

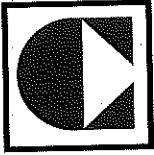
FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT

OIL CHANGE INTERNATIONAL, INC.

June 30, 2016
(with summarized financial information
for the year ended June 30, 2015)

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, 2016)	4
Statement of Functional Expenses (with summarized totals for the year ended June 30, 2016)	5
Statements of Cash Flows	6
Notes to Financial Statements	7



DOUGLAS COREY & ASSOCIATES, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

10201 FAIRFAX BOULEVARD, SUITE 480

FAIRFAX, VIRGINIA 22030

(703) 354-2900 • FAX (703) 354-2606

E-MAIL: coreycpa@coreycpa.com

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, 2016 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, 2016 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, 2015 financial statements, and our report dated November 25, 2015, 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, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Alexandria, Virginia
March 6, 2017

Douglas Corey & Associates, P.C.

Oil Change International, Inc.

Balance Sheets

June 30, 2016 and 2015

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

	2016	2015
Current Assets		
Cash	\$ 399,209	\$ 330,118
Contributions receivable	211,600	733,142
Prepaid expenses and other current assets	<u>17,488</u>	<u>5,281</u>
Total current assets	628,297	1,068,541
Property and equipment	20,281	19,119
Less: accumulated depreciation	<u>(16,139)</u>	<u>(11,201)</u>
	4,142	7,918
Security deposit	<u>8,400</u>	<u>10,000</u>
	<u><u>\$ 640,839</u></u>	<u><u>\$ 1,086,459</u></u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 42,485	\$ 26,165
Grants payable	-	142,500
Withholding payable	<u>552</u>	<u>552</u>
Total current liabilities	43,037	169,217
Net Assets		
Unrestricted net assets	360,078	266,472
Temporarily restricted net assets	<u>237,724</u>	<u>650,770</u>
	<u><u>597,802</u></u>	<u><u>917,242</u></u>
	<u><u>\$ 640,839</u></u>	<u><u>\$ 1,086,459</u></u>

Oil Change International, Inc.
Statement of Activities
For the year ended June 30, 2016
(with summarized totals for the year ended June 30, 2015)
(See Independent Auditor's Report and notes to financial statements)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2016 Total</u>	<u>2015 Total</u>
Revenues and other Support:				
Grants	\$ 219,219	\$ 1,157,000	\$ 1,376,219	\$ 2,383,391
Contributions	71,630	-	71,630	66,038
Reimbursements	1,333	-	1,333	
Interest	126	-	126	108
Net assets released from restriction				
Satisfaction of program restrictions	<u>1,570,046</u>	<u>(1,570,046)</u>	<u>-</u>	<u>-</u>
	1,862,354	(413,046)	1,449,308	2,449,537
Expenses:				
Program Services	1,492,344	-	1,492,344	1,582,007
Supporting Services				
Fundraising	148,165	-	148,165	81,200
Management and general	<u>128,239</u>	<u>-</u>	<u>128,239</u>	<u>131,482</u>
Total expenses	<u>1,768,748</u>	<u>-</u>	<u>1,768,748</u>	<u>1,794,689</u>
Change in Net Assets	93,606	(413,046)	(319,440)	654,848
Net Assets, beginning of year	<u>266,472</u>	<u>650,770</u>	<u>917,242</u>	<u>262,394</u>
Net Assets, end of year	<u>\$ 360,078</u>	<u>\$ 237,724</u>	<u>\$ 597,802</u>	<u>\$ 917,242</u>

Oil Change International, Inc.
Statement of Functional Expenses
For the year ended June 30, 2016

(with summarized totals for the year ended June 30, 2015)

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

	Program Services	Supporting Services				2015 Total	
		Mangement and		Fundraising	Supporting Services		
		General					Total
					2016 Total	2015 Total	
Salaries	\$ 482,253	\$ 58,116	\$ 89,372	\$ -	\$ 147,488	\$ 629,741	\$ 624,616
Consultants	309,865	485	13,172	-	13,657	323,522	281,204
Grants to others	306,000	-	-	-	-	306,000	435,000
Payroll taxes and benefits	96,582	11,503	18,529	-	30,032	126,614	137,145
Occupancy	61,822	13,971	12,561	-	26,532	88,354	63,563
Periodicals and subscriptions	92,462	1,358	501	-	1,859	94,321	29,310
Travel and lodging	70,358	2,385	6,006	-	8,391	78,749	104,102
Telecommunications/internet	24,937	2,828	4,321	-	7,149	32,086	18,961
Legal and other professional fees	-	18,255	-	-	18,255	18,255	23,717
Research materials	14,049	-	-	-	-	14,049	37,605
Advertising	9,478	80	-	-	80	9,558	700
Insurance	147	8,966	-	-	8,966	9,113	5,273
Office supplies and other expenses	8,025	344	427	-	771	8,796	11,277
Supplies and minor equipment	5,823	1,116	874	-	1,990	7,813	4,526
Conferences/meetings	1,430	1,698	2,230	-	3,928	5,358	1,760
Payroll processing/fees	-	5,183	-	-	5,183	5,183	5,599
Depreciation	4,938	-	-	-	-	4,938	4,099
Bank charges and fees	2,155	33	56	-	89	2,244	1,511
Filing and registration fees	80	1,800	87	-	1,887	1,967	2,579
Copying and printing	1,487	-	-	-	-	1,487	1,118
Membership fees	453	118	29	-	147	600	994
	<u>\$ 1,492,344</u>	<u>\$ 128,239</u>	<u>\$ 148,165</u>	<u>\$ -</u>	<u>\$ 276,404</u>	<u>\$ 1,768,748</u>	<u>\$ 1,794,659</u>

Oil Change International, Inc.
Statements of Cash Flows
For the years ended June 30, 2016 and 2015
(See Independent Auditor's Report and notes to financial statements)

	2016	2015
Cash flows from operating activities:		
Change in Net Assets	\$ (319,440)	\$ 654,848
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	4,938	4,099
(Increase) decrease in contributions receivable	521,542	(698,142)
(Increase) decrease in accounts receivable	-	-
(Increase) decrease in prepaid expenses and other current assets	(12,207)	6,160
(Increase) decrease in deposit	1,600	-
Increase (decrease) in accounts payable and accrued expenses	16,320	18,241
Increase (decrease) in grants payable	(142,500)	142,500
	70,253	127,706
Net cash provided (used) by operating activities		
Cash flows from investing activities:		
Purchase of fixed assets	(1,162)	(2,323)
	69,091	125,383
Net increase (decrease) in cash and cash equivalents		
Cash, beginning of year	330,118	204,735
Cash, end of year	\$ 399,209	\$ 330,118
Supplemental disclosures:		
Cash paid during the year for:		
Income taxes	\$ -	\$ -
Interest expense	\$ -	\$ -
	-	-

Oil Change International, Inc.
Notes to Financial Statements
June 30, 2016 and 2015
(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, 2016 or 2015.

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, 2016 and 2015
(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, 2016 and 2015, contributions receivable totaled \$211,600 and \$733,142, 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, 2016 or 2015. 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, 2016. The Organization's 2013 through 2015 tax years are open for examination by federal taxing authorities.

Oil Change International, Inc.
Notes to Financial Statements
June 30, 2016 and 2015
(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 6, 2017 the date that the financial statements were available to be issued.

Note D - Fixed Assets

Property and equipment:

	June 30, 2016	June 30, 2015
Computer equipment	\$ 20,281	\$ 19,119
Accumulated depreciation	<u>(16,139)</u>	<u>(11,201)</u>
Net book value	<u>\$ 4,142</u>	<u>\$ 7,918</u>

Depreciation expense for the year ended June 30, 2016 and 2015 totaled \$4,938 and \$4,099, respectively.

Oil Change International, Inc.
Notes to Financial Statements
June 30, 2016 and 2015
(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, 2016 and 2015 are available for the following purposes:

	June 30, 2016	June 30, 2015
Contributions receivable (net of related grants payable)	\$ 211,600	\$ 590,642
Public finance – int'l fossil fuels	<u>26,124</u>	<u>60,128</u>
	<u>\$237,724</u>	<u>\$650,770</u>

Note G – Major Donors

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

During the year ended June 30, 2015, OCI received approximately 65% 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 \$71,624 and \$43,260 for the years ended June 30, 2016 and 2015, respectively.

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

June 30, 2017	73,710
June 30, 2018	<u>75,920</u>
	<u>\$149,630</u>

Oil Change International, Inc.
Notes to Financial Statements
June 30, 2016 and 2015
(See Independent Auditor's Report)

Note H – Commitments and Contingencies, continued

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 had one satellite office during the year ended June 30, 2015. Rent expense for that office totaled \$9,430 for the year ended June 30, 2015.

Note I – Related Party Transactions

During the years ended June 30, 2016 and 2015, contributions from board members and a family member of the organization's management totaled \$30,000 and \$46,150, 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 year ended June 30, 2016, OCI billed OCUSA \$1,333 for expenses.

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, 2016 and 2015, OCI's contributions to the plan totaled \$15,078 and \$11,476, respectively.