

OPERATION FUEL, INC.

June 30, 2022 and 2021
Independent Auditors' Report

- I. Financial Statements
- II. Reports in Accordance with
Government Auditing Standards
- III. Reports in Accordance with State
Single Audit Act



OPERATION FUEL, INC.

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June 30, 2022 and 2021

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Operation Fuel, Inc.

Report on the Audit of the Financial Statements

Opinion

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Operation Fuel, Inc. as of June 30, 2022 **and 2021**, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization 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 the Operation Fuel, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' 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 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, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards 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 Operation Fuel, 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 the Operation Fuel, 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.

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 state financial assistance, as required by the State Single Audit Act, is presented for purposes of additional analysis and 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 state financial assistance 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 November 7, 2022, on our consideration of Operation Fuel, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and 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 Operation Fuel, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Operation Fuel, Inc.'s internal control over financial reporting and compliance.



Hartford, Connecticut
November 7, 2022

I. FINANCIAL STATEMENTS

OPERATION FUEL, INC.

Statements of Financial Position

June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,019,909	\$ 1,086,792
Marketable securities	1,680,867	1,824,995
Accounts and grants receivable	17,882	-
Prepaid expenses	44,196	2,975
Security deposit	<u>3,341</u>	<u>3,341</u>
Total current assets	2,766,195	2,918,103
Property and equipment, net	<u>35,781</u>	<u>51,626</u>
Total assets	<u><u>\$ 2,801,976</u></u>	<u><u>\$ 2,969,729</u></u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued liabilities	<u>\$ 104,990</u>	<u>\$ 101,115</u>
Total current liabilities	104,990	101,115
Charitable gift annuity payment liability	<u>5,794</u>	<u>4,099</u>
Total liabilities	<u>110,784</u>	<u>105,214</u>
Net assets:		
Without donor restrictions	2,494,674	2,718,932
With donor restrictions	<u>196,518</u>	<u>145,583</u>
Total net assets	<u>2,691,192</u>	<u>2,864,515</u>
Total liabilities and net assets	<u><u>\$ 2,801,976</u></u>	<u><u>\$ 2,969,729</u></u>

The accompanying notes are an integral part of the financial statements.

OPERATION FUEL, INC.

Statements of Activities

For the years ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Change in net assets without donor restrictions:		
Operating revenues and support:		
Government grants	\$ 2,100,000	\$ 2,100,000
Other grants and contributions	4,293,319	2,676,877
Investment return	(145,009)	185,940
Net assets released from restrictions	348,731	111,599
Total operating revenues and support	<u>6,597,042</u>	<u>5,074,416</u>
Operating expenses:		
Fuel assistance programs	6,244,144	4,251,474
Management and general	266,902	146,938
Fundraising	310,254	297,974
Total operating expenses	<u>6,821,300</u>	<u>4,696,386</u>
Change in operating net assets without donor restrictions	(224,258)	378,030
Other changes in net assets without donor restrictions:		
Paycheck Protection Program income	-	100,000
Loss on disposal of fixed assets	-	(37,448)
Change in net assets without donor restrictions	<u>(224,258)</u>	<u>440,582</u>
Change in net assets with donor restrictions:		
Grants and contributions	399,667	108,000
Net assets released from restrictions	(348,731)	(111,599)
Change in net assets with donor restrictions	<u>50,935</u>	<u>(3,599)</u>
Total change in net assets	(173,323)	436,983
Net assets, beginning of year	<u>2,864,515</u>	<u>2,427,532</u>
Net assets, end of year	<u>\$ 2,691,192</u>	<u>\$ 2,864,515</u>

The accompanying notes are an integral part of the financial statements.

OPERATION FUEL, INC.

Statements of Functional Expenses

For the years ended June 30, 2022 and 2021

	2022			
	Fuel Assistance Programs	Management And General	Fundraising	Total
Energy grants	\$ 5,183,814	\$ -	\$ -	\$ 5,183,814
Operating support for fuel banks	227,245	-	-	227,245
Wages and fringe benefits	584,945	175,484	214,480	974,909
Professional fees	110,434	40,686	42,624	193,744
Occupancy	29,350	10,813	11,328	51,491
Other	5,198	1,915	2,006	9,119
Printing and publications	66,596	24,536	25,704	116,836
Membership dues and fees	5,902	2,174	2,278	10,354
Conferences and meetings	11,477	4,228	4,430	20,135
Office expenses	1,660	611	641	2,912
Consumable supplies	7,047	2,596	2,720	12,363
Depreciation	10,476	3,859	4,043	18,378
	\$ 6,244,144	\$ 266,902	\$ 310,254	\$ 6,821,300
	2021			
	Fuel Assistance Programs	Management And General	Fundraising	Total
Energy grants	\$ 3,334,592	\$ -	\$ -	\$ 3,334,592
Operating support for fuel banks	216,238	-	-	216,238
Wages and fringe benefits	521,022	80,445	226,798	828,265
Professional fees	84,244	31,037	32,515	147,796
Special events	479	-	1,516	1,995
Occupancy	31,515	11,611	12,164	55,290
Other	5,848	2,647	2,773	11,268
Printing and publications	33,502	12,343	12,931	58,776
Membership dues and fees	1,657	610	640	2,907
Conferences and meetings	2,255	831	870	3,956
Office expenses	1,754	646	677	3,077
Postage	-	-	-	-
Consumable supplies	5,857	2,158	2,261	10,276
Depreciation	7,941	2,926	3,065	13,932
Travel	-	-	-	-
Equipment rental and maintenance	4,570	1,684	1,764	8,018
	\$ 4,251,474	\$ 146,938	\$ 297,974	\$ 4,696,386

The accompanying notes are an integral part of the financial statements.

OPERATION FUEL, INC.

Statements of Cash Flows

For the years ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Change in net assets	\$ (173,323)	\$ 436,983
Adjustments to reconcile change in net assets to net change in cash from operating activities:		
Depreciation	18,378	13,932
Unrealized (gains)/losses on investments	155,340	(168,252)
Loss on disposal of property and equipment	-	37,448
Changes in assets and liabilities:		
Accounts and grants receivable	(17,882)	21,000
Prepaid expenses	(41,221)	30,986
Accounts payable and accrued liabilities	3,875	(96,431)
Refundable advance - Paycheck Protection Program	-	(100,000)
Charitable gift annuity payment liability	1,695	(1,331)
Net change in cash from operating activities	<u>(53,138)</u>	<u>174,335</u>
Cash flows from investing activities:		
Purchases of investments, net of proceeds from sales of investments	(13,745)	(432,944)
Purchases of property and equipment	-	(28,502)
Net change in cash from investing activities	<u>(13,745)</u>	<u>(461,446)</u>
Net change in cash and cash equivalents	(66,883)	(287,111)
Cash and cash equivalents, beginning of year	<u>1,086,792</u>	<u>1,373,903</u>
Cash and cash equivalents, end of year	<u>\$ 1,019,909</u>	<u>\$ 1,086,792</u>

The accompanying notes are an integral part of the financial statements.

OPERATION FUEL, INC.

Notes to Financial Statements

June 30, 2022 and 2021

NOTE 1 - PURPOSE OF ORGANIZATION:

Operation Fuel, Inc., a nonprofit organization, was initiated by private sector constituencies to respond to the needs of people within the State of Connecticut, who are unable to pay for their home energy costs and who are not eligible for governmental assistance. On December 26, 1988, Operation Fuel, Inc. became incorporated in the State of Connecticut.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Basis of Accounting

The financial statements have been prepared on the accrual basis.

Financial Statement Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 958 Not-for-Profit Entities: *Presentation of Financial Statements*, in which the Partnership is required to report information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions as follows:

Net assets without donor restrictions – consist of resources over which the Board of Directors has discretionary control to use in carrying on the general operations of Operation Fuel, Inc.

Net assets with donor restrictions – consist of contributions and other inflows of assets whose use by Operation Fuel, Inc. is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of Operation Fuel, Inc. pursuant to those stipulations.

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 liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Functional Expense Allocation

The costs of providing program and other activities have been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated among program services and supporting services benefited. Such allocations are determined by management on an equitable basis and are based on time and effort.

Cash and Cash Equivalents

Included as cash equivalents are all highly liquid investments with an original maturity of three months or less. Operation Fuel Inc.’s cash and cash equivalents consist of interest-bearing checking accounts and money market accounts.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Fair Value Measurements

Operation Fuel, Inc. follows the accounting principles set forth in the topic, "*Fair Value Measurements*" of the FASB Accounting Standards Codification. This topic defines fair value and establishes a framework for measuring fair value in accounting principles generally accepted in the United States of America. This topic defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. This topic also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. Three levels of inputs that may be used to measure fair values:

- Level 1 - Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.
- Level 2 - Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.
- Level 3 - Significant unobservable inputs that reflect Operation Fuel, Inc.'s own assumptions about the assumptions that market participants would use in pricing an asset or liability.

Valuation techniques based on unobservable inputs are highly subjective and require judgments regarding significant matters, such as the amount and timing of future cash flows and the selection of discount rates that may appropriately reflect market and credit risks. Changes in these judgments often have a material impact on the fair value estimates. In addition, since these estimates are as of a specific point in time they are susceptible to material near-term changes.

Accounts and Grants Receivable

Accounts and grants receivable are comprised primarily of amounts due from utility companies. Receivables are recorded by management at their estimated collectible amounts. Management believes all amounts are fully collectible at year end.

Property and Equipment

Property and equipment is recorded at cost. The straight-line method of computing depreciation has been applied over the assets' useful lives of 3-10 years.

Income Taxes

Operation Fuel, Inc. is a nonprofit organization and is exempt from federal and state income taxes on exempt function income under Section 501(c)(3) of the Internal Revenue Code.

Grants and Contracts

Operation Fuel, Inc. receives grant and contract funding from various federal and state governments to provide a variety of program services to the public based on certain performance requirements included in the agreement, and the incurrence of allowable qualifying expenses and other requirements. Such government grants and contracts are nonreciprocal transactions and include conditions stipulated by the government agencies and are therefore accounted for as conditional contributions. Public support is recognized as revenue when conditions are satisfied, typically when Operation Fuel has incurred expenditures in compliance with specific contract or grant provisions.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Contributions

Contributions are defined as voluntary, nonreciprocal transfers.

Unrestricted and unconditional contributions are recognized as support when received or pledged, if applicable. Contributions are reported as net assets with donor restrictions if they are received with donor stipulations that limit their use. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net asset with donor restrictions are released to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Donor restricted contributions that are received and released in the same period are presented without donor restrictions. Conditional gifts, with a measurable performance or other barrier and right of return, are not recognized until the conditions on which they depend are substantially met or explicitly waived by the donor.

Concentration of Risk

Operation Fuel, Inc. maintains its cash in bank deposit accounts at various financial institutions which, at times, may exceed federally insured limits. Operation Fuel, Inc. has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk.

Subsequent Events

Operation Fuel, Inc. monitored and evaluated any subsequent events for footnote disclosures or adjustments required in its financial statements for June 30, 2022 through November 7, 2022, the date on which financial statements were available to be issued.

NOTE 3 - INVESTMENTS:

Investments measured at fair value on a recurring basis consist of the following at June 30,:

	<u>2022</u>	<u>2021</u>
Cash and equivalents	\$ 695,885	\$ 693,202
Equities	171,815	235,396
Mutual funds	812,052	896,178
Accrued interest	1,115	219
	<u>\$ 1,680,867</u>	<u>\$ 1,824,995</u>

All investments are valued using Level 1 inputs.

Investment return for the years ended June 30, 2022 and 2021, consists of \$18,907 and \$17,967 of interest income net of investment fees, and \$(155,340) and \$168,252 of unrealized gains/(losses), respectively.

NOTE 4 - RETIREMENT PLAN:

Operation Fuel, Inc. has a defined contribution retirement plan that covers substantially all employees. Operation Fuel, Inc. provides a contribution of 2 percent to all employees and an additional matching contribution up to 2 percent for participating employees. Retirement expense for the years ended June 30, 2022 and 2021 was \$29,116 and \$24,314, respectively.

NOTE 5 - LIQUIDITY AND AVAILABILITY OF RESOURCES:

Operation Fuel, Inc.'s financial assets available to meet cash needs for general expenditures within one year of June 30, 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 1,019,909	\$ 1,086,792
Marketable securities	1,680,867	1,824,995
Accounts and grants receivable	17,882	-
Total financial assets	<u>2,718,658</u>	<u>2,911,787</u>
Less:		
Amounts unavailable for general expenditures		
Net assets with donor restrictions	<u>196,518</u>	<u>145,583</u>
Total financial assets available to meet cash needs for general expenditures within one year	<u>\$ 2,522,140</u>	<u>\$ 2,766,204</u>

Operation Fuel, Inc. maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations become due.

NOTE 6 - PROPERTY AND EQUIPMENT:

At June 30, 2022 and 2021, property and equipment is made up of the following:

	<u>2022</u>	<u>2021</u>
Property and equipment	\$ 267,837	\$ 267,836
Accumulated depreciation	(232,056)	(216,210)
	<u>\$ 35,781</u>	<u>\$ 51,626</u>

NOTE 7 - CHARITABLE GIFT ANNUITY:

Operation Fuel, Inc. has a charitable gift annuity. Payments are made to the donor in accordance with the agreement. The net present value of payments to the beneficiary under this agreement is calculated using a discount rate of 4.25%. As of June 30, 2022 and 2021, the liability pertaining to the annuity was \$5,794 and \$4,009, respectively.

NOTE 8 - OPERATING LEASES:

Effective June 1, 2019, Operation Fuel, Inc. renewed a 5-year lease for office space in Hartford, Connecticut. Monthly installments are \$3,545. Rent expense for the years ended June 30, 2022 and 2021 was \$42,685 and \$45,516, respectively.

NOTE 8 - OPERATING LEASES (CONTINUED):

The following is a schedule of future minimum rental payments required under operating leases for the years ending June 30,:

2023	\$	43,392
2024		<u>44,244</u>
	\$	<u><u>87,636</u></u>

NOTE 9 - NET ASSETS WITH DONOR RESTRICTIONS:

The following net assets are donor restricted for the following purposes:

Purpose restricted:	<u>2022</u>	<u>2021</u>
Energy Assistance	<u>\$ 196,518</u>	<u>\$ 145,583</u>
	<u><u>\$ 196,518</u></u>	<u><u>\$ 145,583</u></u>

Net assets with donor restrictions were released by incurring expenses satisfying the purpose or time restrictions as follows:

	<u>2022</u>	<u>2021</u>
Energy Assistance	<u>\$ 348,731</u>	<u>\$ 111,599</u>
	<u><u>\$ 348,731</u></u>	<u><u>\$ 111,599</u></u>

**II. REPORTS IN ACCORDANCE WITH
*GOVERNMENT AUDITING STANDARDS***

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

To the Board of Directors
Operation Fuel, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Operation Fuel, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 7, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Operation Fuel, Inc.'s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Operation Fuel, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Operation Fuel, Inc.'s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the organization's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Operation Fuel, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Operation Fuel, Inc.'s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Operation Fuel, Inc.'s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Whittlesey PC". The signature is written in a cursive, flowing style.

Hartford, Connecticut
November 7, 2022

III. REPORTS IN ACCORDANCE WITH STATE SINGLE AUDIT ACT

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH
MAJOR STATE PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE STATE SINGLE AUDIT ACT

To the Board of Directors
Operation Fuel, Inc.

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

We have audited Operation Fuel, Inc.'s compliance with the types of compliance requirements described in the Office of Policy and Management's *Compliance Supplement* that could have a direct and material effect on each of Operation Fuel, Inc.'s major state programs for the year ended June 30, 2022. Operation Fuel, Inc.'s major state program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Operation Fuel, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state program for the year ended June 30, 2022.

Basis for Opinion on Each Major State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the State Single Audit Act (C.G.S. Sections 4-230 to 4-236). Our responsibilities under those standards and the State Single Audit Act are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Operation Fuel, Inc. and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major state program. Our audit does not provide a legal determination of Operation Fuel, Inc.'s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, regulations, rules, and provisions of contracts or grant agreements applicable to Operation Fuel, Inc.'s state programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Operation Fuel, Inc.'s compliance based on our audit. 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, Government Auditing Standards, and the State Single Audit Act will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery,

intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Operation Fuel, Inc.'s compliance with the requirements of the major state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the State Single Audit Act, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Operation Fuel, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Operation Fuel's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the State Single Audit Act, but not for the purpose of expressing an opinion on the effectiveness of Operation Fuel, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the State Single Audit Act. Accordingly, this report is not suitable for any other purpose.

Whittlesey PC

Hartford, Connecticut
November 7, 2022

OPERATION FUEL, INC.

Schedule of Expenditures of State Financial Assistance

For the year ended June 30, 2022

<u>State Grantor Pass-through Grantor Program Title</u>	<u>State Grant Program Core-CT Number</u>	<u>Passed through to Subrecipients</u>	<u>Expenditures</u>
Department of Energy and Environmental Protection			
Emergency Home Energy Assistance Program	12060-DEP44720-35487	\$ -	\$ 2,100,000
Total state financial assistance		<u>\$ -</u>	<u>\$ 2,100,000</u>

See Note to Schedule of Expenditures of State Financial Assistance.

OPERATION FUEL, INC.

Notes to Schedule of Expenditures of State Financial Assistance

For the year ended June 30, 2022

The accompanying Schedule of Expenditures of State Financial Assistance includes the state grant activity of Operation Fuel, Inc. under programs of the State of Connecticut for the fiscal year ended June 30, 2022. The Department of Energy and Environmental Protection of the State of Connecticut has provided financial assistance through grants and other authorizations in accordance with the General Statutes of the State of Connecticut. These financial assistance programs fund the Emergency Home Energy Assistance Program.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The accounting policies of Operation Fuel, Inc. conform to accounting principles generally accepted in the United States of America as applicable to not-for-profit organizations.

The information in the Schedule of Expenditures of State Financial Assistance is presented based upon regulations established by the State of Connecticut, Office of Policy and Management.

NOTE 2 - BASIS OF ACCOUNTING

The expenditures reported on the Schedule of Expenditures of State Financial Assistance are reported on the accrual basis of accounting. In accordance with Section 4-236-22 of the Regulations to the State Single Audit Act, certain grants are not dependent on expenditure activity, and accordingly, are considered to be expended in the fiscal year of receipt. These grant program receipts are reflected in the expenditures column of the Schedule of Expenditures of State Financial Assistance.

OPERATION FUEL, INC.

Schedule of Findings and Questioned Costs

For the year ended June 30, 2022

I. SUMMARY OF AUDITORS' RESULTS:

Financial Statements

Type of auditors' opinion issued: *Unmodified*

Internal control over financial reporting:

- Material weakness(es) identified? _____ yes X no
- Significant deficiency(s) identified? _____ yes X none reported

Noncompliance material to financial statements noted? _____ yes X no

State Financial Assistance

Internal control over major programs:

- Material weakness(es) identified? _____ yes X no
- Significant deficiency(ies) identified? _____ yes X none reported

Type of auditors' opinion issued on compliance for major programs: *Unmodified*

Any audit findings disclosed that are required to be reported in accordance with Section 4-236-24 of the Regulations to the State Single Audit Act? _____ yes X no

The following schedule reflects the major programs included in the audit:

State Grantor and Program	State Core-CT Number	Expenditures
Department of Energy and Environmental Protection		
Emergency Home Energy Assistance Program	12060-DEP44720-35487	\$ 2,100,000
Dollar threshold used to distinguish between type A and type B programs		<u> \$ 200,000</u>

OPERATION FUEL, INC.

Schedule of Findings and Questioned Costs (Continued)

For the year ended June 30, 2022

II. Financial Statement Findings:

No matters were reported.

III. State Financial Assistance Findings and Questioned Costs:

No matters were reported.

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