

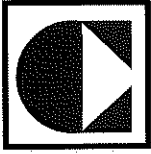
FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT

OIL CHANGE INTERNATIONAL, INC.

June 30, 2017
(with summarized financial information
for the year ended June 30, 2016)

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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, 2017 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, 2017 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, 2016 financial statements, and our report dated March 6, 2017, 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, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Alexandria, Virginia
March 5, 2018

Douglas Corey, CPA, P.C.

Oil Change International, Inc.

Balance Sheets

June 30, 2017 and 2016

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

	2017	2016
Current Assets		
Cash	\$ 479,707	\$ 399,209
Contributions receivable	947,068	211,600
Prepaid expenses and other current assets	<u>56,639</u>	<u>17,488</u>
Total current assets	1,483,414	628,297
Property and equipment	36,611	20,281
Less: accumulated depreciation	<u>(20,126)</u>	<u>(16,139)</u>
	16,485	4,142
Security deposit	<u>8,400</u>	<u>8,400</u>
	<u>\$ 1,508,299</u>	<u>\$ 640,839</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 57,102	\$ 42,485
Withholding payable	<u>552</u>	<u>552</u>
Total current liabilities	57,654	43,037
Net Assets		
Unrestricted net assets	478,577	360,078
Temporarily restricted net assets	<u>972,068</u>	<u>237,724</u>
	<u>1,450,645</u>	<u>597,802</u>
	<u>\$ 1,508,299</u>	<u>\$ 640,839</u>

Oil Change International, Inc.
Statement of Activities
For the year ended June 30, 2017
(with summarized totals for the year ended June 30, 2016)
(See Independent Auditor's Report and notes to financial statements)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2017 Total</u>	<u>2016 Total</u>
Revenues and other Support:				
Grants	\$ 2,240,531	\$ 975,791	\$ 3,216,322	\$ 1,376,219
Contributions	115,195	-	115,195	71,630
Sublease income	11,300	-	11,300	
Reimbursements	-	-	-	1,333
Interest	120	-	120	126
Net assets released from restriction				
Satisfaction of program restrictions	<u>241,447</u>	<u>(241,447)</u>	<u>-</u>	<u>-</u>
	2,608,593	734,344	3,342,937	1,449,308
Expenses:				
Program Services	2,181,021	-	2,181,021	1,492,344
Supporting Services				
Fundraising	158,456	-	158,456	148,165
Management and general	<u>150,617</u>	<u>-</u>	<u>150,617</u>	<u>128,239</u>
Total expenses	<u>2,490,094</u>	<u>-</u>	<u>2,490,094</u>	<u>1,768,748</u>
Change in Net Assets	118,499	734,344	852,843	(319,440)
Net Assets, beginning of year	<u>360,078</u>	<u>237,724</u>	<u>597,802</u>	<u>917,242</u>
Net Assets, end of year	<u>\$ 478,577</u>	<u>\$ 972,068</u>	<u>\$ 1,450,645</u>	<u>\$ 597,802</u>

Oil Change International, Inc.
Statement of Functional Expenses
For the year ended June 30, 2017

(with summarized totals for the year ended June 30, 2016)

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

	Program Services	Supporting Services				2017 Total	2016 Total
		Mangement and General	Fundraising	Total			
				Supporting Services			
Salaries	\$ 624,545	\$ 50,676	\$ 94,772	\$ 145,448	\$ 769,993	\$ 629,741	
Grants to others	678,232	-	-	-	678,232	306,000	
Consultants	335,214	19,161	15,833	34,994	370,208	323,522	
Payroll taxes and benefits	137,834	12,924	21,273	34,197	172,031	126,614	
Travel and lodging	103,714	16,893	5,867	22,760	126,474	78,749	
Occupancy	93,744	7,960	13,094	21,054	114,798	88,354	
Periodicals and subscriptions	65,106	489	1,412	1,901	67,007	94,321	
Telecommunications/internet	40,909	4,727	5,360	10,087	50,996	32,086	
Program purchase	33,229	-	-	-	33,229	-	
Research materials	32,046	-	-	-	32,046	14,049	
Legal and other professional fees	-	19,204	-	19,204	19,204	18,255	
Advertising	15,000	-	-	-	15,000	9,558	
Office supplies and other expenses	6,859	3,139	739	3,878	10,737	8,796	
Insurance	637	7,945	26	7,971	8,608	9,113	
Filing and registration fees	5,644	1,005	45	1,050	6,694	1,967	
Payroll processing/fees	-	5,842	-	5,842	5,842	5,183	
Depreciation	3,987	-	-	-	3,987	4,938	
Bank charges and fees	2,198	195	23	218	2,416	2,244	
Copying and printing	2,113	6	10	16	2,129	1,487	
Membership fees	10	451	2	453	463	600	
Supplies and minor equipment	-	-	-	-	-	7,813	
Conferences/meetings	-	-	-	-	-	5,358	
	<u>\$ 2,181,021</u>	<u>\$ 150,617</u>	<u>\$ 158,456</u>	<u>\$ 302,450</u>	<u>\$ 2,490,094</u>	<u>\$ 1,768,748</u>	

Oil Change International, Inc.
Statements of Cash Flows
For the years ended June 30, 2017 and 2016
(See Independent Auditor's Report and notes to financial statements)

	2017	2016
Cash flows from operating activities:		
Change in Net Assets	\$ 852,843	\$ (319,440)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	3,987	4,938
(Increase) decrease in contributions receivable	(735,468)	521,542
(Increase) decrease in prepaid expenses and other current assets	(39,151)	(12,207)
(Increase) decrease in deposit	-	1,600
Increase (decrease) in accounts payable and accrued expenses	14,617	16,320
Increase (decrease) in grants payable	-	(142,500)
	96,828	70,253
Net cash provided (used) by operating activities	96,828	70,253
Cash flows from investing activities:		
Purchase of fixed assets	(16,330)	(1,162)
	(16,330)	(1,162)
Net increase (decrease) in cash and cash equivalents	80,498	69,091
Cash, beginning of year	399,209	330,118
Cash, end of year	\$ 479,707	\$ 399,209
Supplemental disclosures:		
Cash paid during the year for:		
Income taxes	\$ -	\$ -
Interest expense	\$ -	\$ -

Oil Change International, Inc.
Notes to Financial Statements
June 30, 2017 and 2016
(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 is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. In addition, the OCI is required to present a statement of cash flows. OCI had no permanently restricted net assets as of June 30, 2017 or 2016.

3. Revenue

OCI receives grants and gifts from various sources, foundations, charitable organizations, and individuals. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted by the donor for specific purposes are reported as temporarily or permanently restricted support that increases that net asset class.

Oil Change International, Inc.
Notes to Financial Statements
June 30, 2017 and 2016
(See Independent Auditor's Report)

Note B - Summary of Accounting Policies, continued

4. Recognition of Donor-Restricted Contributions

Support that is restricted by the donor is reported as an increase in temporarily restricted net assets until the restriction expires, at which time temporarily restricted net assets are reclassified to unrestricted net assets.

5. Contributions Receivable

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. At June 30, 2017 and 2016, contributions receivable totaled \$947,068 and \$211,600, 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 temporarily restricted net assets until they are received. Contributions receivable that relate to otherwise temporarily restricted contributions are part of temporarily restricted net assets until the original restriction is satisfied.

6. 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.

7. 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, 2017 or 2016. 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, 2017. The Organization's 2014 through 2016 tax years are open for examination by federal taxing authorities.

Oil Change International, Inc.
Notes to Financial Statements
June 30, 2017 and 2016
(See Independent Auditor's Report)

Note B - Summary of Accounting Policies, continued

8. 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.

9. 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.

10. 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.

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 5, 2018 the date that the financial statements were available to be issued.

Note D – Fixed Assets

Property and equipment:

	June 30, 2017	June 30, 2016
Computer equipment	\$ 36,611	\$ 20,281
Accumulated depreciation	<u>(20,126)</u>	<u>(16,139)</u>
Net book value	<u>\$ 16,485</u>	<u>\$ 4,142</u>

Depreciation expense for the year ended June 30, 2017 and 2016 totaled \$3,987 and \$4,938, respectively.

Oil Change International, Inc.
Notes to Financial Statements
June 30, 2017 and 2016
(See Independent Auditor's Report)

Note E - Contributed Services

A number of volunteers have contributed their time to the activities of OCI without compensation. No amounts have been reflected in the financial statements for donated services because the criteria for recognition under SFAS 116 have not been satisfied.

Note F – Net Assets

Temporarily restricted net assets at June 30, 2017 and 2016 are available for the following purposes:

	June 30, 2017	June 30, 2016
Contributions receivable	\$ 947,068	\$ 211,600
Contributions for future	25,000	-
Public finance – int'l fossil fuels	-	<u>26,124</u>
	<u>\$972,068</u>	<u>\$237,724</u>

Note G – Major Donors

During the year ended June 30, 2017, OCI received approximately 69% of support from three major donors.

During the year ended June 30, 2016, OCI received approximately 60% of support from four major donors.

Note H – Commitments and Contingencies

OCI entered into a lease commencing July 1, 2013 and ending on June 30, 2018. Beginning July 1, 2015, OCI entered into a lease for additional space. The lease ends on June 30, 2018. Base rent under both leases is \$5,750, with annual increases of approximately 3%. Rent expense for this space totaled \$71,806 and \$71,624 for the years ended June 30, 2017 and 2016, respectively.

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

June 30, 2018	<u>\$ 75,920</u>
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Oil Change International, Inc.
Notes to Financial Statements
June 30, 2017 and 2016
(See Independent Auditor's Report)

Note H – Commitments and Contingencies, continued

OCI had various satellite offices during the year ended June 30, 2017. The offices were leased on a month to month basis. Rent expense for the space totaled \$21,397 for the year ended June 30, 2016.

OCI had two satellite offices during the year ended June 30, 2016. Both offices were leased on a month to month basis. Rent expense for the space totaled \$8,365 for the year ended June 30, 2016.

OCI sublet office space in their Washington, D.C. office during the year ended June 30, 2017. The sublease terminates on August 31, 2018. Revenue under the sublease totaled \$11,300 for the year ended June 30, 2017. Minimum rental income for the year ending June 30, 2018 totals \$3,260.

Note I – Related Party Transactions

During the years ended June 30, 2017 and 2016, contributions from board members and a family member of the organization's management totaled \$20,000 and \$30,000, respectively.

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, 2017 and June 30, 2016, OCI billed OCUSA for expenses totaling \$19,965 and \$1,333, respectively.

Note J – 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, 2017 and 2016, OCI's contributions to the plan totaled \$18,499 and \$15,078, respectively.