



NATIONAL OILHEAT RESEARCH ALLIANCE

600 Cameron Street, Alexandria, VA 22314

703.340.1660 jhuber@nora-oilheat.org

John Huber, President

Allison Heaney, Chairwoman Skaggs-Walsh, College Point, NY

AGENDA

May 24, 2016, 12.30 p.m. -2.30 p.m.

Foxwoods, Connecticut

Grand A – Grand Pequot Tower

712-432-0460, 1090765

- I. Introduction – Chairwoman Allison Heaney and President John Huber
- II. Approval of Minutes
- III. Financial Information – Treasurer Eric Degesero
 - a. 2015 Year End Financials, Review of Audit Progress
 - b. Weather Impact on 2016 Budget – Resolution to Adjust 2016 Budget
 - c. Annual Report
- IV. Research and Development – Director of Laboratory Dr. Thomas Butcher
 - a. Project Opportunity Notice –
 - b. Research Laboratory –
 - c. Review of Research Projects
 - d. Fall Technology Conference
- V. Education and Training – Don Farrell
 - a. Learning.noraweb.org
 - b. Development and Coordination of Educational Items, On-Line Offerings
- VI. Consumer Education
 - a. Internet Campaign, Guest Karin Suttman
 - b. Policy on communications
- VII. Representation – Squire Patton Boggs – Ed Newberry
- VIII. Executive Committee and Officers
- IX. Old Business
- X. New Business
- XI. Adjournment

This meeting will be followed by a brief meeting to discuss political activities related to the NORA reauthorization. You are not obligated to attend, but your participation is welcome.

National Association for Oilheat Research and Education

- I. Introductions – Chairman James Townsend
- II. Financial Report – Treasurer Eric Degesero
- III. Legislative Overview – Ed Newberry, Squire Patton Boggs
- IV. Upcoming Activities – PMAA Day on Hill
- V. Old Business
- VI. New Business
- VII. Adjournment

Minutes
Board of Directors
National Oilheat Research Alliance
Newport Marriott, Rhode Island
September 22, 2015

I. Introductions and Opening Remarks

Ms. Allison Heaney called the meeting to order at 8:38 am EST and directed Mr. John Huber to call the roll. Mr. Huber called the roll and the following members of the Board were present.

Greg Anderson
Peter Aziz
Rick Bologna
Al Breda
Kate Childs
Eric Degesero
Tom Devino
Dan Donovan
Bruce Harris
Allison Heaney
Michael Januario
Jeff Jenkins

Bob Long
Roger Marran
Steve McCracken
Matt Meehan
David Neil
Ken Russ
Stephen Sack
Tom Santa
Ed Scott
Daniel Singer
Charles Ugiletto
Jeff Witham

Mr. Huber announced that quorum was met and the meeting started at 8:40 am EST.

II. Approval of Minutes

A motion to approve the minutes from the May 13th board meeting was made by Mr. David Neil and seconded by Mr. Al Breda and approved by voice.

III. Financial Report

a. 2016 and 2017 Budget

Mr. DeGesero stated that Oregon is no longer participating in the alliance and therefore the income will be reduced to reflect that.

Mr. Eric DeGesero discussed the 2016 and 2017 budget. Prepared by the Finance Committee and approved by the Executive Committee. As required by law it was issued for public comment in July of this year, and no public comments have been received. The Board saw the draft this spring. Provided this Board accepts it this morning, the budget will be sent to the Secretary of

Energy for comment. If no comments or suggestions are received, it can be implemented 60 days after that.

NORA was reauthorized in February 2014 and assessments began April 1, 2014.

From April 1, 2014 through May 10, 2015 NORA collected \$10,354,819. The proposed 2016 and 2017 budgets are calculated on this amount. However, in an effort to be prudent and conservative the budget assumes revenue of less than what was actually collected. The winters of 2014-2015 and 2015-2016 have been good from a degree-day perspective but unfortunately, we cannot assume that will always happen therefore, we built in a 7% reduction assuming weather is not favorable. We then assumed a 2% conservation/conversion factor and had to reduce by another 0.5% to reflect the fact that Oregon has dropped out of the Alliance. With these calculations the projected revenue for 2016 is \$9,382,519. For 2017 we proposed an additional 2% reduction due to conservation/conversion and project revenue of \$9,194,869.

The proposed budget shows an increase in collection costs. This is because NORA is allocating time that used to be generally allocated to overhead here for Mr. John Huber's time, legal and accounting.

Mr. DeGesero discussed the various expense line items broken down individually that were previously reported as miscellaneous including legal (that which can't be allocated to a specific project), meetings, etc.

Mr. DeGesero discussed the proposed state rebates for 2016-2017 reflect revised percentages based on an update of the product sold in each state.

Mr. David Neil made a motion to accept the budget report, it was seconded by Mr. Ed Scott, approved by voice.

b. July Financial Statements

Mr. DeGesero discussed the statement of activities and asked the board to refer to the second and third columns of the report.

He explained that column 2 reflects income that has been received through seven months. The Program Expenses reflects what is budgeted to be spent for all of 2015 as if it were all spent on January 1, 2015. This is done to ensure that we stay within the hard caps/meet the hard floors of each "silo" NORA program monies can be used for. The actual funds utilized by each state as of July 31, 2015 as well as their 2015 budgeted amounts are elsewhere in this report. The office unallocated expenses are recorded as the income is, i.e., - current through seven months of activity.

He then discussed the bottom of the third column, explaining that it is projecting a \$1.5m loss. However, doesn't reflect a full year of collection. The first two quarters are 44% and 15% respectively of annual collections. Assuming weather and consumption don't change from proposed estimates, we will finish the year with a little over \$10m.

Mr. DeGesero discussed the Assets-Cash and cash equivalents reflects what is in the bank. A/R is for a NYSERDA project. And the \$89k A/R – other, is 2nd quarter payments not yet received.

Liabilities – the \$617,637 is what states have not utilized with their pre-2014 funding and which this Board has directed be allocated to an internet campaign which will be explained later in the agenda. The \$230,920 A/P is what states have requested and which hadn't been paid out as of 7-31-2015.

Net Assets – The final line on liabilities is \$1,335,576. This is recorded as total net assets. However, you will note that this comes from prior year reauthorization assets of \$3,046,098 minus \$1,710,522. However, these two numbers are largely balancing numbers. The \$3,046,098 is the balance sheet assets at the end of 2014. However, that number also included funds payable to state accounts, so it was significantly higher than the approximately \$617,000 that were unrestricted net assets at the end of the year. Thus, the \$1,710,522 is used to reduce the overall liabilities to balance against net assets. As we have transitioned the state accounts to a liability, this will be adjusted at year end, and made more meaningful in future reports.

Mr. Huber stated that NORA is moving towards a surplus and if that happens the money will be allocated in the appropriate places.

Mr. Roger Marran made a motion to accept the budget, it was seconded by Mr. Mike Junario and approved by voice.

IV. Education and Training

a. NORAEd Transition to Learning/noraweb.org

Mr. Huber discussed the changes happening in Education & Training. He stated that NORA is moving NORAEd.org to an online learning web based site, NORAwed. This has come about because there is no functionality in the current system. The goal is to bring training up-to-date and deliver training online. The new website will allow people to login and print their cards and certificates and check their scores.

b. Gold Program Transition

Mr. Bob Hedden discussed the Gold program and the new standards that NORA has set. The old programs criteria allowed students to sit for the exam after meeting three requirements: being silver certified, 180 hours of training and having five years in the field. Under the new program, all students must complete four Gold training programs which will be six hours long. The goal of this initiative is ensure that the new Gold program focuses on a variety of technical skills and best practices for service professional. There are several books that go with each topic. Mr. DeGesero asked for a memo regarding these changes. There was a general discussion about technicians who currently hold a Gold certification and how those people will be grandfathered in and how they can obtain credits moving forward.

c. New Books

Mr. Huber explained that there will be six booklets created, one for each topic under the new Gold program. Those topics are: Advanced Air Flow, Advanced Hydronics, Advanced Efficiency, Advanced Venting, Advanced Controls, Oil Tank Installation and Maintenance and BPI's program "Building Science Principles Reference Guide." Booklets will come in copy and PDF format so they can be downloaded and read from e-readers.

d. NORAstore moving to Mimeo

NORA Store is moving to an online store that prints on demand called Mimeo. Mimeo is the innovator of on-demand cloud printing services and a leading online printing company offering digital distribution and printing solutions. Mr. Huber explained that the printing costs are either equivalent or lower than current printing costs. NORA currently keeps inventory and sends out orders as they come in, this will cut down on manual labor and storage issues. This change will be implemented in conjunction with the new education system.

V. Research and Development

a. Plainview Laboratory, NYOHA, OHCC Partners

Dr. Tom Butcher discussed his personal goals of documenting what NORA has done for the industry. He discussed the technologies that NORA focuses on and how excited he is to be involved with NORA. He wants to amplify and multiply what NORA is doing. Dr. Butcher discussed that the Plainview Laboratory is a combined training and research area. There will be a combustion lab and an emerging technologies area for Research & Development and Education & Training. B6 and B20, NORA will battle with how to get it into the industry. There was a Bioheat steering committee and they helped steer with the steps to get from B6 to B20.

b. NYSERDA Proposals

Mr. Butcher discussed that NYSERDA has been a great partner and that NORA submitted two proposals that were strictly focused on heating oil. Two specific aspects submitted Tankless Boiler Design Guide and Hybrid Tank. Integrating oil fired systems with heat pumps.

c. Bioheat Technical Steering Committee

NORA plans to have a Bioheat Technical Steering Committee meeting on October 2nd, at LaGuardia Marriott at 9am. The goal of this meeting is to discuss potential research projects and what needs to be addressed regarding Bioheat.

VI. Bioheat

a. AHRI Labeling

Mr. Huber discussed moving to higher blends and how that will affect the industry. There was a letter in the board packets regarding new labeling. Mr. Huber contacted AHRI because of his

concerns with these labeling initiatives. NORA has plans to work with AHRI in the future to correct the issues.

NORA has done research and will continue to do research and put it into public domain for everyone. NORA stated that we do not want to put warning labels on tanks that aren't true. Putting good data out so that people have access is our best approach

b. NORA Report

Mr. Huber discussed the NORA report to Congress, State Governments and Administrator of the Environmental Protection Agency. Congress required the National Oilheat Research Alliance (hereinafter "Alliance") to prepare a report on the utilization rate and analysis of the use of biofuels in Oilheating equipment. Mr. Huber briefly discussed the report, the research conducted and the findings. The report can be found at: <https://noraweb.org/wp-content/uploads/2015/06/Developing-a-Renewable-Biofuel-Option-May-2015-R2.pdf>

VII. Consumer Education

Mr. Huber discussed the marketing campaign that NORA is working on that is internet based that tells the benefits of our fuel. It will be done in all of the NORA states.

VIII. Energy Efficiency

a. Fuel Savings Calculator

Mr. Huber discussed the FSA and that will show people how they can save money with different systems. The goal is to have app that will calculate efficiency. The new edition of the FSA Calculator was designed to be used by energy auditors. This version is more user friendly and it has a lot more technical substance than the previous edition.

b. Equipment Rebates

Mr. Huber discussed equipment rebates and the need for the industry to be very careful and collect data when doing rebates. Mr. Huber stated that NORA is working on several Research & Development products to serve the needs of consumers by ensuring that equipment is created with higher efficiency ratings.

IX. NORA Management

a. Board Appointments in Fall

Mr. Huber discussed the open seats on the board. He asked for states to nominate committee member. He asked that nominations be emailed to him at jhuber@nora-oilheat.org

b. Executive Committee

Mr. Huber discussed that we are working to get the exec committee fully developed with new members.

c. Election of Officers

Mr. Huber read the list of officers which are as follows:

Chairwoman-Ms. Allison Heaney

1st Vice Chairman-Mr. Tom Santa

2nd Vice Chairman-Vacant

Treasurer-Mr. Eric Degesero

President-Mr. John Huber

Past Chairman-Mr. Ed Noonan

A motion made to select and elect these officers by Mr. Rick Bologna, seconded by Mr. Greg Anderson and approved by voice.

X. Next Board Meeting – May 24, Noon, Foxwoods, Connecticut (*details will be made available closer to the aforementioned date*)

XI. New Business

NONE

XII. Old Business

NONE

XIII. Adjournment

Mr. Ed Scott made a motion to adjourn, it was seconded by Mr. David Neil and approved by voice. Ms. Allison Heaney called for adjournment at 9:37 am EST.

National Oilheat Research Alliance
Statement of Financial Position
December 31, 2015

	<u>2015</u>
ASSETS	
CURRENT ASSETS:	
Cash and Cash Equivalents	\$8,209,832.26
Accounts Receivable	56,050.32
Assessments and Other Receivables	2,519,503.17
Security Deposit	21,146.10
Prepaid Assets	342,228.67

Total Current Assets	11,148,760.52
 PROPERTY AND EQUIPMENT	
Office Furniture and Equipment	11,821.29
Website	45,450.00
Computer Equipment	7,944.39

Less: Accumulated Depreciation	(16,580.77)
Less: Accumulative Amortization (Web Site)	(11,290.00)

Total Property and Equipment	37,344.91

TOTAL ASSETS	\$11,186,105.43
	=====
LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES:	
State Rebate Obligations (Pre 2014)	465,397.37
State Rebate Obligations 2014	1,120,438.02
State Rebate Obligations 2015	4,834,917.98
State Rebate Obligations 2016	(607.72)

Total Grants Payable	6,420,145.65
Accrued Salaries & Benefits	36,740.47
Reserve for BIO Diesel Testing	764.35
Accounts Payable	622,935.81

Total Current Liabilities	\$7,080,586.28
 NET ASSETS:	
Undesignated Net Assets	775,000.52
Prior Year Re-Authorization Assets	472,266.37
Designated Net Assets	2,858,252.26

Total Net Assets	4,105,519.15

TOTAL LIABILITIES AND NET ASSETS	\$11,186,105.43
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National Oilheat Research Alliance
Statement of Activities
For the Twelve Months Ending December 31, 2015

	YTD 2015	2015 and 2014 Unspent Budget	Remaining
INCOME			
Collections and Assessments			
Collections	\$10,913,466.57	\$8,750,000.00	(\$2,163,466.57)
Remittance Accrual	16.04	0.00	(16.04)
Refunds	(1,185,050.66)	0.00	1,185,050.66
Collection Costs	(180,384.92)	(95,000.00)	85,384.92
Net Collections	9,548,047.03	8,655,000.00	(893,047.03)
In Kind Contributions			
Sales Revenue	88,657.95	75,000.00	(13,657.95)
Other Revenue (Grants, etc)	0.00	0.00	0.00
Total Income	9,636,704.98	8,730,000.00	(906,704.98)
PROGRAM EXPENSES			
Consumer Education and Training (Max. 30%)	2,837,473.54	2,884,636.34	47,162.80
Education and Training (Central)	404,029.41	451,192.21	47,162.80
Education and Training (States)	2,433,444.13	2,433,444.13	0.00
Research Development and Demonstration (Min. 30%)	1,392,616.08	3,714,147.56	2,321,531.48
Research Development and Demonstration (Central)	601,117.13	2,980,108.09	2,378,990.96
Research Development and Demonstration (States)	791,498.95	734,039.47	(57,459.48)
Home Energy Efficiency Program (Min. 15%)	1,365,489.28	1,440,605.39	75,116.11
Home Energy Efficiency Program (Central)	98,768.41	173,884.52	75,116.11
Home Energy Efficiency Program (States)	1,266,720.87	1,266,720.87	0.00
Total Central	1,103,914.95	3,605,184.82	2,501,269.87
Total States	4,491,663.95	4,434,204.47	(57,459.48)
State Rebates	1,736,927.94	1,756,027.42	19,099.48
Old Grant Advertising	0.00	0.00	0.00
Office Unallocated Expenses			
Salaries and Consulting (Admin)	57,987.85	75,000.00	17,012.15
Accounting (Admin)	95,652.78	100,000.00	4,347.22
Insurance (Admin)	9,406.32	10,000.00	593.68
Taxes	1,854.36	20,000.00	18,145.64
Postage	5,301.84	5,000.00	(301.84)
Web Pages	23,373.26	100,000.00	76,626.74
Annual Report	34,368.83	20,000.00	(14,368.83)
Rent and Telephone	24,890.51	20,000.00	(4,890.51)
Travel	5,180.72	5,000.00	(180.72)
Meeting Expenses	2,843.16	0.00	(2,843.16)
Office Supplies	2,326.08	0.00	(2,326.08)
Dues & Memberships	184.00	0.00	(184.00)
Bank Fees	6,089.34	0.00	(6,089.34)
Legal Expense	8,000.00	10,000.00	2,000.00
Misc Expense	183.54	0.00	(183.54)
Advertising Expense	380.00	0.00	(380.00)
Equipment Maintenance	5,593.75	0.00	(5,593.75)
Bad Debts	14,965.89	0.00	(14,965.89)
Total Unallocated Expenses	298,582.23	365,000.00	66,417.77
Other Expenses/(Income)			
Cost of Goods Sold	70,546.85	60,000.00	(10,546.85)
Interest	(1,136.26)	(5,000.00)	(3,863.74)
Total Other Expenses/(Income)	69,410.59	55,000.00	(14,410.59)
Net Revenue/(Expense)	1,936,205.32	(1,485,416.71)	(3,421,622.03)

Restricted for Management's Use Only
See Accountants' Compilation Report

RESOLUTION #1

Whereas: The First Quarter of 2015 was unusually cold and despite a very warm fourth quarter, the surplus for the year was \$978,432.

Whereas: The NORA statute prescribes strict requirements for allocating funds between project areas, NORA must allocate \$978,432 between the prescribed areas.

Whereas: Any changes in budget are generally accommodated in the state grants, NORA will adjust the state grants in the subject areas specified by law.

Now therefore be it Resolved: That the surplus generated in 2015 budget be allocated to the states. This shall result in an increase in State Research and Development grants of \$293,530, an increase in Consumer Education and Education and Training grants of \$293,530, and an increase in Energy Efficiency grants of \$146,765, and an increase in rebates that can be used for either Energy Efficiency or Research and Development of \$244,608.

Now therefore be it further Resolved: That the allocation described above be appropriately distributed amongst the states for their 2016 grants.

RESOLUTION #2

Whereas: The First Quarter of 2016 was unusually warm, and the Executive Committee has recommended that the 2016 Budget be revised to accommodate the reduced revenues resulting from this weather. The Executive Committee is recommending that the 2016 Budget be revised downward by \$978,432.

Whereas: The NORA statute prescribes strict requirements for allocating funds between project areas, NORA must allocate \$978,432 between the prescribed areas.

Whereas: Any changes in budget are generally accommodated in the state grants, NORA will adjust the state grants in the subject areas specified by law.

Now therefore be it Resolved: That the reduced budget shall be allocated amongst the states. This shall result in a decrease in State Research and Development grants of \$293,530, a decrease in Consumer Education and Education and Training grants of \$293,530, and a decrease in Energy Efficiency grants of \$146,765, and a decrease in rebates that can be used for either Energy Efficiency or Research and Development of \$244,608.

Now therefore be it further Resolved: That the allocation described above be appropriately distributed amongst the states for their 2016 grants.

293,529.60

293,529.60

146,764.80

244,608.00

Income		2014		2015	2015 Adjustments	2014 Revision	2014-2015		2016	2016 Adjustments		2017	Change
	Collections and Assessments												
	Collections	5,160,000.00		8,750,000.00	9,728,432.00	5,588,567.00	428,567.00		9,382,518.98	8,404,086.98		9,194,868.60	978,432.00
	Collection Costs	70,000.00		95,000.00		201,151.00	131,151.00		170,000.00			170,000.00	
							-						
	Net Collections	5,090,000.00		8,655,000.00		5,387,416.00	297,416.00		9,212,518.98			9,024,868.60	
	In Kind Contributions						-						
	Sales Revenue	60,000.00		75,000.00		60,000.00	-		100,000.00			100,000.00	
	Other Revenue (Grants, etc)	25,000.00		25,000.00		25,000.00	-		200,000.00			200,000.00	
							-						
	Total Income	5,175,000.00		8,755,000.00		5,472,416.00	297,416.00		9,512,518.98			9,324,868.60	
							-						
							-						
Program Expenses													
	Consumer Education and Training (Max 30%)	1,548,000.00		2,625,000.00	2,918,529.60	1,676,570.10	128,570.10		2,814,754.69	2,521,225.09	293,529.60	2,758,459.58	
	Central	300,000.00		300,000.00		300,000.00	-		325,000.00			325,000.00	
	States	1,248,000.00		2,325,000.00	2,618,529.60	1,376,570.10	128,570.10		2,489,754.69			2,433,459.58	
							-						
	Research Development and Demonstration (Min. 30%)	1,548,000.00		2,625,000.00	2,918,529.60	1,676,570.10	128,570.10		2,814,756.69	2,521,227.09	293,529.60	2,758,461.58	
	Central	1,300,000.00		2,000,000.00		1,300,000.00	-		2,200,000.00			2,200,000.00	
	States	248,000.00		625,000.00	918,529.60	376,570.10	128,570.10		614,756.69			558,461.58	
	50% Matching F Demonstration						-						
	Central						-						
	States						-						
							-						
	Home Energy Efficiency Program (Min 15%)	774,000.00		1,312,500.00	1,459,264.80	838,285.05	64,285.05		1,407,377.85	1,260,613.05	146,764.80	1,379,230.29	
	Central	100,000.00		100,000.00		100,000.00	-		100,000.00			100,000.00	
	States	674,000.00		1,212,500.00	1,359,264.80	738,285.05	64,285.05		1,307,377.85			1,279,230.29	
							-						
	State Rebates (Unallocated Funds)	907,000.00	-	1,772,500.00	2,017,108.00	882,990.75	(24,009.25)		2,041,629.75	1,797,021.75	244,608.00	1,993,717.15	
	Research and Development						-						
	Home Energy Efficiency						-						
							-						
Office Unallocated Expenses													
	Salaries and Consulting (Admin)	60,000.00		75,000.00		60,000.00	-		75,000.00			75,000.00	
	Accounting (Admin)	100,000.00		100,000.00		100,000.00	-		100,000.00			100,000.00	
	Insurance (Admin)	10,000.00		10,000.00		10,000.00	-		15,000.00			16,000.00	
	Taxes	20,000.00		20,000.00		20,000.00	-		7,000.00			7,000.00	
	Postage	5,000.00		5,000.00		5,000.00	-		1,000.00			1,000.00	
	Web Pages	100,000.00		100,000.00		100,000.00	-		50,000.00			50,000.00	
	Annual Report	15,000.00		15,000.00		15,000.00	-		15,000.00			15,000.00	
	Rent (Admin)	15,000.00		15,000.00		15,000.00	-		20,000.00			20,000.00	
	Legal						-		30,000.00			30,000.00	
	Travel	10,000.00		10,000.00		10,000.00	-		12,000.00			12,000.00	
	Meetings						-		15,000.00			15,000.00	
	Other (Telephone, Supplies, Maintenance, Computer)	15,000.00		15,000.00		15,000.00	-		15,000.00			15,000.00	
	Total Unallocated Expenses	350,000.00		365,000.00		350,000.00	-		355,000.00			356,000.00	
Other Expenses/ (income)													
	Cost of Goods Sold	50,000.00		60,000.00		50,000.00	-		80,000.00			80,000.00	
	Interest	(2,000.00)		(5,000.00)		(2,000.00)	-		(1,000.00)			(1,000.00)	
	Total Other Expenses	48,000.00		55,000.00		48,000.00	-		79,000.00			79,000.00	
							-						
Net Revenue/(Expense)		0.00		0.00		0.00	0.00		0.00			0.00	

National Oilheat Research Alliance
2014 STATE GRANTS
For the Five Months Ending May 31, 2016

	Education (6114)			Research and Development (6214)			Energy Efficiency (6814)			Rebate (6914)			Total		
	Budget	Actual	Remaining	Budget	Actual	Remaining	Budget	Actual	Remaining	Budget	Actual	Remaining	Budget	Actual	Remaining
Connecticut	\$116,634.40	\$116,634.40		\$23,177.73	\$23,177.73		\$62,991.10	\$62,991.10		\$84,766.95	\$48,951.55	\$35,815.40	\$287,570.18	\$251,754.78	\$35,815.40
District of Columbia	985.31		985.31	195.80		195.80	532.13		532.13	716.08		716.08	2,429.32		2,429.32
Delaware	10,282.37	10,282.37		2,043.29		2,043.29	5,553.14	2,510.44	3,042.70	7,472.84		7,472.84	25,351.64	12,792.81	12,558.83
Idaho	1,121.74		1,121.74	222.91		222.91	605.81		605.81	815.24		815.24	2,765.70		2,765.70
Indiana	2,792.20	1,925.58	866.62	554.86		554.86	1,507.97	1,507.97		2,029.27	417.62	1,611.65	6,884.30	3,851.17	3,033.13
Kentucky	20,596.48	20,596.48		4,092.89	4,092.89		11,123.42	11,123.42		14,968.76	14,968.76		50,781.55	50,781.55	
Maryland	37,071.13	37,071.13		7,366.70	1,700.00	5,666.70	20,020.79	20,020.79		26,941.92	26,941.92		91,400.54	85,733.84	5,666.70
Massachusetts	138,514.41	138,514.41		27,525.30	24,539.52	2,985.78	74,806.66	74,806.66		100,667.12	6,225.41	94,441.71	341,513.49	244,086.00	97,427.49
Maine	70,733.00	70,733.00		14,055.92	14,055.92		38,200.35	38,200.35		51,406.11	43,212.41	8,193.70	174,395.38	166,201.68	8,193.70
Michigan	38,065.57	38,065.57		7,564.31		7,564.31	20,557.85		20,557.85	27,664.64		27,664.64	93,852.37	38,065.57	55,786.80
New Hampshire	60,173.75	60,173.75		11,957.60		11,957.60	32,497.68		32,497.68	43,732.04		43,732.04	148,361.07	60,173.75	88,187.32
New Jersey	106,379.25	106,379.25		21,139.47	21,139.47		57,451.61		57,451.61	77,312.48		77,312.48	262,282.81	262,282.81	
North Carolina	39,441.56	39,441.56		7,837.75	7,837.75		21,300.97	21,300.97		28,664.66	28,664.66		97,244.94	97,244.94	
ESEA (New York)	25,946.48	25,946.48		5,156.03		5,156.03	14,012.76		14,012.76	18,856.94		18,856.94	63,972.21	25,946.48	38,025.73
NYOHA	82,431.97	82,431.97		16,380.71	6,390.96	9,989.75	44,518.55	44,518.55		59,908.49	44,832.56	15,075.93	203,239.72	178,174.04	25,065.68
UNYEA	58,846.62	58,846.62		11,693.88		11,693.88	31,780.95	15,456.04	16,324.91	42,767.53		42,767.53	145,088.98	74,302.66	70,786.32
Hudson Valley	27,088.13	27,088.13		5,382.90		5,382.90	14,629.32	14,629.32		19,686.64	19,686.64		66,786.99	61,404.09	5,382.90
Long Island	65,151.61	65,151.61		12,946.80	12,946.80		35,186.05	35,186.05		47,349.77	47,349.77		160,634.23	160,634.23	
Nevada	598.47		598.47	118.93		118.93	323.21		323.21	434.95		434.95	1,475.56		1,475.56
Ohio	35,311.81	35,311.81		7,017.09	7,017.09		19,070.64		19,070.64	25,663.31	8,416.47	17,246.84	87,062.85	50,745.37	36,317.48
Oregon	5,126.78	3,092.70	2,034.08	1,018.78		1,018.78	2,768.79		2,768.79	3,725.96		3,725.96	12,640.31	3,092.70	9,547.61
Pennsylvania	168,801.05	168,801.05		33,543.41		33,543.41	91,162.35	16,596.58		122,676.94		122,676.94	416,183.75	185,397.63	230,786.12
Rhode Island	38,991.77	38,991.77		7,748.36	7,748.36		21,058.06	21,058.06		28,337.77	28,337.77		96,135.96	96,135.96	
South Carolina	6,063.62		6,063.62	1,204.95		1,204.95	3,274.74		3,274.74	4,406.81		4,406.81	14,950.12		14,950.12
Vermont	24,615.68	24,615.68		4,891.58	4,891.58		13,294.05	13,294.05		17,889.76	14,411.26	3,478.50	60,691.07	57,212.57	3,478.50
Virginia	35,296.90	20,978.87	14,318.03	7,014.13	3,322.72	3,691.41	19,062.59	19,062.59		25,652.48	2,798.17	22,854.31	87,026.10	46,162.35	40,863.75
Washington State	7,612.55	7,612.55		1,512.75		1,512.75	4,111.26		4,111.26	5,532.52		5,532.52	18,769.08	7,612.55	11,156.53
Wisconsin	23,325.39	3,350.00	19,975.39	4,635.17		4,635.17	12,597.20		12,597.20	16,952.02		16,952.02	57,509.78	3,350.00	54,159.78
Totals	1,248,000.00	1,202,036.74	45,963.26	248,000.00	138,860.79	109,139.21	674,000.00	469,714.55	204,285.45	907,000.00	412,527.45	494,472.55	3,077,000.00	2,223,139.53	853,860.47

National Oilheat Research Alliance
2015 STATE GRANTS
For the Five Months Ending May 31, 2016

	Education (6115)			Research and Development (6215)			Energy Efficiency (6815)			Rebate (6915)			Total		
	Budget	Actual	Remaining	Budget	Actual	Remaining	Budget	Actual	Remaining	Budget	Actual	Remaining	Budget	Actual	Remaining
Connecticut	\$227,946.61	\$227,946.61		\$68,833.01		\$68,833.01	\$118,657.03	\$605.25	\$118,051.78	\$164,494.99		\$164,494.99	\$579,931.64	\$228,551.86	\$351,379.78
District of Columbia	1,925.62		1,925.62	581.48		581.48	1,002.38		1,002.38	1,389.60		1,389.60	4,899.08		4,899.08
Delaware	20,095.20	2,470.11	17,625.09	6,068.15		6,068.15	10,460.51		10,460.51	14,501.47		14,501.47	51,125.33	2,470.11	48,655.22
Idaho	2,192.26		2,192.26	662.00		662.00	1,141.17		1,141.17	1,582.02		1,582.02	5,577.45		5,577.45
Indiana	5,456.90		5,456.90	1,647.82		1,647.82	2,840.57		2,840.57	3,937.91		3,937.91	13,883.20		13,883.20
Kentucky	40,252.45	23,162.96	17,089.49	12,155.03	12,155.03		20,953.31	20,953.31		29,047.71	3,690.80	25,356.91	102,408.50	59,962.10	42,446.40
Maryland	72,449.46	72,449.46		21,877.56		21,877.56	37,713.38	37,713.38		52,282.30	9,737.76	42,544.54	184,322.70	119,900.60	64,422.10
Massachusetts	270,703.73	135,652.03	135,051.70	81,744.37	1,230.20	80,514.17	140,914.14		140,914.14	195,350.17		195,350.17	688,712.41	136,882.23	551,830.18
Maine	138,236.06	26,536.96	111,699.10	41,743.13	4,500.00	37,243.13	71,958.43		71,958.43	99,756.43		99,756.43	351,694.05	31,036.96	320,657.09
Michigan	74,392.92	1,007.43	73,385.49	22,464.42		22,464.42	38,725.04		38,725.04	53,684.77		53,684.77	189,267.15	1,007.43	188,259.72
New Hampshire	117,599.73	117,599.73		35,511.58		35,511.58	61,216.24		61,216.24	84,864.47		84,864.47	299,192.02	117,599.73	181,592.29
New Jersey	207,900.82	207,900.82		62,779.79		62,779.79	108,222.25	108,222.25		150,029.18	46,064.14	103,965.04	528,932.04	362,187.21	166,744.83
North Carolina	77,082.07	77,082.07		23,276.46	4,930.23	18,346.23	40,124.88	33,124.88		55,625.37	29,195.12	26,430.25	196,108.78	144,332.30	51,776.48
ESEA	50,708.15	50,708.15		15,312.33		15,312.33	26,396.00		26,396.00	36,592.94		36,592.94	129,009.42	50,708.15	78,301.27
NYOHA	146,546.55	146,546.55		44,252.64		44,252.64	76,284.43		76,284.43	105,753.59		105,753.59	372,837.21	146,546.55	226,290.66
NYEA	114,600.41	114,600.41		34,605.87		34,605.87	59,654.96		59,654.96	82,700.04		82,700.04	291,561.28	114,600.41	176,960.87
Hudson Valley	67,441.84	67,441.84		20,365.40		20,365.40	35,106.68	1,742.44		33,364.24		48,668.61	171,582.53	69,184.28	102,398.25
Long Island	127,784.53	127,784.53		38,587.08	37,511.08	1,076.00	66,517.92	59,897.77		6,620.15		92,214.21	325,103.74	225,193.38	99,910.36
Nevada	1,169.61		1,169.61	353.19		353.19	608.84		608.84	844.04		844.04	2,975.68		2,975.68
Ohio	69,011.16	42,618.07	26,393.09	20,754.20	570.00	20,184.20	35,923.58		35,923.58	49,801.09		49,801.09	175,490.03	43,188.07	132,301.96
Oregon	4,448.22	4,448.22		1,375.22		1,375.22	2,313.21		2,313.21	3,171.04		3,171.04	11,307.69	4,448.22	6,859.47
Pennsylvania	329,894.00	57,279.67	272,614.33	99,211.29		99,211.29	171,725.49		171,725.49	238,064.14		238,064.14	838,894.92	57,279.67	781,615.25
Rhode Island	76,203.03	76,203.03		22,917.06	22,917.06		39,667.29	17,469.42		54,991.02	19,099.48	35,891.54	193,778.40	135,688.99	58,089.41
South Carolina	11,850.35		11,850.35	3,563.84		3,563.84	6,168.67		6,168.67	8,551.67		8,551.67	30,134.53		30,134.53
Vermont	48,107.32	27,363.93	20,743.39	14,467.64		14,467.64	25,042.14		25,042.14	34,716.08		34,716.08	122,333.18	27,363.93	94,969.25
Virginia	68,982.01		68,982.01	20,745.43	(38,360.00)	59,105.43	35,908.41		35,908.41	49,780.06		49,780.06	175,415.91	(38,360.00)	213,775.91
Washington State	14,877.47	14,877.47		4,474.20		4,474.20	7,744.43		7,744.43	10,736.15		10,736.15	37,832.25	14,877.47	22,954.78
Wisconsin	45,585.65		45,585.65	13,709.28		13,709.28	23,729.49		23,729.49	32,896.35		32,896.35	115,920.77		115,920.77
Totals	2,433,444.13	1,621,680.05	811,764.08	734,039.47	45,453.60	688,585.87	1,266,720.87	279,728.70	986,992.17	1,756,027.42	107,787.30	1,648,240.12	6,190,231.89	2,054,649.65	4,135,582.24

National Oilheat Research Alliance
2016 STATE GRANTS
For the Five Months Ending May 31, 2016

	Education (6116)			Research and Development (6216)			Energy Efficiency (6816)			Rebate (6916)			Total		
	Budget	Actual	Remaining	Budget	Actual	Remaining	Budget	Actual	Remaining	Budget	Actual	Remaining	Budget	Actual	Remaining
Connecticut	\$256,780.56	\$128,522.21	\$128,258.35	\$61,194.59		\$61,194.59	\$134,909.87		\$134,909.87	\$213,059.19		\$213,059.19	\$665,944.21	\$128,522.21	\$537,422.00
District of Columbia	1,271.60		1,271.60	303.04		303.04	668.09		668.09	1,055.09		1,055.09	3,297.82		3,297.82
Delaware	15,879.15		15,879.15	3,784.24		3,784.24	8,342.74		8,342.74	13,175.45		13,175.45	41,181.58		41,181.58
Idaho	894.57		894.57	213.19		213.19	470.00		470.00	742.25		742.25	2,320.01		2,320.01
Indiana	4,308.49		4,308.49	1,026.78		1,026.78	2,263.63		2,263.63	3,574.89		3,574.89	11,173.79		11,173.79
Kentucky	27,204.92		27,204.92	6,483.33	3,350.77	3,132.56	14,293.19		14,293.19	22,572.81		22,572.81	70,554.25	3,350.77	67,203.48
Maryland	84,888.96	9,653.78	75,235.18	20,230.29		20,230.29	44,599.79		44,599.79	70,435.13		70,435.13	220,154.17	9,653.78	210,500.39
Massachusetts	301,645.43		301,645.43	71,886.55		71,886.55	158,481.41		158,481.41	250,285.04		250,285.04	782,298.43		782,298.43
Maine	153,735.76		153,735.76	36,637.49		36,637.49	80,771.19		80,771.19	127,559.56		127,559.56	398,704.00		398,704.00
Michigan	49,072.79		49,072.79	11,694.77		11,694.77	25,782.34		25,782.34	40,717.29		40,717.29	127,267.19		127,267.19
New Hampshire	105,519.06	18,896.86	86,622.20	25,146.75		25,146.75	55,438.63		55,438.63	87,552.60		87,552.60	273,657.04	18,896.86	254,760.18
New Jersey	183,364.89	25,058.63	158,306.26	43,698.55		43,698.55	96,338.03		96,338.03	152,143.82		152,143.82	475,545.29	25,058.63	450,486.66
North Carolina	75,862.48	74,973.91	888.57	18,079.15		18,079.15	39,857.37		39,857.37	62,945.57		62,945.57	196,744.57	74,973.91	121,770.66
ESEA	47,965.87	16,039.53	31,926.34	11,430.97		11,430.97	25,200.77		25,200.77	39,798.84		39,798.84	124,396.45	16,039.53	108,356.92
NYOHA	138,573.39	29,879.37	108,694.02	33,024.08		33,024.08	72,805.04		72,805.04	114,978.85		114,978.85	359,381.36	29,879.37	329,501.99
UNYEA	108,786.59	33,645.15	75,141.44	25,925.45		25,925.45	57,155.36		57,155.36	90,263.77		90,263.77	282,131.17	33,645.15	248,486.02
Hudson Valley	63,890.53	27,800.26	36,090.27	15,226.06		15,226.06	33,567.43		33,567.43	53,012.06		53,012.06	165,696.08	27,800.26	137,895.82
Long Island	120,442.29	45,311.09	75,131.20	28,703.17		28,703.17	63,279.14		63,279.14	99,934.89		99,934.89	312,359.49	45,311.09	267,048.40
Nevada	418.70		418.70	99.78		99.78	219.98		219.98	347.41		347.41	1,085.87		1,085.87
Ohio	73,734.81		73,734.81	17,572.09		17,572.09	38,739.51		38,739.51	61,180.17		61,180.17	191,226.58		191,226.58
Pennsylvania	341,369.79		341,369.79	81,353.45		81,353.45	179,352.19		179,352.19	283,245.63		283,245.63	885,321.06		885,321.06
Rhode Island	64,057.01	6,713.75	57,343.26	15,265.73		15,265.73	33,654.90		33,654.90	53,150.19		53,150.19	166,127.83	6,713.75	159,414.08
South Carolina	29,548.64		29,548.64	7,041.88		7,041.88	15,524.55		15,524.55	24,517.47		24,517.47	76,632.54		76,632.54
Vermont	57,747.34		57,747.34	13,762.04		13,762.04	30,339.86		30,339.86	47,914.85		47,914.85	149,764.09		149,764.09
Virginia	83,982.86		83,982.86	20,014.35		20,014.35	44,123.73		44,123.73	69,683.31		69,683.31	217,804.25		217,804.25
Washington State	6,621.65	137.86	6,483.79	1,578.04		1,578.04	3,478.94		3,478.94	5,494.20		5,494.20	17,172.83	137.86	17,034.97
Wisconsin	64,076.10		64,076.10	15,270.28		15,270.28	33,664.93		33,664.93	53,166.03		53,166.03	166,177.34		166,177.34
Totals	2,461,644.23	416,632.40	2,045,011.83	586,646.09	3,350.77	583,295.32	1,293,322.61	1,293,322.61	2,042,506.36	2,042,506.36	2,042,506.36	6,384,119.29	419,983.17	5,964,136.12	

NATIONAL OILHEAT RESEARCH ALLIANCE, INC.

DECEMBER 31, 2014 AND 2013

Draft

**These financial statements
may be reproduced only
in their entirety.**

NATIONAL OILHEAT RESEARCH ALLIANCE, INC.

DECEMBER 31, 2014 and 2013

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors
National Oilheat Research Alliance, Inc.
Alexandria, Virginia

Scope

We have audited the accompanying statements of the National Oilheat Research Alliance, Inc. (the Alliance), which comprise the statements of financial position as of December 31, 2014 and 2013, and the related statements of activities and cash flows for the years 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 audits. We conducted our audits 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 from 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 express no such 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.

The Board of Directors
National Oilheat Research Alliance, Inc.
Alexandria, Virginia
Page Two

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Alliance as of December 31, 2014 and 2013, 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.

Correction of Error

As discussed in Note 11 to the financial statements, certain errors resulting in overstatement of amounts previously reported for the gain on reversal of grants payable, unrestricted net assets, change in net assets, and understatement of state grant rebates remaining under NORA Public Law 106-469 and total liabilities as of December 31, 2013, were discovered by management of the Alliance during the current year. Accordingly, amounts reported for these accounts have been restated in the 2014 financial statements now presented, and an adjustment has been made to net assets as of December 31, 2013, to correct the error. Our opinion is not modified with respect to that matter.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedules of Expenses by State/Jurisdiction for the year ended December 31, 2014 in Schedules 1-4 are presented for purposes of additional analysis and are 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 information is fairly stated in all material respects in relation to the financial statements as a whole.

CERTIFIED PUBLIC ACCOUNTANTS

the report date

NATIONAL OILHEAT RESEARCH ALLIANCE, INC.

STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2014 AND 2013

ASSETS

	2014	2013 (Restated)
CURRENT ASSETS		
Cash	\$ 3,286,187	\$ 1,826,717
Assessments receivables	2,869,163	-
Other receivables	84,743	46,840
Other current assets	<u>11,709</u>	<u>38,598</u>
Total current assets	6,251,802	1,912,155
OTHER NONCURRENT ASSETS	<u>33,300</u>	<u>19</u>
TOTAL ASSETS	<u><u>\$ 6,285,102</u></u>	<u><u>\$ 1,912,174</u></u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 559,388	\$ 29,193
Other current liabilities	32,756	26,053
State grants payable	1,852,176	-
Obligation for unallocated state rebates	906,381	-
State grant rebates remaining under NORA Public Law 106-469	<u>774,402</u>	<u>1,180,758</u>
TOTAL LIABILITIES	<u>4,125,103</u>	<u>1,236,004</u>
NET ASSETS		
Unrestricted undesignated net assets	220,770	-
Designated net assets-		
Pre-2014 reauthorization net assets	464,908	676,170
State grants and rebates made after year end	297,416	-
National spending not yet incurred	<u>1,176,905</u>	<u>-</u>
Total unrestricted net assets	<u>2,159,999</u>	<u>676,170</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 6,285,102</u></u>	<u><u>\$ 1,912,174</u></u>

NATIONAL OILHEAT RESEARCH ALLIANCE, INC.

STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	<u>2014</u>	<u>2013</u> (Restated)
CHANGE IN UNRESTRICTED NET ASSETS		
REVENUE AND GAINS/LOSSES		
Assessments revenue - net	\$ 5,521,669	\$ -
Contract revenue	37,903	45,942
Gain on reversal of grants payable	-	618,247
Other income, net of cost of sales of \$71,708 in 2014 and \$52,512 in 2013	<u>21,399</u>	<u>21,444</u>
Total revenue and gains/losses5,580,971685,633
EXPENSES		
Program expenses:		
Research, development, and demonstration	588,749	169,396
Heating oil efficiency and upgrade	700,841	-
Consumer education, safety, and training	1,403,505	36,709
Unallocated state rebates	<u>907,000</u>	<u>-</u>
Total program expenses	3,600,095	206,105
Administrative expenses:		
Administrative costs	303,785	466,246
General and special projects:		
Assessment and collection costs	<u>193,262</u>	<u>-</u>
Total expenses	<u>4,097,142</u>	<u>672,351</u>
CHANGE IN UNRESTRICTED NET ASSETS	1,483,829	13,282
NET ASSETS, BEGINNING OF YEAR	<u>676,170</u>	<u>662,888</u>
NET ASSETS, END OF YEAR	<u>\$ 2,159,999</u>	<u>\$ 676,170</u>

NATIONAL OILHEAT RESEARCH ALLIANCE, INC.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	2014	2013 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 1,483,829	\$ 13,282
Adjustments to reconcile change in unrestricted net assets to net cash provided by/(used in) operating activities:		
Depreciation and amortization	2,219	289
Change in assets and liabilities:		
Increase in assessments receivables	(2,869,163)	-
(Increase)/decrease in other receivables	(37,903)	45,240
Decrease in other current assets	26,889	36,638
Increase in other noncurrent assets	-	7,283
Increase/(decrease) in accounts payable and accrued expenses	530,195	(3,142)
Increase/(decrease) in other current liabilities	6,703	(11,029)
Increase in grants payable	1,852,176	-
Increase in obligation for unallocated state rebates	906,381	-
Decrease in state grant rebates remaining under NORA Public Law 106-469	(406,356)	(872,061)
Total adjustments	11,141	(796,782)
Net cash provided by/(used in) operating activities	1,494,970	(783,500)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of noncurrent assets	(35,500)	-
NET CHANGE IN CASH	1,459,470	(783,500)
CASH, BEGINNING OF YEAR	1,826,717	2,610,217
CASH, END OF YEAR	\$ 3,286,187	\$ 1,826,717

NATIONAL OILHEAT RESEARCH ALLIANCE, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - THE ORGANIZATION

The National Oilheat Research Alliance, Inc. (the Alliance) is a non-profit trade organization developed under the National Oilheat Research Alliance Act of 2000 (NORA), Public Law 106-469, legislation passed by the U.S. Congress and signed into law in November 2000. The law was amended in 2014 under NORA Public Law 113-79. The Alliance was created to educate consumers about the benefits of oilheat, to perform research and development, to encourage heating oil efficiency and upgrades, and to provide technical training to provide better customer service. The Alliance's Board consists of members from the oilheat industry, retail markets, wholesale distributors, public members, and representatives from the states with the highest oilheat sales. The Alliance was incorporated on January 31, 2001. Funding under the NORA Public Law 106-469 ceased on February 6, 2010. On February 7, 2014, the NORA Public Law 113-79 extended the provisions of NORA Public Law 106-469 to February 6, 2019. Funding under NORA Public Law 113-79 resumed effective April 1, 2014.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting following the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC), which is the sole source of authoritative generally accepted accounting principles in the United States. The Alliance reports information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted.

Accounting Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that could affect certain reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, the reported amounts of revenue and expenses and their functional allocations during the year. Actual results could differ from those estimates.

Assessments Receivables

An estimate of assessments to be received, but not remitted to the Alliance at the end of the reporting period, is recognized. Receivables are charged to bad debt expense as they are deemed uncollectible based upon a periodic review of the accounts. At December 31, 2014 and 2013, no allowance for uncollectible accounts was considered necessary.

Assessment Revenue

The NORA Public Law 113-79 requires wholesale distributors of No. 1 distillate and No. 2 dyed distillate to remit an assessment of two-tenths of one cent per gallon at the point of sale. If the No. 1 distillate or No. 2 dyed distillate is imported after the point of sale, the assessment is to be made when the product enters the United States. The assessments are to be remitted to the Alliance at least quarterly.

Under NORA Public Law 113-79's collections rules, any dyed distillate or blends are subject to assessment. Some of this fuel is used for non-heating applications and is refunded. Assessments revenue is presented in the accompanying statements of activities net of refunds recorded of \$883,316 for the year ended December 31, 2014. There were no refunds in the year ended December 31, 2013.

NATIONAL OILHEAT RESEARCH ALLIANCE, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Other Receivables and Contract Revenue

Other receivables consist of amounts due from research and development contracts. Bad debts are recognized based on historical experience and management's evaluation of outstanding accounts receivable. Accounts are written off when all reasonable efforts for collection have been utilized. No allowance was deemed necessary by management at December 31, 2014 or 2013. Contract revenue is recognized when services have been completed.

Subsequent Events

The Alliance has evaluated subsequent events through the report date, which is the date the financial statements were available to be issued.

Reclassifications

Certain 2013 amounts have been reclassified to conform with 2014 classifications.

NOTE 3 - INCOME TAX STATUS

The Alliance received a determination letter from the Internal Revenue Service (IRS) that it has been granted an exemption from federal income taxes and it qualifies under Section 501(c)(6) of the Internal Revenue Code. The Alliance believes its operations are consistent with the nature of their exemption granted by the IRS. There is no current liability for income taxes on unrelated business income and no temporary differences resulting in deferred taxes as of December 31, 2014 and 2013.

The Alliance is required to measure, recognize, present, and disclose in its financial statements uncertain income tax positions the Alliance has taken in the tax years that remain subject to examination or expects to take on an income tax return. The Alliance recognizes the tax benefits from uncertain income tax positions only if it is more likely than not the tax position will be sustained on examination by tax authorities. Prior year income tax returns may be subject to audit in various tax jurisdictions, most of which define open tax years as three years from the later of the due date or the date the return was filed. The Alliance recorded no liability for uncertain income tax positions for any open tax years.

NOTE 4 - PROGRAM SERVICES

The NORA Public Law 113-79 places requirements on how the Alliance can spend the assessments it collects. Upon amendment of the NORA Public Law 113-79 effective April 1, 2014, the Alliance made an estimate of what total assessments would be during the first year. Grants were made to states and national campaigns were undertaken based on this estimate. Actual assessments revenue differed from the estimate. The difference between the estimate and actual assessments are to be reflected in the grants made in future years. The law establishes strict percentage allocations for program spending and these percentages are tied to the revenue received from assessments. Management has developed procedures to ensure these percentages are reflected in budgets and carried forward as appropriate. Variances between the percentages disclosed in the program descriptions below are descriptive of the current year's operations and management believes they do not indicate non-compliance with the statute.

NATIONAL OILHEAT RESEARCH ALLIANCE, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 4 - PROGRAM SERVICES (continued)

Research, Development, and Demonstration

The NORA Public Law 113-79 requires the Alliance to ensure not less than 30 percent of the assessments collected for each calendar year under the NORA Public Law 113-79 are used by qualified state associations or the Alliance to conduct research, development, and demonstration activities relating to oilheat fuel, including the development of energy-efficient heating systems to be placed into the marketplace. This also includes the Alliance, in conjunction with an institution or organization engaged in biofuels research, to develop consumer education materials describing the benefits of using biofuels as or in oilheat fuel based on the technical information developed. In 2014, the first nine months under the new law, the Alliance granted \$588,749 for the research, development, and demonstration program. Subsequent to year end, the Alliance made additional state grants of \$128,570 and budgeted \$959,251 in additional national spending from 2014 assessment revenue for the research, development, and demonstration program making the total 30 percent of net assessments revenue. Additionally, unallocated state rebates of 2014 revenue will be used for the research, development, and demonstration program.

Heating Oil Efficiency and Upgrade

The NORA Public Law 113-79 requires the Alliance to ensure not less than 15 percent of the assessments collected for each calendar year under the NORA Public Law 113-79 are used by qualified state associations or the Alliance to carry out programs to assist consumers (i) to make cost-effective upgrades to more fuel efficient heating oil systems or otherwise make cost-effective modifications to an existing heating system to improve the efficiency of the system, (ii) to improve energy efficiency or reduce energy consumption through cost-effective energy efficiency programs for consumers, or (iii) to improve the safe operation of a heating system. In 2014, the first nine months under the new law, the Alliance granted \$700,841 for the heating oil efficiency and upgrade program. Subsequent to year end, the Alliance made additional state grants of \$64,285 and budgeted \$73,159 in additional national spending from 2014 assessment revenue for the heating oil efficiency and upgrade program making the total 15 percent of net assessments revenue. Additionally, unallocated state rebates of 2014 assessments revenue will be used for the heating oil efficiency and upgrade program.

Consumer Education, Safety, and Training

The NORA Public Law 113-79 requires the Alliance to ensure not more than 30 percent of the assessments collected for each calendar year under the NORA Public Law 113-79 are used (i) to conduct consumer education activities relating to oilheat fuel, including providing information to consumers on energy conservation strategies, safety, new technologies that reduce consumption or improve safety and comfort, the use of biofuel blends, and federal, state, and local programs designed to assist oilheat fuel consumers, (ii) to conduct worker safety and training activities relating to oilheat fuel, including energy efficiency training, (iii) to carry out other activities recommended by the Secretary of the Energy, or (iv) to establish a data collection process to track equipment, service, and related safety issues to develop measures to improve safety. In 2014, the first nine months under the new law, the Alliance granted \$1,403,505 for the consumer education, safety, and training program. Subsequent to year end, the Alliance made additional state grants of \$128,570 and budgeted \$144,495 in additional national spending from 2014 assessment revenue for the consumer education, safety, and training making the total 30 percent of net assessments revenue program.

NATIONAL OILHEAT RESEARCH ALLIANCE, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 4 - PROGRAM SERVICES (continued)

Unallocated State Rebates

In addition to the specific program commitments discussed previously, the Alliance has committed \$907,000, which is 16.4 percent of net assessment revenue, for state rebates that have not yet been allocated to a program specified in the NORA Public Law 113-79. Subsequent to year end, the Alliance allocated \$24,009 of these state rebates to programs. The states develop detailed plans for use of the rebates to do research, development, and demonstration and/or heating oil efficiency and upgrades. These funds will be allocated between programs in accordance with the requirements of NORA Public Law 113-79 as discussed previously.

NOTE 5 - STATE GRANTS PAYABLE AND OBLIGATION FOR UNALLOCATED REBATES

Under NORA Public Law 113-79, the Alliance has entered into various grant agreements which may require periodic payment of grant funds. The outstanding grant liability is as follows as of December 31:

	<u>2014</u>
Research, development, and demonstration	\$ 235,974
Heating oil efficiency and upgrade	595,454
Consumer education, safety, and training	1,020,748
Unallocated state rebates	<u>906,381</u>
Total	<u>\$ 2,758,557</u>

NOTE 6 - ADMINISTRATIVE EXPENSE CAP

NORA Public Law 113-79 requires the Alliance to limit expenditures for "Administrative" costs to five percent of revenue generated by assessment remittances beginning April 1, 2014. In 2014, the Alliance expended \$303,785 for administrative expenses, including \$109,386 incurred before the NORA Public Law 113-79 was effective that were paid from previously accrued assets, rather than the assessments received in 2014. Since the NORA Public Law 113-79 effective date, the Alliance expended 4 percent of net assessments revenue in the year ended December 31, 2014. Thus, management believes the Alliance is in compliance with the NORA Public Law 113-79.

NOTE 7 - COLLECTION COSTS

The Alliance has also developed an audit system for collections compliance, and has the legal authority to conduct audits to ensure member compliance. Collection costs include the costs incurred to process annual assessments, to publicize the collection system, and to ascertain compliance as stipulated by NORA Public Law 113-79. Collection costs were \$193,262 for the year ended December 31, 2014. There were no collection costs in the year ended December 31, 2013.

NATIONAL OILHEAT RESEARCH ALLIANCE, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 8 - STATE GRANT REBATES REMAINING UNDER NORA PUBLIC LAW 106-469

Under NORA Public Law 106-469, the Alliance entered into various grant agreements, which may require periodic payments of grant funds. The outstanding grant liability, which is recorded as a current liability in the accompanying statements of financial position, was granted to state organizations in accordance with NORA Public Law 106-469. Because of the expiration of the NORA Public Law 106-469, the Alliance communicated to grant recipients during 2013 that some of the remaining grants would not be funded so the assets could be used to fund operations. As a result, the Alliance recorded a gain on reversal of grants payable of \$618,247 in the year ended December 31, 2013. As of December 31, 2014 and 2013, \$774,402 and \$1,180,758, respectively, remained outstanding.

NOTE 9 - COMMITMENTS AND CONTINGENCIES

From time to time, the Alliance may receive inquiries from government agencies, because of the nature of its funding sources. Management does not expect the result of such inquiries to impact the financial information of the Alliance.

NOTE 10 - CONCENTRATIONS OF CREDIT RISK

Financial instruments which potentially subject the Alliance to concentrations of credit risk include cash deposits with commercial banks and cash and investments held in broker-managed accounts. The Alliance cash management policies limit its exposure to concentrations of credit risk by maintaining a cash account at a financial institution whose deposits are insured by the Federal Deposit Insurance Corporation (FDIC). As of December 31, 2014, the Alliance held no cash in excess of FDIC limits.

In addition, the Alliance has exposure to credit risk on its cash and investments held in broker-managed accounts. The assets are insured by the Securities Investor Protection Corporation (SIPC), which protects investors for up to \$500,000 including a maximum of \$250,000 for claims of cash if the brokerage firm holding the assets becomes insolvent, but it does not insure the underlying assets of \$3,328,697 as of December 31, 2014. Management does not consider this a significant concentration of credit risk.

NOTE 11 - PRIOR YEAR RESTATEMENT

The Alliance has state grant rebates remaining under NORA Public Law 106-469. In 2013, the Alliance communicated to grant recipients that some of the remaining grants would not be funded so the assets could be used to fund operations. The amount recorded as a gain on reversal of grants payable in 2013 was overstated by \$73,889. The net impact in December 31, 2013 from this error is as follows:

Increase in state grant rebates remaining under NORA Public Law 106-469	\$ <u>73,889</u>
Increase in total liabilities	\$ <u>73,889</u>
Decrease in gain on reversal of grants payable	\$ <u>73,889</u>
Decrease in change in net assets	\$ <u>73,889</u>
Decrease in unrestricted net assets	\$ <u>73,889</u>

NATIONAL OILHEAT RESEARCH ALLIANCE, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 12 - DESIGNATED NET ASSETS

Pre-2014 Reauthorization Designated Net Assets

As discussed previously, the NORA Public Law 113-79 became effective April 1, 2014. The Alliance has designated the remaining net assets under the former NORA Public Law 106-469 as of March 31, 2014 of \$464,908 for use in a national oilheat education program.

State Grants and Rebates Made After Year End Designated Net Assets

Upon the reauthorization of the NORA Public Law 113-79, the Alliance established a budget for net assessment revenue and made state grants and obligations for state rebates based on this budget. Actual results were higher than this initial budget. Therefore, subsequent to year end, the Alliance communicated additional state grants and rebates to the states totaling \$297,416 to be in compliance with NORA Public Law 113-79. Net assets of this amount are designated by the Alliance for future use as state grants and rebates as of December 31, 2014.

National Spending Not Yet Incurred Designated Net Assets

Included within the initial budget is \$1,176,905 in national spending of 2014 assessments revenue, which had not yet been incurred as of December 31, 2014. The Alliance has designated net assets in this amount as of December 31, 2014 for future program spending.

Draft

NATIONAL OILHEAT RESEARCH ALLIANCE, INC.

SUPPLEMENTAL SCHEDULE OF EXPENSES BY STATE/JURISDICTION -
RESEARCH, DEVELOPMENT, AND DEMONSTRATION
FOR THE YEAR ENDED DECEMBER 31, 2014

	Amounts Granted/ Expended in 2014	2014 State Grants Made After Year End	2014 National Spending Not Yet Incurred	Total
STATE GRANTS-				
Connecticut	\$ 23,178	\$ 12,016	\$ -	\$ 35,194
Delaware	2,043	1,059	-	3,102
Idaho	223	116	-	339
Indiana	555	288	-	843
Kentucky	4,093	2,122	-	6,215
Maine	14,056	7,287	-	21,343
Maryland	7,367	3,819	-	11,186
Massachusetts	27,525	14,270	-	41,795
Michigan	7,564	3,922	-	11,486
Nevada	119	62	-	181
New Hampshire	11,958	6,199	-	18,157
New Jersey	21,139	10,959	-	32,098
New York -				
NYOHA	16,381	7,725	-	24,106
UNYEA	6,496	6,734	-	13,230
HVOEC	5,383	3,101	-	8,484
OHILI	18,144	7,458	-	25,602
ESEA	5,156	1,711	-	6,867
North Carolina	7,838	4,063	-	11,901
Ohio	7,017	3,638	-	10,655
Oregon	1,019	528	-	1,547
Pennsylvania	33,543	17,390	-	50,933
Rhode Island	7,748	4,017	-	11,765
South Carolina	1,205	625	-	1,830
Virginia	7,014	3,636	-	10,650
Vermont	4,892	2,536	-	7,428
Washington	1,513	784	-	2,297
Washington, D.C.	196	102	-	298
Wisconsin	4,635	2,403	-	7,038
NATIONAL	<u>340,749</u>	<u>-</u>	<u>959,251</u>	<u>1,300,000</u>
TOTAL STATE GRANTS AND NATIONAL SPENDING	<u>\$ 588,749</u>	<u>\$ 128,570</u>	<u>\$ 959,251</u>	<u>\$ 1,676,570</u>

In addition to the these amounts, the unallocated state rebates detailed in Schedule 4 will be used for either this program or for the heating oil efficiency and upgrade program.

NATIONAL OILHEAT RESEARCH ALLIANCE, INC.

SUPPLEMENTAL SCHEDULE OF EXPENSES BY STATE/JURISDICTION -
HEATING OIL EFFICIENCY AND UPGRADE
FOR THE YEAR ENDED DECEMBER 31, 2014

	Amounts Granted/ Expended in 2014	2014 State Grants Made After Year End	2014 National Spending Not Yet Incurred	Total
STATE GRANTS-				
Connecticut	\$ 62,991	\$ 6,008	\$ -	\$ 68,999
Delaware	5,553	530	-	6,083
Idaho	606	58	-	664
Indiana	1,508	144	-	1,652
Kentucky	11,123	1,061	-	12,184
Maine	38,200	3,643	-	41,843
Maryland	20,021	1,910	-	21,931
Massachusetts	74,807	7,135	-	81,942
Michigan	20,558	1,961	-	22,519
Nevada	323	31	-	354
New Hampshire	32,498	3,100	-	35,598
New Jersey	57,452	5,480	-	62,932
New York -				
NYOHA	44,519	3,863	-	48,382
UNYEA	17,655	3,366	-	21,021
HVOEC	14,629	1,550	-	16,179
OHILI	49,311	3,729	-	53,040
ESEA	14,013	855	-	14,868
North Carolina	21,301	2,032	-	23,333
Ohio	19,071	1,819	-	20,890
Oregon	2,769	264	-	3,033
Pennsylvania	91,162	8,695	-	99,857
Rhode Island	21,058	2,008	-	23,066
South Carolina	3,275	312	-	3,587
Virginia	19,063	1,818	-	20,881
Vermont	13,294	1,268	-	14,562
Washington	4,111	392	-	4,503
Washington, D.C.	532	51	-	583
Wisconsin	12,597	1,202	-	13,799
NATIONAL	<u>26,841</u>	<u>-</u>	<u>73,159</u>	<u>100,000</u>
TOTAL STATE GRANTS AND NATIONAL SPENDING	<u>\$ 700,841</u>	<u>\$ 64,285</u>	<u>\$ 73,159</u>	<u>\$ 838,285</u>

In addition to the these amounts, the unallocated state rebates detailed in Schedule 4 will be used for either this program or for the research, development, and demonstration program.

NATIONAL OILHEAT RESEARCH ALLIANCE, INC.

SUPPLEMENTAL SCHEDULE OF EXPENSES BY STATE/JURISDICTION -
CONSUMER EDUCATION, SAFETY, AND TRAINING
FOR THE YEAR ENDED DECEMBER 31, 2014

	Amounts Granted/ Expended in 2014	2014 State Grants Made After Year End	2014 National Spending Not Yet Incurred	Total
STATE GRANTS-				
Connecticut	\$ 116,634	\$ 12,016	\$ -	\$ 128,650
Delaware	10,282	1,059	-	11,341
Idaho	1,122	116	-	1,238
Indiana	2,792	288	-	3,080
Kentucky	20,596	2,122	-	22,718
Maine	70,733	7,287	-	78,020
Maryland	37,071	3,819	-	40,890
Massachusetts	138,514	14,270	-	152,784
Michigan	38,066	3,922	-	41,988
Nevada	598	62	-	660
New Hampshire	60,174	6,199	-	66,373
New Jersey	106,379	10,959	-	117,338
New York -				
NYOHA	82,432	7,725	-	90,157
UNYEA	32,693	6,734	-	39,427
HVOEC	27,088	3,101	-	30,189
OHILI	91,306	7,458	-	98,764
ESEA	25,946	1,711	-	27,657
North Carolina	39,442	4,063	-	43,505
Ohio	35,312	3,638	-	38,950
Oregon	5,127	528	-	5,655
Pennsylvania	168,801	17,390	-	186,191
Rhode Island	38,992	4,017	-	43,009
South Carolina	6,064	625	-	6,689
Virginia	35,297	3,636	-	38,933
Vermont	24,616	2,536	-	27,152
Washington	7,613	784	-	8,397
Washington, D.C.	985	102	-	1,087
Wisconsin	23,325	2,403	-	25,728
NATIONAL	<u>155,505</u>	<u>-</u>	<u>144,495</u>	<u>300,000</u>
TOTAL STATE GRANTS AND NATIONAL SPENDING	<u>\$ 1,403,505</u>	<u>\$ 128,570</u>	<u>\$ 144,495</u>	<u>\$ 1,676,570</u>

NATIONAL OILHEAT RESEARCH ALLIANCE, INC.

SUPPLEMENTAL SCHEDULE OF EXPENSES BY STATE/JURISDICTION -
UNALLOCATED STATE REBATES
FOR THE YEAR ENDED DECEMBER 31, 2014

	Amounts Granted/ Expended in 2014	2014 State Rebates After Year End	2014 National Spending Not Yet Incurred	Total
UNALLOCATED STATE REBATES-				
Connecticut	\$ 84,767	\$(2,244)	\$ -	\$ 82,523
Delaware	7,473	(198)	-	7,275
Idaho	815	(22)	-	793
Indiana	2,029	(54)	-	1,975
Kentucky	14,969	(396)	-	14,573
Maine	51,406	(1,361)	-	50,045
Maryland	26,942	(713)	-	26,229
Massachusetts	100,667	(2,665)	-	98,002
Michigan	27,665	(732)	-	26,933
Nevada	435	(12)	-	423
New Hampshire	43,732	(1,158)	-	42,574
New Jersey	77,312	(2,047)	-	75,265
New York -				
NYOHA	59,908	(1,443)	-	58,465
UNYEA	42,767	(1,255)	-	41,512
HVOEC	19,687	(579)	-	19,108
OHILI	47,350	(1,393)	-	45,957
ESEA	18,857	(319)	-	18,538
North Carolina	28,665	(759)	-	27,906
Ohio	25,663	(679)	-	24,984
Oregon	3,726	(99)	-	3,627
Pennsylvania	122,677	(3,247)	-	119,430
Rhode Island	28,338	(750)	-	27,588
South Carolina	4,407	(117)	-	4,290
Virginia	25,652	(679)	-	24,973
Vermont	17,890	(474)	-	17,416
Washington	5,533	(146)	-	5,387
Washington, D.C.	716	(19)	-	697
Wisconsin	16,952	(449)	-	16,503
TOTAL UNALLOCATED STATE REBATES	<u>\$ 907,000</u>	<u>\$(24,009)</u>	<u>\$ -</u>	<u>\$ 882,991</u>

These unallocated state rebates will be allocated to either the research, development, and demonstration or the heating oil efficiency and upgrade programs based on detailed plans for use of the rebates to be submitted by the states.



January 14, 2016

National Oilheat Research Alliance
Board of Directors
600 Cameron Street, Suite 206
Alexandria, Virginia 22314

Dear Board Members:

In planning and performing our audit of the financial statements of the National Oilheat Research Alliance (the Alliance) as of and for the year ended December 31, 2014, in accordance with auditing standards generally accepted in the United States of America, we considered the Alliance's internal control over financial reporting (internal control) as a basis for designing our 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 the Alliance's internal control. Accordingly, we do not express an opinion on the effectiveness of the Alliance's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

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 Alliance's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the following deficiencies in the Alliance's internal control to be material weaknesses:

- During the audit, we noted amounts received for 2014 remittance fees after year-end that were not accrued as a receivable. This resulted in a journal entry proposed by us and made by management during the audit. We recommend management to amend its revenue recognition process to establish a better estimate of receivables and refunds payable.
- The Alliance makes refunds to oilheat distributors based on the stipulations in the NORA Law. Such requests for refunds can lag for quite some time. During the audit, we noted the Alliance had not recorded a liability for such refunds and did not have a process for estimating a reserve for future refund requests related to 2014 revenue. This resulted in a journal entry proposed by us and made by management to record management's estimate for refunds to be paid. We recommend the Alliance develop a process to record refunds paid after year-end and to estimate and record a reserve for future refunds to be requested and paid.

A significant deficiency is a deficiency, or a 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. We consider the following deficiencies in internal control to be significant deficiencies:

www.rlmcpa.com

National Oilheat Research Alliance
Board of Directors
Alexandria, Virginia
January 14, 2016
Page Two

- We noted instances where disbursements were not recorded in the period when the services were provided. This resulted in journal entries being proposed by us and made by management during the audit. We recommend processes be modified to ensure expenses are recorded in the period incurred.
- During the audit, we noted payroll expenses were allocated among the programs based on budget instead of actual time spent. This was a new process for the Alliance in 2014. This resulted in a reclassification entry proposed by us and made by management during the audit based on management's records of actual time spent. We recommend the process be modified to allocate salary and related expenses based on actual time spent and the salary allocation should be reconciled to actual salary expensed in total.

This communication is intended solely for the information and use of management, the Board of Directors, and others within the Alliance, and is not intended to be, and should not be, used by anyone other than these specified parties.

Sincerely,

ROSS, LANGAN & MCKENDREE, L.L.P.

A handwritten signature in black ink, appearing to read "M D Myers", with a long horizontal flourish extending to the right.

Mark D. Myers, Partner
Certified Public Accountant

National Oilheat Research Alliance
Statement of Activities
For the Three Months Ending March 31, 2016

	March 2016	YTD 2016	2016 Budget	Remaining
INCOME				
Collections and Assessments				
Collections	\$631,935.40	\$989,900.54	\$9,382,518.98	\$8,392,618.44
Remittance Accrual	0.00	0.00	0.00	0.00
Refunds	(145,877.85)	(179,413.80)	0.00	179,413.80
Collection Costs	(13,679.43)	(48,256.61)	(170,000.00)	(121,743.39)
Net Collections	472,378.12	762,230.13	9,212,518.98	8,450,288.85
In Kind Contributions				
Sales Revenue	2,121.89	28,900.51	100,000.00	71,099.49
Other Revenue (Grants, etc)	(39,169.98)	2,419.47	200,000.00	197,580.53
Total Income	435,330.03	793,550.11	9,512,518.98	8,718,968.87
PROGRAM EXPENSES				
Consumer Education and Training (Max. 30%)	29,934.40	2,549,883.11	2,786,644.23	236,761.12
Education and Training (Central)	29,934.40	88,238.88	325,000.00	236,761.12
Education and Training (States)	0.00	2,461,644.23	2,461,644.23	0.00
Research Development and Demonstration (Min. 30%)	76,347.72	837,657.57	2,786,646.09	1,948,988.52
Research Development and Demonstration (Central)	76,347.72	251,011.48	2,200,000.00	1,948,988.52
Research Development and Demonstration (States)	0.00	586,646.09	586,646.09	0.00
Home Energy Efficiency Program (Min. 15%)	11,590.39	1,312,298.73	1,393,322.61	81,023.88
Home Energy Efficiency Program (Central)	11,590.39	18,976.12	100,000.00	81,023.88
Home Energy Efficiency Program (States)	0.00	1,293,322.61	1,293,322.61	0.00
Total Central	117,872.51	358,226.48	2,625,000.00	2,266,773.52
Total States	0.00	4,341,612.93	4,341,612.93	0.00
State Rebates	0.00	2,042,506.36	2,042,506.36	0.00
Old Grant Advertising	338,333.32	1,015,000.00	0.00	(1,015,000.00)
Office Unallocated Expenses				
Salaries and Consulting (Admin)	9,099.44	28,776.77	75,000.00	46,223.23
Accounting (Admin)	9,764.95	22,451.52	100,000.00	77,548.48
Insurance (Admin)	942.92	9,299.02	15,000.00	5,700.98
Taxes	217.38	851.72	7,000.00	6,148.28
Postage	430.05	723.15	1,000.00	276.85
Web Pages	2,526.74	4,786.29	50,000.00	45,213.71
Annual Report	9,594.58	11,551.77	15,000.00	3,448.23
Rent and Telephone	1,334.34	6,710.08	20,000.00	13,289.92
Travel	90.72	90.72	12,000.00	11,909.28
Meeting Expenses	40.00	121.50	15,000.00	14,878.50
Office Supplies	0.45	340.09	0.00	(340.09)
Dues & Memberships	0.00	0.00	0.00	0.00
Bank Fees	645.85	1,350.76	0.00	(1,350.76)
Legal Expense	0.00	0.00	30,000.00	30,000.00
Misc Expense	20.00	20.00	15,000.00	14,980.00
Advertising Expense	0.00	0.00	0.00	0.00
Equipment Maintenance	1,236.25	1,557.50	0.00	(1,557.50)
Bad Debts	0.00	0.00	0.00	0.00
Total Unallocated Expenses	35,943.67	88,630.89	355,000.00	266,369.11
Other Expenses/(Income)				
Cost of Goods Sold	6,110.67	24,550.29	80,000.00	55,449.71
Interest	(90.77)	(268.36)	0.00	268.36
Total Other Expenses/(Income)	6,019.90	24,281.93	80,000.00	55,718.07
Net Revenue/(Expense)	(62,839.37)	(7,076,708.48)	68,399.69	7,145,108.17

National Oilheat Research Alliance
Statement of Financial Position
March 31, 2016

2016

ASSETS

CURRENT ASSETS:

Cash and Cash Equivalents	\$8,289,102.07
Accounts Receivable	53,250.75
Assessments and Other Receivables	666,615.49
Security Deposit	21,146.10
Prepaid Assets	5,860.04

Total Current Assets	9,035,974.45

PROPERTY AND EQUIPMENT

Office Furniture and Equipment	53,153.57
Website	45,450.00
Computer Equipment	10,723.64

Less: Accumulated Depreciation	(17,974.56)
Less: Accumulative Amortization (Web Site)	(13,562.50)

Total Property and Equipment	77,790.15

TOTAL ASSETS

\$9,113,764.60

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:

State Rebate Obligations (Pre 2014)	462,472.37
State Rebate Obligations 2014	916,646.82
State Rebate Obligations 2015	4,389,877.20
State Rebate Obligations 2016	6,087,041.87

Total Grants Payable	11,856,038.26
Accrued Salaries & Benefits	21,048.15
Reserve for BIO Diesel Testing	764.35
Accounts Payable	199,992.01
Accrued Expenses	7,111.16

Total Current Liabilities	\$12,084,953.93

NET ASSETS:

Undesignated Net Assets	775,000.52
Prior Year Re-Authorization Assets	472,266.37
Designated Net Assets	2,858,252.26
Net Income (Loss)	(7,076,708.48)

Total Net Assets	(2,971,189.33)

TOTAL LIABILITIES AND NET ASSETS

\$9,113,764.60

NORA revises Gold Technicians' Certification

March 21, 2016UncategorizedJohn Huber

Four new books now available...Advanced Hydronics, Advanced Air Flow, Advanced Efficiency and Advanced Venting.

Oilheat service technicians wishing to upgrade their NORA Silver Certification to the prestigious Gold level now have a revised and updated Gold program to follow.

To achieve Gold Certification status, a Silver Certification is a prerequisite and the technician must successfully complete four of eight Gold certification topic modules.

Currently, six of the eight modules are available for credit including four brand new releases by NORA: **Advanced Air Flow, Advanced Hydronics, Advanced Efficiency** and **Advanced Venting**. Additionally, NORA will be releasing Advanced Controls and Advanced Steam in the near future. The remaining two, Oil Tank Installation and Maintenance and BPI's program Building Science Principles Reference Guide are already in place.

As noted, as well as successfully completing four of the eight courses, the technician must already hold a Silver Certification and have an additional two years field experience (beyond the three years required for the Silver Certification).



The four newest modules, Advanced Warm Airflow, Advanced Hydronics, Advanced Efficiency and Advanced Venting are presented through live classes and will also be presented as on-line classes in the future. Each of the modules carries six continuing education credits that may be used for Silver Certification renewal or the classes may be applied towards the Gold Certification upgrade. An accompanying training manual for each has been published and can be purchased as part of the certification program or as a stand-alone self-learning guide.

The manuals are available for purchase at the NORA Marketplace at NORASTore.org.

Technicians currently holding Gold status will not be affected by the new program and their certification will remain valid. To obtain a renewal, the requirement for 24 CEUs during the five year life-span of the certification will remain in effect.

The four new modules have been developed by NORA with partnerships with some of the industry's most knowledgeable trainers, technical experts and the Oil and Energy Service Professional trade association.

John Huber, NORA's president, commented, "NORA's mission, as defined in the NORA statute and through its management, is to provide the best technical education possible to those technicians serving the millions of Americans heating their homes with oil. The NORA certification programs not only do this, they also give technicians goals to achieve and certifications to proudly carry while offering the best service to their customers. The Gold Program raises the bar to a very high standard of excellence."



Digital Media Campaign – Reporting Summary 1/15-4/15/16

5.16.16



1



Recap of Campaign Objectives

- **Overall Objective**
 - Use of digital media to educate homeowners about the benefits of oil and influence them to retain oil as their source of heating fuel.
- **Digital Tactics**
 - Programmatic Display
 - Facebook (social)
 - Search
- **Timing**
 - January to April 15, 2016
- **Targeting**
 - Demographic: A25-54
 - Geographic
 - By tactic:
 - Programmatic: Audience, Behavioral, Time of Day, Device/Cross-Device, Content, Retargeting
 - Search: Keyword, Ad Groups, Site Retargeting
 - Facebook: CPC, positioning in newsfeed, mobile and desktop
- **KPI (Key Performance Indicator)**
 - Click Through Rate (CTR)



2



Combined Estimated Impression Delivery and CTR

NORA Aggregated Channel Delivery Estimates									
	Search		Programmatic		Facebook		Campaign Totals Estimate		
	Impressions	Clicks	Impressions	Estimated CTR 1.50% Clicks	Impressions	Estimated CTR 1.50% Clicks	Impressions	Clicks	
Maine	67,173	1417	3,022,878	3,023	1,544,235	23,154	4,634,226	27,604	
Wisconsin	38,024	631	1,711,063	1,711	874,095	13,111	2,623,182	15,454	
Vermont	25,351	484	1,140,709	1,141	582,730	8,741	1,748,790	10,366	
New Hampshire	25,351	403	1,140,709	1,141	582,730	8,741	1,748,790	10,285	
Michigan (no Detroit)	51,966	987	2,338,453	2,338	1,194,597	17,919	3,585,016	21,243	
Idaho	3,803	82	171,106	171	87,410	1,311	262,319	1,564	
Massachusetts	139,418	3318	6,273,899	6,274	3,205,015	48,075	9,618,331	57,667	
Budget Group North	351,896	7,323	15,798,816	15,799	8,070,811	121,862	24,220,713	144,194	
Pennsylvania (no Pittsburgh)	177,442	3726	7,884,961	7,885	4,079,110	61,187	12,241,514	72,899	
Connecticut	109,000	3085	4,905,048	4,905	2,505,739	37,586	7,519,787	45,576	
Indiana (no Gary)	3,803	64	171,106	171	87,410	1,311	262,319	1,546	
Ohio	57,634	1095	2,566,595	2,567	1,311,143	19,667	3,934,771	23,329	
Rhode Island	38,024	1004	1,711,063	1,711	874,095	13,111	2,623,182	15,826	
Nevada (no Las Vegas)	3,803	84	171,106	171	87,410	1,311	262,319	1,567	
New York	266,163	6388	11,977,442	11,977	6,118,665	91,780	18,362,270	110,145	
New Jersey	109,000	2278	4,905,048	4,905	2,505,739	37,586	7,519,787	44,769	
Washington	12,673	252	570,354	570	291,365	4,378	874,392	5,193	
Budget Group Central	776,941	17,976	34,962,724	34,963	17,860,675	267,310	53,603,340	320,843	
Oregon	2,534	51	114,071	114	58,273	874	174,878	1,040	
Maryland	38,024	753	1,711,063	1,711	874,095	13,111	2,623,182	15,575	
Kentucky	6,337	125	285,178	285	145,867	2,165	437,182	2,595	
District of Columbia	1,269	23	57,035	57	29,136	437	87,441	917	
Delaware	10,139	302	456,284	456	233,092	3,496	699,515	4,255	
Virginia	35,490	621	1,596,992	1,597	815,622	12,237	2,448,305	14,455	
North Carolina	38,024	993	1,711,063	1,711	874,095	13,111	2,623,182	15,416	
South Carolina (no Charleston or Col)	7,606	178	342,213	342	174,819	2,622	524,637	3,142	
Budget Group South	139,424	2,847	6,273,899	6,274	3,204,999	48,075	9,618,322	58,996	
TOTAL:	1,267,451	27,846	57,035,439	57,035	29,136,484	437,847	87,439,375	522,029	
Estimated CTR:		2.20%		0.10%		1.50%		0.60%	



3



Overall Campaign Observations

- **STRONGEST TACTIC**
 - Overall, search was the strongest tactic. We anticipated a 2.20 click-through-rate (CTR) and ended up with at 2.74%.
- **GOAL ACCOMPLISHED**
 - The successful Search campaign indicates that awareness was raised with the display and social advertising.
 - Consumers became interested and sought out more information, which is exactly the response we were looking for.
- **IMPRESSIONS**
 - The plan anticipated making about 88-million impressions and achieved over 99-million.
 - 522,028 clicks were projected and the actual number was 621,878.
- **WEB TRAFFIC**
 - The analytical insights reported by Google concluded that your web traffic has increased exponentially (+9,000%) year-over-year.
 - Of that, 40.3% were returnees meaning the web traffic was qualified. People were coming back to learn more.
 - Last year only 13% of the traffic to the web site was qualified.
- **DEVICES**
 - Our ads ran on mobile, tablet and desktop devices. Of these, mobile generated the most session traffic.



4



Overall Campaign Observations Cont.

➤ INDIVIDUAL TOP PERFORMERS

- Social (Facebook):
Ohio, Oregon, Washington DC and Connecticut had the highest response rates.
- Search:
New Hampshire, Maine, Rhode Island, Connecticut, Massachusetts and Delaware had the highest number of inquiries.
- Programmatic/Display:
Washington DC, Oregon, Nevada (minus Las Vegas), Idaho and Indiana were the strongest responders.

Note that budgets varied by individual state which is why the relative performance doesn't appear to align. That's why, for example we see Washington DC and Oregon performing high in social and display, but not ranking highest in search. The budgets per state per tactic varied.

Campaign Summary– NORA 01/15-4/15/16

Total Campaign Delivery Goals:

Display Goals:

Impressions:
57,035,439
Clicks:
57,035
CTR:
.10%

Social Goals:

Impressions:
29,136,484
Clicks:
437,047
CTR:
1.50%

Search Goals:

Impressions:
1,267,451
Clicks:
27,946
CTR:
2.20%

Total Campaign Actuals:

DISPLAY			SOCIAL			SEM			
Impressions	Clicks	CTR	Impressions	Clicks	CTR	Impressions	Clicks	CTR	CPA
63,740,316	60,900	.10%	33,497,056	507,132	1.51%	2,065,992	56,632	2.74%	4.82

Programmatic Observations

- Campaign paced well and over delivered both impressions and clicks. There was a slight increase in CTR for the 3rd flight, which allowed for the overall CTR to reach the goal of .10%.
- Contextual targeting received the highest number of clicks and highest CTR.
- The 320x480 creative received the highest CTRs.
- Each of the separate creatives performed evenly with .10% CTRs.
- Engagements to the other pages on the NORA site were high. The highest engagements were on the Efficient, Clean, Safe, and Renewable pages, which shows how this campaign helped increase awareness.
- Washington DC, Oregon, Nevada (minus Las Vegas), Idaho and Indiana were the strongest responders.

Facebook Observations

- Campaign paced out very well and over delivered impressions and clicks
- The overall CTR is 1.51% which is in line with the 1.50% CTR goal.
- The Heating Oil creative received the highest amount of engagements and also had the highest performing CTRs across most states.
- Ohio, Oregon, Washington DC and Connecticut had the highest response rates.

Search Observations

- Campaign over delivered impressions and well exceeded the CTR goal of 2.20% with an overall CTR of 2.74%.
- The Top Three Ad Copy Performers - 31% of all clicks went to Environmental, Green and Alternative messages
- The Cost of Oil Heating ad group had the highest CTR of 7.51%.
- New Hampshire, Maine, Rhode Island, Connecticut, Massachusetts and Delaware had the highest number of inquiries.

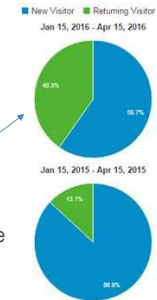
Overall Year over Year Growth

Jan – April 2015 vs 2016



- Overall session growth up exponentially from 3669 sessions to 352,540 sessions
- 210,520 new users came to oilheatamerica.com
- Page views during the period were 420,788 up 5,506.02%

- 40.3% of traffic was returning visitors during the 2016 campaign period indicating high intent, loyalty and interest in the information



Key Takeaways

- **Serving by Day and Time** (excluding 15th Feb, 2016)
 - Tuesdays were the most efficient day of week
 - Efficient serving hours were 5-6am, 9-10am, 1-2pm and 5-8pm
- **Frequency**
 - 1 impression per week was the most efficient in resonating, with some audiences requiring 2-5 impressions and diminishing returns beyond 5
- **Geography**
 - New York was top performing state in terms of Site Visit generation while Virginia, DC and Maryland are the areas having high efficiency
- **Creative Size**
 - 300x250 banners contributed around 50% of impression volume
 - 320x50 and 320x480 banners were the most efficient, while 728x90 was the least
- **Audience**
 - Male audiences received a high impressions level, while Females actually indexed higher by Site Visits
 - College Graduates, Graduate Degree and High School audiences were heavily targeted while Masters and Postgraduate audience have the greatest room for opportunity with regards to Site Visits
- **Oil Prices**
 - There was immediate effect on Homepage Visits and tweet volume when Obama administration proposed Oil Tax and withdrew Atlantic Oil and Gas Drilling proposal
- **Electricity Prices**
 - Increased electricity prices from Jan to April resulted in more average monthly Homepage Visits

RESOLUTION

Whereas the state and regional associations do not through membership represent all heating oil retailers and consumers in their states.

Therefore, NORA needs to provide guidance to ensure that all dealers are represented and benefit from the NORA program.

Therefore, NORA and if appropriate its counsel shall review all consumer education and communication materials prior to publication.

NORA shall not authorize or reimburse a state or regional association for these activities if the materials are designed to benefit particular companies based on their status as members of a particular association.

NORA shall not authorize or reimburse a state or regional association for these activities if the materials are focused on benefitting a particular business operation over alternative business operations (full service vs. no service companies)

State or regional associations may identify themselves on the consumer education materials.

Nothing herein shall prohibit NORA from identifying companies who have achieved high standards on a non-discriminatory evaluation, or who have employees who have achieved high standards of training developed by NORA.

Executive Committee

2016

John McCusker	Global
Steve McCracken	Amerigreen
Ed Newberry	Patton Boggs LLP
Bob Hedden	OilHeat Manufacturer's Association
Eric DeGesero	NJ~ Fuel Merchants Association of NJ
Dan Donovan	PETROLEUM HEAT & POWER CO
Michael Estes	Estes Oil Burner Service Inc.
CHARLES UGLIETTO	CUBBY OIL CO
JEFF JENKINS	JENKINS FUEL OIL CO
Allison Heaney	Energy Conservation Group LLC
Peter Aziz	Bantam Fuels
Edward Noonan	Noonan Energy Corp
Jeff Lykins	Lykins Oil Company
Steve Clark	Genesee Fuel & Heating Co Inc.
Tom Santa	Santa Energy
Ted Noonan	Noonan Energy
Roger Marran	Energy Kinetics, Inc

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First Vice Chairman	Thomas Santa
Second Vice Chairman	Vacant
Treasurer	Eric Degesero
Chairman Emeritus	Ed Noonan