The change was made to better align the Organization's external financial reporting period with its internal planning, budgeting and operational cycles.

As a result, the accompanying financial statements present the Organization's financial position as of September 30, 2025, and the related statements of activities, functional expenses, and cash flows for the fifteen month transition period then ended. Comparative amounts for the prior period reflect the twelve-month year ended June 30, 2024.

Because the current period reflects fifteen months of activity and the prior comparative period reflects twelve months, the information presented is not directly comparable. Accordingly, comparisons of revenues and support, expenses, changes in net assets, functional expense allocations, cash flows and other operating trends between periods should be made with appropriate consideration of the extended transition period.

Continued

Summarized Comparative Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles (GAAP). Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2024, from which the summarized information was derived.

Revenue Recognition

Revenue is recorded when earned as support without or with donor restrictions depending on the existence and/or nature of any donor restrictions. Payments under cost-reimbursable contracts are recognized in the period in which the related services are performed, or expenditures are incurred, respectively. Conditional promises to give are not recognized in the financial statements until the conditions are substantially met. Grant funding received in advance of conditions being met is recorded as deferred grant income. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in more than one year are recorded at fair value, which is measured at the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. All revenue is considered to be without donor restrictions unless specifically restricted by the funding source.

Support that is restricted by the funding source is reported as an increase in net assets with donor restrictions. When support is expended to satisfy the restricted purpose, net assets with donor restrictions are classified to net assets without donor restrictions. See Note 11 for the breakdown of net assets with donor restrictions.

Special event revenue is generated through ticket sales and sponsorship agreements associated with the event. Revenue is recognized upon the event occurring. Any revenues received in advance of the event are reported as deferred revenue.

Income Taxes

The Heat and Warmth Fund is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code.

The Organization's income tax filings are subject to audit by various taxing authorities. The Organization's open audit periods are 2021 - 2024.

Equipment, Software and Leasehold Improvements

Depreciation is provided over the estimated useful lives of the assets on the straight-line method. Donated equipment is stated at cost or approximate fair value at the date of donation. The Organization follows the practice of capitalizing all expenditures for equipment and software over $5,000. Leasehold improvements are depreciated over the lesser of the length of the related lease or their estimated useful life.

Continued

Estimates

The preparation of financial statements in conformity with GAAP 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.

Concentrations

THAW receives a substantial portion of its contributions from companies in the southeastern Michigan geographical region and from the State of Michigan. Revenue from the State of Michigan amounted to approximately 56% and 48% of total revenue for the fifteen month period ended September 30, 2025 and twelve month year ended June 30, 2024, respectively. At September 30, 2025 and June 30, 2024, grants receivable from the State of Michigan amounted to approximately 87% and 48% of the total grants receivable balance, respectively.

Cash and Cash Equivalents

For purposes of the statements of cash flows, cash equivalents include highly liquid investments with original maturities of three months or less. THAW places its temporary cash investments with high credit quality financial institutions. THAW's cash balance in excess of the FDIC insurance limit at September 30, 2025 and June 30, 2024 was $9,704,886 and $12,800,930, respectively. All cash and cash equivalents are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain cash and cash equivalents, it is at least reasonably possible that changes in the values of cash and cash equivalents could occur in the near term and that such changes could materially affect the amounts reported in the statements of financial position.

The Organization also maintains an investment account with a stock brokerage firm. The account contains cash and securities. Balances are insured up to $500,000, with a limit of $250,000 for cash in 2025 and 2024, by the Securities Investor Protection Corporation ("SIPC"). At September 30, 2025 and June 30, 2024, $784,515 and $817,388, respectively, were in excess of the SIPC insurance limit.

Non-Negotiable Certificates of Deposit

The Organization invested in non-negotiable certificates of deposit. The certificate of deposit matured on February 24, 2025. The certificate of deposit is recorded at cost.

Grants Receivable

Grants are recorded as receivable when earned. Revenue from conditional grant awards under expense reimbursement programs is recognized in the period during which the conditions are substantially met. In cases where the conditions are substantially met in advance of receiving the grant reimbursement, revenue and grants receivable are recorded. An allowance for uncollectible grant receivable is established based on a specific assessment of all amounts that remain unpaid following expected payment periods. The allowance for uncollectable grant receivables for the years ended September 30, 2025 and June 30, 2024 totaled $9,000 and $36,551, respectively.

Continued

Investment Securities

The Organization records investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statements of financial position. Net investment return/(loss) is reported in the statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

Fair Value Measurements

GAAP establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets and liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurement). The three levels of the fair value hierarchy under generally accepted accounting principles are described below:

Basis of Fair Value Measurements

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 – Quoted prices in markets that are not considered to be active or financial instruments for which all significant inputs are observable, either directly or indirectly.

Level 3 – Prices or valuations that require input that are both significant to the fair value measurement and unobservable.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to their fair value measurement. All mutual funds and debt securities are measured using Level 1 inputs.

Leases

The Organization recognizes right-of-use assets and lease liabilities for leases with terms greater than 12 months. Leases are classified as either finance or operating leases. This classification dictates whether lease expense is recognized based on an effective interest method (finance leases) or on a straight-line basis over the term of the lease (operating leases). The Organization's right-of-use assets and lease liabilities relate to its office facility. Renewal periods are included in the expected lease term if they are reasonably certain of being exercised.

Right-of-use assets and lease liabilities are recorded at the net present value of future lease payments and include any initial direct costs incurred at lease commencement. The Organization has elected to use a risk-free discount rate to determine the net present value of the lease when the rate implicit in the lease is not readily determinable. Right-of-use assets under finance leases are amortized over the life of the lease or, if shorter, the life of the leased asset, on a straight-line basis. Right-of-use assets under operating leases are reduced as lease expense is incurred.

Continued

Short-term leases (initial terms less than 12 months) are expensed on a straight-line basis over the lease term.

Related Party Transactions

Certain members of the Organization's Board of Directors are employed by utility companies for which the Organization remits direct assist payments for individuals in need. See Note 6 for a schedule of assistance payment made for the fifteen month period ended September 30, 2025 and twelve month year ended June 30, 2024.

Intangible Assets

Intangible assets are evaluated whenever events or changes in circumstances indicate that the carry value of the asset may be impaired. The intangible assets will be amortized utilizing a straight-line method over the length of the contract.

Allocation of Functional Expenses

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. As a result, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include space rental and depreciation, which are allocated on a budgeted head count allocation basis. Salaries and related expenses are allocated on the basis of the actual or estimated time devoted to those activities. All other expenses have been allocated on the basis of actual or estimates of time and effort attributable to the program or supporting function, as determined by management.

Expenses reported under program services represent the cost of providing energy assistance, energy efficiency activities, case management, and referral services. Expenses reported under supporting services include costs relating to the operations of the Organization, general recordkeeping, accounting, general board activities, fundraising and other related costs. The salaries and expenses of the Chief Executive Officer, Chief Operating Officer, and Chief Administrative Officer are allocated to program services for time spent directly supervising program activities.

Reclassification

Certain items contained within the 2024 financial statements have been reclassified to conform to the current reporting period. There was no effect on total assets, liabilities, or net assets as a result of the reclassifications.

Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including June 16, 2026, which is the date the financial statements were available to be issued.

Continued

Note 2 – Investment Securities

The following tables presents assets measured at fair value on a recurring basis, except those measured at cost as identified in the following as of September 30, 2024 and June 30, 2024:

	As of September 30, 2025			
	Fair Value Based on			
	Total	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Trading debt securities	$ 1,284,515	$ 1,234,413	$ 50,102	$ -

	As of June 30, 2024			
	Fair Value Based on			
	Total	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Mutual funds	$ 960,493	$ 960,493	$ -	$ -
Trading debt securities	356,895	282,529	74,366	-
	$ 1,317,388	$ 1,243,022	$ 74,366	$ -

For the above mutual funds and debt securities, the fair value was determined by reference to quoted market prices in active markets (Level 1) and other relevant information generated by market transactions. Level 2 investments consist of financial instruments valued using significant inputs that are observable in the marketplace, either directly or indirectly, but are not quoted prices for identical assets in active markets.

A summary of investment earnings included in the change in net assets in the accompanying statements of activities is as follows:

	15 Months Ended 2025	12 Months Ended 2024
Net realized and unrealized gains (loss)	$ (44,619)	$ 114,287
Dividends and interest	56,325	63,009
Investment fees	(7,506)	(5,425)
Total	$ 4,200	$ 171,871

Continued

Note 3 – Equipment, Software and Leasehold Improvements

The principal categories of equipment, software and leasehold improvements as of September 30, 2025 and June 30, 2024 may be summarized as follows:

	2025	2024
Leasehold improvements	$ 498,932	$ 498,932
Office equipment	150,473	150,473
Software - other	1,646,810	1,646,810
Web-based system	190,220	190,220
TSN 2 web database	308,220	308,220
Total cost	2,794,655	2,794,655
Less accumulated depreciation	(1,956,798)	(1,543,682)
Total undepreciated cost	$ 837,857	$ 1,250,973

Note 4 – Line-of-Credit

THAW has an unsecured revolving line-of-credit of $100,000 with a bank bearing interest at prime plus 2%. At September 30, 2025 and June 30, 2024, there were no borrowings on the line-of-credit.

Note 5 – Contributions of Nonfinancial Assets

The Organization recognizes contribution revenue for certain services received at the estimated fair value of those services, provided those services create or enhance nonfinancial assets or require specialized skills, which are provided by individuals possessing those skills and would typically need to be purchased.

A substantial number of volunteers have donated time to the Organization. The value of these services is not reflected in the financial statements because the services are not recordable under accounting principles generally accepted in the United States of America. During the fifteen month period ended September 30, 2025 and twelve month year ended June 30, 2024, volunteers donated 536 and 418 hours, respectively, to the Organization.

The Organization recognized contributed nonfinancial assets within revenue including household goods, entertainment packages, advertising, smoke detectors and gift cards.

Continued

For the fifteen month period ended September 30, 2025 and twelve month year ended June 30, 2024, contributed nonfinancial assets recognized within the statements of activities include:

	15 Months Ended 2025	12 Months Ended 2024
Items provided for special event auction lots	$ 94,327	$ 25,560
Donated smoke detectors	-	100,000
Total	$ 94,327	$ 125,560

The items were recorded at the donor stated value at the time of donation, which is their assessment for the fair market value.

There were no donor-imposed restrictions on contributions of nonfinancial assets.

Note 6 – Assistance to Individuals

Assistance to individuals included in program expenses was provided in the form of direct payments for the fifteen month period ended September 30, 2025 and twelve month year ended June 30, 2024 are as follows:

	15 Months Ended 2025	12 Months Ended 2024
DTE Energy	$ 6,619,270	$ 4,907,345
Consumers Energy	2,821,926	558,797
S.E.M.C.O. Energy	349,135	250,318
Energy efficiency assistance and education programs	1,637,019	1,320,985
Other fuel	56,704	29,748
Water assistance	2,166,223	1,611,065
Home assistance	973,000	-
DMCM-Kellogg	5,079	-
Total assistance to individuals	$ 14,628,356	$ 8,678,258

Continued

Note 7 – Intangible Assets

Intangible assets consist of the following at September 30, 2025 and June 30, 2024:

	2025	2024
Software licenses	$ 213,238	$ 213,238
Accumulated amortization	(135,992)	(68,340)
Net intangible assets	$ 77,246	$ 144,898

Amortization expense for the fifteen month period ended September 30, 2025 and twelve month year ended June 30, 2024 was $67,653 and $54,122, respectively.

The amortization expense to be incurred for the two years ending September 30, 2027 is as follows:

2026	$ 54,122
2027	23,124

Note 8 – Other Liabilities

In connection with Note 7, the Organization executed various license agreements for cloud-based computer software under long-term noncancellable contracts that expire in February 2027. The Organization will pay monthly fees ranging from $650 to $2,449.

The following is a schedule by years of approximate future minimum payments required under the contract in excess of one year as of September 30, 2025:

Year Ending September 30th	
2026	$ 60,156
2027	25,065
Total minimum contract payments	85,221
Less: imputed interest	(3,254)
Present value of future contract payments	$ 81,967

Continued

Note 9 – Operating Leases

The Organization leases its office space under a long-term, noncancellable operating lease that expires April 2026 and requires monthly payments of approximately from $19,551. The Organization also leases its phone equipment, postage machine and copier under a short-term lease.

The Organization's lease expense consists of the following for the fifteen month period ended September 30, 2025 and twelve month year ended June 30, 2024:

	15 Months Ended 2025	12 Months Ended 2024
Operating lease cost	$ 232,730	$ 186,184
Short-term lease cost	10,708	9,648
Total	$ 243,438	$ 195,832

Supplemental lease information is as follows for the fifteen month period ended September 30, 2025 and twelve month year ended June 30, 2024:

	15 Months Ended 2025	12 Months Ended 2024
Cash paid for amounts included in measurement of lease liability:		
Operating cash flows from operating lease	$ 285,495	$ 217,524
Weighted-average remaining lease term (years) - operating lease	0.58	1.83
Weighted-average discount rate - operating lease	2.88%	2.88%

Future minimum annual payments expected under this lease are as follows:

Year Ending September 30th	
2026 minimum lease payments	$ 136,855
Less: imputed interest	(979)
Present value of lease liability	$ 135,876

Continued

Subsequent to year end, the Organization executed a new lease agreement for office space that will be accounted for under ASC 842. Based on the terms of the agreement, management estimates that, upon lease commencement, the Organization will recognize a right-of-use asset and corresponding lease liability of approximately $2,150,000. In connection with this lease, the Organization received leasehold incentives from the landlord of approximately $492,000 related to the buildout of the leased premises. In accordance with ASC 842, the leasehold incentives will be recorded as a reduction of the right-of-use asset and amortized over the lease term.

Note 10 – Pension Plan

THAW offers a simple IRA account. Contributions to these accounts amounted to $45,786 and $44,887 for the fifteen month period ended September 30, 2025 and twelve month year ended June 30, 2024, respectively.

Note 11 – Net Assets With Donor Restrictions

Net assets with donor restrictions consist of the following as of September 30, 2025 and June 30, 2024:

	2025	2024
State of Michigan	$ 8,160,000	$ 1,636,046
DTE Energy	500,000	-
DTE Energy Foundation	-	33,849
DTE Gas	242,324	1,077,739
Max Fisher Foundation	-	263,054
Consumers Energy	224,294	970,724
S.E.M.C.O. Energy	29,763	34,711
Detroit Home Repair Fund	239,882	119,925
United Way	2,476	2,476
Kresge Power Outage	3,800	3,800
W.K. Kellogg Foundation	408,949	362,392
Total	$ 9,811,488	$ 4,504,716

Continued

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

	2025	2024
Subject to expenditures for specified purpose		
Direct assistance to clients	$ 7,214,439	$ 3,173,526
Direct assistance to clients - Brightmoor area	-	263,054
Direct assistance to clients - Detroit area	192,711	-
Other direct expenses - staffing, contractors	1,034,720	-
Administration	1,369,618	1,068,136
Total	$ 9,811,488	$ 4,504,716

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the fifteen month period ended September 30, 2025 and twelve month year ended June 30, 2024:

	15 Months Ended 2025	12 Months Ended 2024
Satisfaction of purpose restrictions		
Direct assistance and administration		
Direct assistance	$ 13,042,680	$ 7,883,502
Direct assistance - Brightmoor	324,334	70,371
Direct assistance - Detroit	348,268	-
Administration	2,212,672	2,316,948
Total	$ 15,927,954	$ 10,270,821

Continued

Note 12 – Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

	2025	2024
Total current assets	$ 21,010,604	$ 18,164,447
Less those unavailable for general expenditure within one year, due to		
Restricted by donor with time or purpose restrictions	(9,811,488)	(4,504,716)
Less prepaid expenses	(184,933)	(74,405)
Total	$ 11,014,183	$ 13,585,326

Financial assets in the amount of $11,014,183 are available for general expenditure without donor or other restrictions limiting their use for the year ended September 30, 2025. If funds to cover the cost of current liabilities are backed out, a net amount of $10,327,585 is available. The Organization invests cash in excess of daily requirements in short-term investments, certificates of deposits, and money market funds to manage their liquidity. These short-term investments could be sold if additional liquid assets were needed. Additionally, the Organization has an unused line-of-credit in the amount of $100,000 that could be drawn on if needed.

SUPPLEMENTARY INFORMATION

THE HEAT AND WARMTH FUND
(A Nonprofit Organization)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FIFTEEN MONTH PERIOD ENDED SEPTEMBER 30, 2025

Federal Agency/Pass-Through Agency Program Title	Federal Assistance Listings Number	Award Amount	Passed Through to Subrecipients	Expenditures
U.S. Department of Treasury				
Passed Through the Michigan State Housing Development Authority				
COVID 19 -- Coronavirus State and Local Fiscal Recovery Funds	21.027			
March 1, 2023 thru April 30, 2026 (ARP-2022-9994-MIH)		$ 5,000,000	$ -	$ 2,823,984
U.S. Department of Energy				
Passed Through the Michigan Dept of Environment, Great Lakes				
and Energy State Energy Program	81.041			
October 1, 2024 thru August 31, 2026 (MEO-24-080)		100,000	-	7,890
U.S. Department of Health and Human Services				
Passed Through the State of Michigan Public Service Commission				
Low-Income Home Energy Assistance Program	93.568			
October 1, 2023 - September 30, 2024 (PSC-24-05)		340,000	-	216,878
October 1, 2024 - September 30, 2025 (PSC-25-05)		340,000	-	340,000
Total Low-Income Home Energy Assistance Program		680,000	-	556,878
Total Federal Financial Assistance		$ 5,780,000	$ -	$ 3,388,752

See accompanying notes to schedule of expenditures of federal awards

THE HEAT AND WARMTH FUND
(A Nonprofit Organization)

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
SEPTEMBER 30, 2025

Note A – Summary of Significant Accounting Policies

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of The Heat and Warmth Fund (A Nonprofit Organization) under programs of the federal government for the fifteen month period ended September 30, 2025. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of The Heat and Warmth Fund (A Nonprofit Organization), it is not intended to and does not present the financial position, changes in net assets, or cash flows of The Heat and Warmth Fund (A Nonprofit Organization).

Note B – Basis of Accounting

Expenditures reported on the Schedule of Expenditures of Federal Awards are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Heat and Warmth Fund (A Nonprofit Organization) has elected not to use the 10% de minimus indirect cost rate as allowed under the Uniform Guidance.

Note C – Major Programs

Major programs are identified in the Summary Auditor's Results section of the Schedule of Findings and Questioned Costs.