

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT

OIL CHANGE INTERNATIONAL, INC.

June 30, 2022

**(with summarized financial information
for the year ended June 30, 2021)**

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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 statement of financial position as of June 30, 2022, and the related statements of activities, cash flows and functional expenses for the year 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 Oil Change International, Inc. as of June 30, 2022, and the changes in its net assets and its functional expenses and cash flows for the year then ended in accordance with accounting standards generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statement section of our report. We are required to be independent of Oil Change International, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements related to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgement and maintain professional skepticism through 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 Oil Change International, 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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Oil Change International, 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.

Report on Summarized Comparative Information

We have previously audited Oil Change International, Inc.'s June 30, 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 1, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it was derived.

Douglas Corey & Associates, P.C.

Fairfax, Virginia
January 20, 2023

Oil Change International, Inc.

Balance Sheets

June 30, 2022 and 2021

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

	2022	2021
Current Assets		
Cash	\$ 1,613,197	\$ 1,396,426
Contributions receivable	2,074,924	602,641
Prepaid expenses and other current assets	<u>9,223</u>	<u>3,006</u>
Total current assets	3,697,344	2,002,073
Property and equipment	72,106	59,746
Less: accumulated depreciation	<u>(52,731)</u>	<u>(48,489)</u>
	19,375	11,257
Security deposit	<u>8,400</u>	<u>8,695</u>
	<u>\$ 3,725,119</u>	<u>\$ 2,022,025</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 54,198	\$ 58,834
Withholding payable	<u>6,165</u>	<u>5,865</u>
Total current liabilities	60,363	64,699
Net Assets		
Net assets without donor restrictions	1,315,935	(92,898)
Net assets with donor restrictions	<u>2,348,821</u>	<u>2,050,224</u>
	<u>3,664,756</u>	<u>1,957,326</u>
	<u>\$ 3,725,119</u>	<u>\$ 2,022,025</u>

Oil Change International, Inc.
Statement of Activities
For the year ended June 30, 2022
(with summarized totals for the year ended June 30, 2021)
(See Independent Auditor's Report and notes to financial statements)

	<u>Without donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>2022</u> <u>Total</u>	<u>2021</u> <u>Total</u>
Revenues and other Support:				
Grants	\$ 717,745	\$ 4,626,369	\$ 5,344,114	\$ 2,893,417
Contributions	300,226	-	300,226	204,911
Loan forgiveness	-	-	-	200,400
Sublease income	-	-	-	12,445
Reimbursements	5,609	-	5,609	35,737
Other income	5,188	-	5,188	-
Interest	158	-	158	156
Net assets released from restriction				
Satisfaction of program restrictions	<u>4,327,772</u>	<u>(4,327,772)</u>	<u>-</u>	<u>-</u>
	5,356,698	298,597	5,655,295	3,347,066
Expenses:				
Program Services	3,165,829	-	3,165,829	2,511,095
Supporting Services				
Fundraising	138,682	-	138,682	238,820
Management and general	<u>643,354</u>	<u>-</u>	<u>643,354</u>	<u>602,939</u>
Total expenses	<u>3,947,865</u>	<u>-</u>	<u>3,947,865</u>	<u>3,352,854</u>
Change in Net Assets	1,408,833	298,597	1,707,430	(5,788)
Net Assets, beginning of year	<u>(92,898)</u>	<u>2,050,224</u>	<u>1,957,326</u>	<u>1,963,114</u>
Net Assets, end of year	<u>\$ 1,315,935</u>	<u>\$ 2,348,821</u>	<u>\$ 3,664,756</u>	<u>\$ 1,957,326</u>

Oil Change International, Inc.
Statement of Functional Expenses
For the year ended June 30, 2022

(with summarized totals for the year ended June 30, 2021)

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

	Supporting Services					
	Program Services	Management and General		Fundraising	Total Supporting Services	
		2022	2021		2022	2021
Consultants	\$ 1,188,886	\$ 332,547	\$ 108,963	\$ 441,510	\$ 1,630,396	\$ 1,195,793
Salaries	1,000,110	100,660	16,089	116,749	1,116,859	1,109,559
Payroll taxes and benefits	459,947	51,648	8,137	59,785	519,732	365,860
Travel and lodging	104,654	33,224	-	33,224	137,878	31,962
Occupancy	84,642	18,292	2,264	20,556	105,198	98,296
Grants to others	95,111	-	-	-	95,111	91,496
Research materials	90,359	-	-	-	90,359	115,114
Legal and other professional fees	9,660	69,927	-	69,927	79,587	31,128
Office supplies and other expenses	48,139	13,801	195	13,996	62,135	59,190
Telecommunications/internet	43,310	10,182	-	10,182	53,492	104,053
Periodicals and subscriptions	21,931	351	-	351	22,282	35,577
Payroll processing/fees	10,711	1,486	196	1,682	12,393	7,727
Advertising	5,183	298	2,838	3,136	8,319	72,825
Bank charges and fees	477	3,913	-	3,913	4,390	12,178
Depreciation	-	4,242	-	4,242	4,242	6,264
Insurance	-	2,445	-	2,445	2,445	5,798
Filing and registration fees	1,219	300	-	300	1,519	4,545
Copying and printing	1,040	38	-	38	1,078	4,219
Membership fees	450	-	-	-	450	1,270
	<u>\$ 3,165,829</u>	<u>\$ 643,354</u>	<u>\$ 138,682</u>	<u>\$ 782,036</u>	<u>\$ 3,947,865</u>	<u>\$ 3,352,854</u>

Oil Change International, Inc.
Statements of Cash Flows
For the years ended June 30, 2022 and 2021
(See Independent Auditor's Report and notes to financial statements)

	2022	2021
Cash flows from operating activities:		
Change in Net Assets	\$ 1,707,430	\$ (5,788)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	4,242	6,264
Foirgiveness of loan	-	(200,400)
(Increase) decrease in contributions receivable	(1,472,283)	721,588
(Increase) decrease in prepaid expenses and other current assets	(6,217)	64,900
(Increase) decrease in security deposit	295	(295)
Increase (decrease) in accounts payable and accrued expenses	<u>(4,336)</u>	<u>(17,190)</u>
Net cash provided (used) by operating activities	229,131	569,079
Cash flows from investing activities:		
Purchase of fixed assets	<u>(12,360)</u>	<u>(7,488)</u>
Net increase in cash and cash equivalents	216,771	561,591
Cash, beginning of year	<u>1,396,426</u>	<u>834,835</u>
Cash, end of year	<u>\$ 1,613,197</u>	<u>\$ 1,396,426</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, 2022 and 2021
(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, 2022 and 2021
(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, 2022 and 2021, contributions receivable totaled \$2,074,924 and \$602,641, respectively. Management believes that amounts will be received when due, therefore no allowance for uncollectible contributions receivable has been provided. Contributions receivable that are unrestricted contributions are part of net assets with donor restrictions until they are received. Contributions receivable 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, which range from 3 to 5 years.

6. Income Taxes

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC); therefore, no provision for income taxes has been made in these financial statements. The Organization follows the provisions of ASC 710-10, *Accounting for Uncertainty in Income Taxes*, which requires recognition and disclosure of uncertain tax positions in the financial statements. The Organization's management has reviewed the accompanying financial statements and has determined that there are no uncertain tax positions or unrecognized tax benefits which would materially impact the financial statements.

The Organization's 2018 through 2021 tax years remain open for examination by federal taxing authorities.

Oil Change International, Inc.
Notes to Financial Statements
June 30, 2022 and 2021
(See Independent Auditor's Report)

Note B - Summary of Accounting Policies, continued

7. Functional 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. Reclassification

Certain prior year amounts have been reclassified to conform to the current year presentation.

Note C – Date of Management's Review

In preparing the financial statements, OCI has evaluated events and transactions for potential recognition or disclosure through January 20, 2023, the date that the financial statements were available to be issued.

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.

Oil Change International, Inc.
Notes to Financial Statements
June 30, 2022 and 2021
(See Independent Auditor's Report)

Note D—Liquidity and Availability of Financial Assets, continued

The Organization's financial assets available for general expenditures through June 30, 2023 are as follows:

Financial assets:	
Cash and cash equivalents –available for general expenditures within one year	<u>\$ 1,613,197</u>

Note E – Fixed Assets

Property and equipment:

	June 30, 2022	June 30, 2021
Computer equipment	\$ 72,106	\$ 59,746
Accumulated depreciation	<u>(52,731)</u>	<u>(48,489)</u>
Net book value	<u>\$ 19,375</u>	<u>\$ 11,257</u>

Depreciation expense for the year ended June 30, 2022 and 2021 totaled \$4,242 and \$6,264, respectively.

Note F - Contributed Services

Volunteers contribute their time to support OCI's programs. These hours do not meet the requirements to be recorded as revenue and expense.

Note G – Net Assets

Net assets with donor restrictions at June 30, 2022 and 2021 are available for the following purposes:

	June 30, 2022	June 30, 2021
Contributions receivable	\$ 2,074,924	\$ 602,641
Subsequent year use	-	260,500
International Public Finance	170,270	765,765
Global Industry	83,000	-
Movement Support	18,000	-
US	2,627	-
Energy Transitions	-	225,305
Stop Funding Fossils	-	63,246
Infrastructure	-	132,767
	<u>\$2,348,821</u>	<u>\$2,050,224</u>

Oil Change International, Inc.
Notes to Financial Statements
June 30, 2022 and 2021
(See Independent Auditor's Report)

Note H – Major Donors

During the year ended June 30, 2022, OCI received approximately 58% of support from three major donors.

During the year ended June 30, 2021, OCI received approximately 51% of support from four 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 \$82,592 and \$74,855 for the years ended June 30, 2022 and 2021, respectively.

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

June 30, 2023	<u>\$ 81,600</u>
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OCI had various satellite offices during the year ended June 30, 2022. The offices were leased on a month-to-month basis. Rent expense for the space totaled \$8,377 for the year ended June 30, 2022.

OCI had various satellite offices during the year ended June 30, 2021. The offices were leased on a month-to-month basis. Rent expense for the space totaled \$11,718 for the year ended June 30, 2021.

OCI sublet office space in their Washington, D.C. office during the year ended June 30, 2021. Revenue under the sublease totaled \$12,445 for the year ended June 30, 2021. The sublease was terminated in December 2020.

Oil Change International, Inc.
Notes to Financial Statements
June 30, 2022 and 2021
(See Independent Auditor's Report)

Note J – Short-term Loan

In May 2020, OCI obtained a \$200,400 Paycheck Protection Program (PPP) loan issued as part of the CARES Act. The PPP loan is for small businesses and non-profit corporations that were affected by the COVID-19 pandemic. The loan is forgivable by the federal government if certain expenditure criteria are met by the borrower. The loan is presented on the accompanying statement of financial position as of June 30, 2020 as a liability in accordance with FASB ASC 450-30.

During the year ended June 30, 2021, OCI met the expenditure criteria and the loan was fully forgiven. The liability was reclassified to revenue and is included as loan forgiveness on the accompanying statement of activities.

Note K – Related Party Transactions

During the years ended June 30, 2022 and June 30, 2021, contributions from board members, officers and family members of board members and officers \$75,537 and \$32,000, respectively.

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, 2022 and June 30, 2021, OCI billed OCUSA for expenses totaling \$5,738 and \$51,294, respectively.

Note L – 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, 2022 and 2021, OCI's contributions to the plan totaled \$46,284 and \$27,316, respectively.

Note M – Subsequent Event

In September 2022, the board of directors designated \$400,000 to a reserve fund in preparation for any future emergencies.