

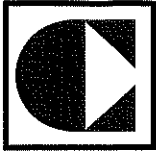
FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT

OIL CHANGE INTERNATIONAL, INC.

June 30, 2019
(with summarized financial information
for the year ended June 30, 2018)

TABLE OF CONTENTS

	PAGE
INDEPENDENT AUDITOR'S REPORT	1-2
FINANCIAL STATEMENTS	
Balance Sheets	3
Statement of Activities (with summarized totals for the year ended June 30, 2018)	4
Statement of Functional Expenses (with summarized totals for the year ended June 30, 2018)	5
Statements of Cash Flows	6
Notes to Financial Statements	7



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Oil Change International, Inc.

We have audited the accompanying financial statements of Oil Change International, Inc. (a nonprofit organization), which comprise the balance sheet as of June 30, 2019 and the related statements of activities, cash flows and functional expenses for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we not express such an opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Oil Change International, Inc. as of June 30, 2019 and the changes in its net assets and its functional expenses and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Oil Change International, Inc.'s June 30, 2018 financial statements, and our report dated February 21, 2019, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Alexandria, Virginia
March 12, 2020

Douglas Coey & Associates, P.C.

Oil Change International, Inc.

Balance Sheets

June 30, 2019 and 2018

(See Independent Auditor's Report and notes to financial statements)

	2019	2018
Current Assets		
Cash	\$ 809,872	\$ 198,149
Contributions receivable	461,870	676,059
Prepaid expenses and other current assets	<u>93,141</u>	<u>7,528</u>
Total current assets	1,364,883	881,736
Property and equipment	45,023	41,359
Less: accumulated depreciation	<u>(34,075)</u>	<u>(26,320)</u>
	10,948	15,039
Security deposit	<u>8,400</u>	<u>8,400</u>
	<u><u>\$ 1,384,231</u></u>	<u><u>\$ 905,175</u></u>
 Liabilities and Net Assets 		
Current Liabilities		
Accounts payable	\$ 57,187	\$ 46,987
Withholding payable	123	552
Pass through grants payable	<u>-</u>	<u>120,000</u>
Total current liabilities	57,310	167,539
Net Assets		
Net assets without donor restrictions	354,338	22,088
Net assets with donor restrictions	<u>972,583</u>	<u>715,548</u>
	<u><u>1,326,921</u></u>	<u><u>737,636</u></u>
	<u><u>\$ 1,384,231</u></u>	<u><u>\$ 905,175</u></u>

Oil Change International, Inc.
Statement of Activities
For the year ended June 30, 2019
(with summarized totals for the year ended June 30, 2018)
(See Independent Auditor's Report and notes to financial statements)

	<u>Without donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2019 Total</u>	<u>2018 Total</u>
Revenues and other Support:				
Grants	\$ 741,700	\$ 2,343,965	\$ 3,085,665	\$ 1,537,713
Contributions	132,108	-	132,108	176,720
Sublease income	28,350	-	28,350	16,300
Reimbursements	90,967	-	90,967	52,244
Contract income	-	-	-	11,796
Other income	3,205	-	3,205	385
Gain on fixed asset sale	-	-	-	885
Interest	89	-	89	114
Net assets released from restriction				
Satisfaction of program restrictions	<u>2,086,930</u>	<u>(2,086,930)</u>	<u>-</u>	<u>-</u>
	3,083,349	257,035	3,340,384	1,796,157
Expenses:				
Program Services	2,402,574	-	2,402,574	2,187,152
Supporting Services				
Fundraising	158,519	-	158,519	164,127
Management and general	<u>190,006</u>	<u>-</u>	<u>190,006</u>	<u>157,887</u>
Total expenses	<u>2,751,099</u>	<u>-</u>	<u>2,751,099</u>	<u>2,509,166</u>
Change in Net Assets	332,250	257,035	589,285	(713,009)
Net Assets, beginning of year	<u>22,088</u>	<u>715,548</u>	<u>737,636</u>	<u>1,450,645</u>
Net Assets, end of year	<u>\$ 354,338</u>	<u>\$ 972,583</u>	<u>\$ 1,326,921</u>	<u>\$ 737,636</u>

Oil Change International, Inc.
Statement of Functional Expenses
For the year ended June 30, 2019

(with summarized totals for the year ended June 30, 2018)

(See Independent Auditor's Report and notes to financial statements)

	Program Services	Supporting Services			2019 Total	2018 Total
		Management and		Total Supporting Services		
		General	Fundraising			
Salaries	\$ 851,994	\$ 75,600	\$ 114,426	\$ 190,026	\$ 1,042,020	\$ 1,066,685
Consultants	589,183	11,304	-	11,304	600,487	472,984
Grants to others	276,000	-	-	-	276,000	254,153
Payroll taxes and benefits	184,280	26,393	15,854	42,247	226,527	241,551
Travel and lodging	185,972	16,994	5,132	22,126	208,098	141,961
Occupancy	91,877	6,501	10,959	17,460	109,337	102,455
Telecommunications/internet	71,800	5,483	8,234	13,717	85,517	72,405
Research materials	51,351	-	81	81	51,432	62,145
Periodicals and subscriptions	43,138	640	-	640	43,778	32,533
Legal and other professional fees	1,771	23,616	-	23,616	25,387	18,521
Office supplies and other expenses	17,556	1,950	3,036	4,986	22,542	18,732
Advertising	17,249	1,329	-	1,329	18,578	204
Insurance	-	10,756	-	10,756	10,756	2,281
Copying and printing	9,426	305	529	834	10,260	1,826
Depreciation	7,755	-	-	-	7,755	7,718
Payroll processing/fees	1,946	3,533	267	3,800	5,746	6,876
Bank charges and fees	5	4,892	1	4,893	4,898	2,625
Membership fees	1,111	-	-	-	1,111	1,221
Filing and registration fees	160	710	-	710	870	2,290
	<u>\$ 2,402,574</u>	<u>\$ 190,006</u>	<u>\$ 158,519</u>	<u>\$ 348,525</u>	<u>\$ 2,751,099</u>	<u>\$ 2,509,166</u>

Oil Change International, Inc.
Statements of Cash Flows
For the years ended June 30, 2019 and 2018
(See Independent Auditor's Report and notes to financial statements)

	2019	2018
Cash flows from operating activities:		
Change in Net Assets	\$ 589,285	\$ (713,009)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Gain on fixed asset sale	-	(885)
Depreciation	7,755	7,718
(Increase) decrease in contributions receivable	214,189	267,991
(Increase) decrease in prepaid expenses and other current assets	(85,613)	49,111
Increase (decrease) in accounts payable and accrued expenses	9,771	(7,097)
Increase (decrease) in grants payable	<u>(120,000)</u>	<u>120,000</u>
Net cash provided (used) by operating activities	615,387	(276,171)
Cash flows from investing activities:		
Purchase of fixed assets	(3,664)	(6,272)
Proceeds from sale of fixed assets	<u>-</u>	<u>885</u>
	<u>(3,664)</u>	<u>(5,387)</u>
Net increase (decrease) in cash and cash equivalents	611,723	(281,558)
Cash, beginning of year	<u>198,149</u>	<u>479,707</u>
Cash, end of year	<u>\$ 809,872</u>	<u>\$ 198,149</u>
Supplemental disclosures:		
Cash paid during the year for:		
Income taxes	\$ <u>-</u>	\$ <u>-</u>
Interest expense	\$ <u>-</u>	\$ <u>-</u>

Oil Change International, Inc.
Notes to Financial Statements
June 30, 2019 and 2018
(See Independent Auditor's Report)

Note A - Nature of Organization

Oil Change International, Inc. (OCI) is a non-profit corporation established in 2005 to network, encourage, and compliment a diversity of strategies and tactics around the oil industry. OCI is a research and advocacy organization that exists to force progress in the energy industry towards an environmentally and socially sustainable energy future. OCI achieves this by being a consistent and credible source of information on the industry, using knowledge of the industry to craft strategic, incisive campaigns, and by working with people around the world who are committed to shifting power. OCI's mission is to expose the true price of fossil fuels and to facilitate the coming transition to a clean energy economy.

Note B - Summary of Accounting Policies

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows.

1. Method of Accounting

OCI's financial statements have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles. Consequently, revenues are recognized when earned and expenses are recognized when incurred.

2. Financial Statement Presentation

OCI reports information regarding its financial position and activities according to two classes of net assets:

Net Assets Without Donor Restrictions represent resources that are not subject to donor-imposed restrictions and are available for operations at management's discretion.

Net Assets With Donor Restrictions represent resources restricted by the donor as to purpose or by the passage of time.

Oil Change International, Inc.
Notes to Financial Statements
June 30, 2019 and 2018
(See Independent Auditor's Report)

Note B - Summary of Accounting Policies, continued

3. Revenue

OCI receives grants and gifts from various sources, foundations, charitable organizations, and individuals. All contributions are considered to be without donor restrictions unless specifically restricted by the donor. Amounts received that are restricted by the donor for specific purposes are reported as support with donor restrictions that increases that net asset class. When the restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions assets and reported in the statement of activities as net assets released from restrictions.

4. Contributions Receivable

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. At June 30, 2019 and 2018, contributions receivable totaled \$461,870 and \$676,059, respectively. Management believes that amounts will be received when due, therefore no allowance for uncollectible contributions receivable has been provided. Contributions receivable that relate to unrestricted contributions are part of net assets with donor restrictions until they are received. Contributions receivable that relate to otherwise net assets with donor restrictions are part of net assets with donor restrictions until the original restriction is satisfied.

5. Property and equipment

Property and equipment is recorded at cost at the date of acquisition. Donations of property and equipment are recorded as support at their estimated fair value at the date of the gift. The assets are depreciated on a straight-line basis over their estimated useful lives.

6. Income Taxes

OCI is exempt from income taxes on all activities directly related to its exempt purpose under the Internal Revenue Service Code Section 501(c)(3). OCI is liable for income taxes on unrelated business income. There was no taxable net unrelated business income for the years ended June 30, 2019 or 2018. Accordingly, no provision for income taxes has been made in these financial statements.

The Organization evaluated its tax positions and determined it has no uncertain tax positions as of June 30, 2019. The Organization's 2019 through 2018 tax years are open for examination by federal taxing authorities.

Oil Change International, Inc.
Notes to Financial Statements
June 30, 2019 and 2018
(See Independent Auditor's Report)

Note B - Summary of Accounting Policies, continued

7. Expense Allocation

Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on the basis of periodic time and expense studies. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of OCI.

8. Cash and cash equivalents

For purposes of the statement of cash flows, OCI considers all highly liquid instruments purchased with a maturity of three months or less to be cash and cash equivalents.

9. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

10. Adoption of New Accounting Standard

The Organization adopted the financial statement presentation and disclosure standards contained in the Financial Accounting Standards Board Accounting Standards Update 2016-14, *Presentation of Financial Statements for Not-for-Profit Entities*, modifying ASC 958. The change has been applied as of June 30, 2019 with no effect on beginning net assets.

Note C – Date of Management's Review

In preparing the financial statements, OCI has evaluated events and transactions for potential recognition or disclosure through March 12, 2020 the date that the financial statements were available to be issued.

Oil Change International, Inc.
Notes to Financial Statements
June 30, 2019 and 2018
(See Independent Auditor's Report)

Note D—Liquidity and Availability of Financial Assets

OCI maintains a liquid cash balance in checking and savings accounts in an amount necessary to meet its anticipated operating expenditures for the first quarter of the next fiscal year.

The Organization's financial assets available for general expenditures through June 30, 2019 are as follows:

Financial assets:	
Cash and cash equivalents –available for general expenditures within one year	<u>\$ 809,872</u>

Note E – Fixed Assets

Property and equipment:

	June 30, 2019	June 30, 2018
Computer equipment	\$ 45,023	\$ 41,359
Accumulated depreciation	<u>(34,075)</u>	<u>(26,320)</u>
Net book value	<u>\$ 10,948</u>	<u>\$ 15,039</u>

Depreciation expense for the year ended June 30, 2019 and 2018 totaled \$7,755 and \$7,718, respectively.

Note F - Contributed Services

Many volunteers have contributed numerous hours to support OCI's programs. However, these hours do not meet the requirements to be recorded as revenue and expense.

Oil Change International, Inc.
Notes to Financial Statements
June 30, 2019 and 2018
(See Independent Auditor's Report)

Note G – Net Assets

Net assets with donor restrictions at June 30, 2019 and 2018 are available for the following purposes:

	June 30, 2019	June 30, 2018
Contributions receivable	\$ 461,870	\$ 676,059
International Public Finance	80,593	-
GOST	430,120	39,489
	<u>\$972,583</u>	<u>\$715,548</u>

Note H – Major Donors

During the year ended June 30, 2019, OCI received approximately 50% of support from three major donors.

During the year ended June 30, 2018, OCI received approximately 35% of support from two major donors.

Note I – Commitments and Contingencies

OCI entered into an operating lease commencing July 1, 2018 and ending on June 30, 2023. Base rent under the lease is \$6,700, with annual increases. Rent expense for this space totaled \$74,532 and \$76,961 for the years ended June 30, 2019 and 2018, respectively.

Following is a schedule by year of future minimum lease payments:

June 30, 2020	80,400
June 30, 2021	80,400
June 30, 2022	81,600
June 30, 2023	<u>81,600</u>
	<u>\$324,000</u>

Oil Change International, Inc.
Notes to Financial Statements
June 30, 2019 and 2018
(See Independent Auditor's Report)

Note I – Commitments and Contingencies, continued

OCI had various satellite offices during the year ended June 30, 2019. The offices were leased on a month to month basis. Rent expense for the space totaled \$15,982 for the year ended June 30, 2019.

OCI had various satellite offices during the year ended June 30, 2018. The offices were leased on a month to month basis. Rent expense for the space totaled \$13,996 for the year ended June 30, 2018.

OCI sublet office space in their Washington, D.C. office during the years ended June 30, 2019 and 2018. Revenue under the sublease totaled \$28,350 and \$16,300 for the year ended June 30, 2019 and 2018, respectively. The sublease was renewed on November 1, 2019 for the period from January 1, 2020 through December 31, 2020. Rent is \$4,176 monthly, totaling \$50,112 for the year.

Note J – Related Party Transactions

During the year ended June 30, 2018, contributions from board members and a family member of the organization's management totaled \$44,880.

The executive director is also a board member of OCI.

During the year ended June 30, 2016, OCI entered into a cost sharing agreement with Oil Change USA (OCUSA), a related organization. The agreement covers costs incurred by OCI on behalf of OCUSA. OCUSA must reimburse OCI quarterly for any costs incurred on their behalf. For the years ended June 30, 2019 and June 30, 2018, OCI billed OCUSA for expenses totaling \$90,967 and \$52,244, respectively.

Note K – Retirement Plan

OCI maintains a defined contribution 401(k) plan available to employees over age twenty-one working more than twenty hours per week. Under the plan, OCI may, at its discretion, make contributions to each participant's account up to three-percent of the participant's salary. Participants are eligible for the employer match once they have completed one year of service. For the years ended June 30, 2019 and 2018, OCI's contributions to the plan totaled \$15,266 and \$20,610, respectively.