

**NATIONAL OILHEAT RESEARCH ALLIANCE, INC.**

**DECEMBER 31, 2017 AND 2016**

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

NATIONAL OILHEAT RESEARCH ALLIANCE, INC.

DECEMBER 31, 2017 AND 2016

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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 financial statements of the National Oilheat Research Alliance, Inc. (the Alliance), which comprise the statements of financial position as of December 31, 2017 and 2016, 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 audits 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 Alliance'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 Alliance'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

### **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, 2017 and 2016, 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.

### **Report on Supplementary Information**

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 on pages 13-16 for the year ended December 31, 2017, 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.

*Ross, Langan & Mc Kendrick*  
L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

June 5, 2018

NATIONAL OILHEAT RESEARCH ALLIANCE, INC.

STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2017 AND 2016

ASSETS

	<u>2017</u>	<u>2016</u>
CURRENT ASSETS		
Cash	\$ 9,343,450	\$ 9,448,186
Assessments receivable	2,987,247	2,818,269
Prepaid state assessments	217,360	67,789
Other current assets	<u>9,986</u>	<u>21,318</u>
Total current assets	12,558,043	12,355,562
PROPERTY AND EQUIPMENT, NET	47,058	78,122
OTHER NONCURRENT ASSETS	<u>21,146</u>	<u>21,146</u>
TOTAL ASSETS	<u>\$ 12,626,247</u>	<u>\$ 12,454,830</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable	\$ 1,098,309	\$ 712,334
Refunds payable	318,984	392,990
State grants payable	3,389,090	4,101,842
Obligation for unallocated state rebates	2,615,817	2,930,877
Other current liabilities	<u>34,823</u>	<u>24,584</u>
Total current liabilities	7,457,023	8,162,627
OTHER NONCURRENT LIABILITIES	<u>10,796</u>	<u>9,657</u>
TOTAL LIABILITIES	<u>7,467,819</u>	<u>8,172,284</u>
NET ASSETS		
Unrestricted undesignated net assets	431,117	410,200
Designated net assets-		
Pre-2014 reauthorization net assets	55,933	55,933
National spending not yet incurred-		
Research, development, and demonstration - not yet obligated	3,779,596	1,903,954
Research, development, and demonstration - obligated under contract	750,328	1,778,415
Heating oil efficiency and upgrade - not yet obligated	110,763	93,635
Heating oil efficiency and upgrade - obligated under contract	-	-
Consumer education, safety, and training - not yet obligated	30,691	40,409
Consumer education, safety, and training - obligated under contract	<u>-</u>	<u>-</u>
Total unrestricted net assets	<u>5,158,428</u>	<u>4,282,546</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 12,626,247</u>	<u>\$ 12,454,830</u>

The accompanying notes are an integral part of these financial statements.

NATIONAL OILHEAT RESEARCH ALLIANCE, INC.  
STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017	2016
CHANGE IN UNRESTRICTED NET ASSETS		
REVENUE AND GAINS/LOSSES		
Assessments revenue, net of refunds	\$ 8,851,079	\$ 8,604,725
Other income	<u>112,484</u>	<u>47,008</u>
Total revenue and gains/losses	.....8,963,563	.....8,651,733
EXPENSES		
Program expenses:		
Research, development, and demonstration	1,909,904	1,477,747
Heating oil efficiency and upgrade	1,331,227	1,373,239
Consumer education, safety, and training	2,665,042	2,757,703
Unallocated state rebates	<u>1,818,717</u>	<u>2,042,506</u>
Total program expenses	.....7,724,890	.....7,651,195
Administrative costs	.....219,188	.....248,101
General and special projects:		
Assessment and collection costs	90,849	118,876
Annual report costs	52,754	40,199
Expenditures of pre-2014 reauthorization funds	<u>-</u>	<u>416,333</u>
Total general and special projects	<u>143,603</u>	<u>575,408</u>
Total expenses	<u>8,087,681</u>	<u>8,474,704</u>
CHANGE IN UNRESTRICTED NET ASSETS	875,882	177,029
NET ASSETS, BEGINNING OF YEAR	<u>4,282,546</u>	<u>4,105,517</u>
NET ASSETS, END OF YEAR	<u>\$ 5,158,428</u>	<u>\$ 4,282,546</u>

The accompanying notes are an integral part of these financial statements.

NATIONAL OILHEAT RESEARCH ALLIANCE, INC.

STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 875,882	\$ 177,029
Adjustments to reconcile change in unrestricted net assets to net change in cash from operating activities:		
Depreciation and amortization	31,064	24,029
Changes in assets and liabilities:		
Assessments receivable	( 168,978)	( 298,766)
Prepaid state assessments	( 149,571)	( 67,789)
Other current assets	11,332	376,961
Accounts payable	385,975	414,221
Refunds payable	( 74,006)	68,167
State grants payable	( 712,752)	597,677
Obligation for unallocated state rebates	( 315,060)	616,488
State grant rebates remaining under NORA Public Law 106-469	-	( 601,592)
Other current liabilities	10,239	( 12,921)
Other noncurrent liabilities	<u>1,139</u>	<u>9,657</u>
Net change in cash from operating activities	( 104,736)	1,303,161
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	<u>-</u>	<u>( 64,807)</u>
NET CHANGE IN CASH	( 104,736)	1,238,354
CASH, BEGINNING OF YEAR	<u>9,448,186</u>	<u>8,209,832</u>
CASH, END OF YEAR	<u>\$ 9,343,450</u>	<u>\$ 9,448,186</u>

The accompanying notes are an integral part of these financial statements.

NATIONAL OILHEAT RESEARCH ALLIANCE, INC.

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017 AND 2016

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 United States 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.

Pursuant to NORA Public Law 113-79, Congress established a limit on the use of assessments revenue of 30 percent for consumer education, safety, and training; a minimum of at least 30 percent of assessments revenue for research, development, and demonstration; a minimum of at least 15 percent of assessments revenue for heating oil efficiency and upgrade; and a limit on the use of assessments revenue of 5 percent for administrative costs. In the years ended December 31, 2017 and 2016, the Alliance was in compliance with these percentages.

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 accounting principles generally accepted in the United States of America (GAAP). 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 GAAP requires management to make estimates and assumptions that could affect certain reported amounts of assets, liabilities, revenue, and expenses, the disclosure of contingent assets and liabilities at the date of the financial statements, and functional allocations during the year. Actual results could differ from those estimates.

Property and Equipment

Property and equipment purchased in excess of \$1,000 are recorded at cost. Depreciation and amortization of furniture, equipment, website development costs, and computers is computed by using the straight-line method over the estimated useful lives of the assets. Estimated useful lives by category are three to five years for furniture, equipment, and computers and five years for website development costs.

Assessments Receivable

An estimate of assessments to be received, but not remitted to the Alliance as of year-end, is recognized. Receivables are charged to bad debt expense as they are deemed uncollectible based upon a periodic review of the accounts. As of December 31, 2017 and 2016, no allowance for uncollectible accounts was considered necessary by management.



NATIONAL OILHEAT RESEARCH ALLIANCE, INC.

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017 AND 2016

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assessments 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 to the Alliance. 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 of America. Assessments are due 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 \$1,264,055 and \$1,282,170 for the years ended December 31, 2017 and 2016, respectively.

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, 2017 and 2016.

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. The Alliance recorded no liability for uncertain income tax positions for any open tax years.

Subsequent Events

The Alliance has evaluated subsequent events through June 5, 2018, which is the date the financial statements were available to be issued.

Reclassifications

Certain 2016 amounts have been reclassified to conform with 2017 classifications.

NOTE 3 - CONCENTRATIONS OF CREDIT RISK

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 \$9,343,450 as of December 31, 2017. Management does not consider this a significant concentration of credit risk.

NATIONAL OILHEAT RESEARCH ALLIANCE, INC.

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017 AND 2016

NOTE 4 - COMMITMENTS AND CONTINGENCIES

The Alliance has entered into operating lease agreements for office space and a liquid fuels research center. Total rent expense under these leases was \$99,795 and \$92,118 for the year ended December 31, 2017 and 2016, respectively. Future minimum lease payments are as follows for the years ending December 31:

2018	\$	79,729
2019		82,121
2020		<u>84,584</u>
Total	\$	<u>246,434</u>

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 5 - PROGRAM SERVICES

The NORA Public Law 113-79 places requirements on how the Alliance can spend the assessments it collects. At the beginning of each year, the Alliance makes an estimate of what total assessments are anticipated to be in the coming year. Grants are made to state organizations and national campaigns are undertaken based on the estimates. Actual assessments revenue differ from the estimates. The difference between the estimates 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.

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 2017, the Alliance granted or expended \$1,909,904 for the research, development, and demonstration program, including \$1,351,442 in grants and spending of past years assessments revenue. The Alliance also budgeted \$2,110,000 in additional national spending from 2017 assessments revenue to be spent subsequent to year-end for the research, development, and demonstration program, making the total for 2017, 30 percent of net assessments revenue. Additionally, unallocated state rebates of 2017 assessments revenue will be used for the research, development, and demonstration program.

NATIONAL OILHEAT RESEARCH ALLIANCE, INC.

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017 AND 2016

NOTE 5 - PROGRAM SERVICES (continued)

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 2017, the Alliance granted or expended \$1,331,227 for the heating oil efficiency and upgrade program, including \$96,997 in grants and spending of past years assessments revenue. The Alliance also budgeted \$100,000 in additional national spending from 2017 assessments revenue to be spent subsequent to year-end for the heating oil efficiency and upgrade program, making the total for 2017, 15 percent of net assessments revenue. Additionally, unallocated state rebates of 2017 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 Energy, or (iv) to establish a data collection process to track equipment, service, and related safety issues to develop measures to improve safety.

In 2017, the Alliance granted or expended \$2,665,042 for the consumer education, safety, and training program, including \$40,409 in grants and spending of past year's assessments revenue. The Alliance also budgeted \$286,007 in additional national spending from 2017 assessments revenue for the consumer education, safety, and training program, of which \$30,691 remained unspent as of December 31, 2017, making the total for 2017, 30 percent of net assessments revenue.

Unallocated State Rebates

In addition to the specific program commitments discussed previously, the Alliance has committed \$1,818,717, which is 21 percent of net 2017 assessment revenue, for state rebates that have not yet been allocated to a program specified in the NORA Public Law 113-79. The Alliance plans to allocate these state rebates to the research, development, and demonstration and/or heating oil efficiency and upgrade programs. State organizations develop detailed plans for use of the rebates to do work under these programs. These funds will be allocated between programs in accordance with the requirements of NORA Public Law 113-79 as discussed previously.

NATIONAL OILHEAT RESEARCH ALLIANCE, INC.

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017 AND 2016

NOTE 6 - STATE GRANTS PAYABLE AND OBLIGATION FOR UNALLOCATED REBATES

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

	<u>2017</u>	<u>2016</u>
Research, development, and demonstration	\$ 994,231	\$ 986,809
Heating oil efficiency and upgrade	1,247,501	1,848,236
Consumer education, safety, and training	1,147,358	1,266,797
Unallocated state rebates	<u>2,615,817</u>	<u>2,930,877</u>
Total	<u>\$ 6,004,907</u>	<u>\$ 7,032,719</u>

NOTE 7 - 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 2017, the Alliance expended \$219,188 for Administrative expenses, which was 2 percent of net assessments revenue in the year ended December 31, 2017. In 2016, the Alliance expended \$248,101 for Administrative expenses, which was 3 percent of net assessments revenue in the year ended December 31, 2016. Thus, management believes the Alliance is in compliance with NORA Public Law 113-79.

NOTE 8 - 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 \$90,849 and \$118,876 for the years ended December 31, 2017 and 2016, respectively.

NOTE 9 - DESIGNATED NET ASSETS

Pre-2014 Reauthorization Designated Net Assets

As discussed previously, NORA Public Law 113-79 became effective April 1, 2014. The Alliance designated the remaining net assets under the former NORA Public Law 106-469 for use in a national oilheat education program. As of December 31, 2017 and 2016, \$55,933 remained unspent and are designated for future use.

State Grants and Rebates Made After Year-End Designated Net Assets

The Alliance establishes a budget for net assessments revenue and makes state grants and obligations for state rebates based on this budget. Actual results were not substantially different than this initial budget.

NATIONAL OILHEAT RESEARCH ALLIANCE, INC.

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017 AND 2016

NOTE 9 - DESIGNATED NET ASSETS (continued)

National Spending Not Yet Incurred Designated Net Assets

Included within the budget is \$4,671,378 and \$3,816,413 in national spending of assessments revenue, which had not yet been incurred as of December 31, 2017 and 2016, respectively. The Alliance has designated net assets in these amounts for future program spending, some of which, the Alliance has approved contracts to expend.

NOTE 10 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of December 31:

	<u>2017</u>	<u>2016</u>
Furniture	\$ 5,641	\$ 5,641
Equipment	68,206	68,206
Website development costs	45,450	45,450
Computers	7,758	10,724
Less: accumulated depreciation and amortization	<u>( 79,997)</u>	<u>( 51,899)</u>
Total	<u>\$ 47,058</u>	<u>\$ 78,122</u>

Total depreciation and amortization expense on property and equipment for the years ended December 31, 2017 and 2016, was \$31,064 and \$24,029, respectively.

NATIONAL OILHEAT RESEARCH ALLIANCE, INC.

SUPPLEMENTAL SCHEDULE OF EXPENSES BY STATE/JURISDICTION -  
RESEARCH, DEVELOPMENT, AND DEMONSTRATION  
FOR THE YEAR ENDED DECEMBER 31, 2017

	Amounts Granted/ Expended in 2017	2017 State Grants Made After Year-End	2017 National Spending Not Yet Incurred	Total
STATE GRANTS-				
Connecticut	\$ 63,497	\$ -	\$ -	\$ 63,497
Delaware	3,407	-	-	3,407
Idaho	223	-	-	223
Indiana	782	-	-	782
Kentucky	7,483	-	-	7,483
Maine	41,382	-	-	41,382
Maryland	17,424	-	-	17,424
Massachusetts	67,630	-	-	67,630
Michigan	17,759	-	-	17,759
Nevada	223	-	-	223
New Hampshire	25,187	-	-	25,187
New Jersey	32,558	-	-	32,558
New York -				
NYOHA	32,806	-	-	32,806
UNYEA	30,951	-	-	30,951
HVOEC	15,125	-	-	15,125
OHILI	28,513	-	-	28,513
North Carolina	17,982	-	-	17,982
Ohio	13,962	-	-	13,962
Pennsylvania	78,408	-	-	78,408
Rhode Island	15,246	-	-	15,246
South Carolina	6,869	-	-	6,869
Virginia	17,982	-	-	17,982
Vermont	13,626	-	-	13,626
Washington	4,356	-	-	4,356
Washington, D.C.	391	-	-	391
Wisconsin	9,885	-	-	9,885
NATIONAL	<u>1,346,247</u>	<u>-</u>	<u>2,110,000</u>	<u>3,456,247</u>
TOTAL STATE GRANTS AND NATIONAL SPENDING	<u>\$ 1,909,904</u>	<u>\$ -</u>	<u>\$ 2,110,000</u>	<u>\$ 4,019,904</u>

In addition to these amounts, the unallocated state rebates detailed in the accompanying supplemental schedule of expenses by state/jurisdiction - unallocated state rebates 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, 2017

	Amounts Granted/ Expended in 2017	2017 State Grants Made After Year-End	2017 National Spending Not Yet Incurred	Total
STATE GRANTS-				
Connecticut	\$ 140,332	\$ -	\$ -	\$ 140,332
Delaware	7,529	-	-	7,529
Idaho	494	-	-	494
Indiana	1,728	-	-	1,728
Kentucky	16,539	-	-	16,539
Maine	91,456	-	-	91,456
Maryland	38,508	-	-	38,508
Massachusetts	149,465	-	-	149,465
Michigan	39,249	-	-	39,249
Nevada	494	-	-	494
New Hampshire	55,664	-	-	55,664
New Jersey	71,956	-	-	71,956
New York -				
NYOHA	72,502	-	-	72,502
UNYEA	71,043	-	-	71,043
HVOEC	33,428	-	-	33,428
OHILI	63,016	-	-	63,016
North Carolina	39,742	-	-	39,742
Ohio	30,856	-	-	30,856
Pennsylvania	173,286	-	-	173,286
Rhode Island	33,694	-	-	33,694
South Carolina	15,181	-	-	15,181
Virginia	39,742	-	-	39,742
Vermont	30,115	-	-	30,115
Washington	9,627	-	-	9,627
Washington, D.C.	864	-	-	864
Wisconsin	21,846	-	-	21,846
NATIONAL	<u>82,871</u>	<u>-</u>	<u>100,000</u>	<u>182,871</u>
TOTAL STATE GRANTS AND NATIONAL SPENDING	<u>\$ 1,331,227</u>	<u>\$ -</u>	<u>\$ 100,000</u>	<u>\$ 1,431,227</u>

In addition to these amounts, the unallocated state rebates detailed in the accompanying supplemental schedule of expenses by state/jurisdiction - unallocated state rebates will be used for either this program or for the research, development, and demonstration program.

See independent auditor's report.

NATIONAL OILHEAT RESEARCH ALLIANCE, INC.

SUPPLEMENTAL SCHEDULE OF EXPENSES BY STATE/JURISDICTION -  
CONSUMER EDUCATION, SAFETY, AND TRAINING  
FOR THE YEAR ENDED DECEMBER 31, 2017

	Amounts Granted/ Expended in 2017	2017 State Grants Made After Year-End	2017 National Spending Not Yet Incurred	Total
STATE GRANTS-				
Connecticut	\$ 269,294	\$ -	\$ -	\$ 269,294
Delaware	14,448	-	-	14,448
Idaho	947	-	-	947
Indiana	3,316	-	-	3,316
Kentucky	31,737	-	-	31,737
Maine	175,503	-	-	175,503
Maryland	73,896	-	-	73,896
Massachusetts	286,820	-	-	286,820
Michigan	75,317	-	-	75,317
Nevada	947	-	-	947
New Hampshire	106,818	-	-	106,818
New Jersey	138,081	-	-	138,081
New York -				
NYOHA	138,299	-	-	138,299
UNYEA	108,571	-	-	108,571
HVOEC	63,764	-	-	63,764
OHILI	119,872	-	-	119,872
ESEA	3,780	-	-	3,780
North Carolina	76,264	-	-	76,264
Ohio	59,211	-	-	59,211
Pennsylvania	332,532	-	-	332,532
Rhode Island	64,659	-	-	64,659
South Carolina	29,132	-	-	29,132
Virginia	76,264	-	-	76,264
Vermont	57,790	-	-	57,790
Washington	18,474	-	-	18,474
Washington, D.C.	1,658	-	-	1,658
Wisconsin	41,922	-	-	41,922
NATIONAL	<u>295,726</u>	<u>-</u>	<u>30,691</u>	<u>326,417</u>
TOTAL STATE GRANTS AND NATIONAL SPENDING	<u>\$ 2,665,042</u>	<u>\$ -</u>	<u>\$ 30,691</u>	<u>\$ 2,695,733</u>

See independent auditor's report.



NATIONAL OILHEAT RESEARCH ALLIANCE, INC.

SUPPLEMENTAL SCHEDULE OF EXPENSES BY STATE/JURISDICTION -  
UNALLOCATED STATE REBATES  
FOR THE YEAR ENDED DECEMBER 31, 2017

	Amounts Granted/ Expended in 2017	2017 State Rebates After Year-End	2017 National Spending Not Yet Incurred	Total
UNALLOCATED STATE REBATES-				
Connecticut	\$ 206,789	\$ -	\$ -	\$ 206,789
Delaware	11,094	-	-	11,094
Idaho	727	-	-	727
Indiana	2,546	-	-	2,546
Kentucky	24,371	-	-	24,371
Maine	134,767	-	-	134,767
Maryland	56,744	-	-	56,744
Massachusetts	220,247	-	-	220,247
Michigan	57,835	-	-	57,835
Nevada	727	-	-	727
New Hampshire	82,024	-	-	82,024
New Jersey	106,031	-	-	106,031
New York -				
NYOHA	106,837	-	-	106,837
UNYEA	83,872	-	-	83,872
HVOEC	49,258	-	-	49,258
OHILI	92,858	-	-	92,858
North Carolina	58,563	-	-	58,563
Ohio	45,468	-	-	45,468
Pennsylvania	255,348	-	-	255,348
Rhode Island	49,651	-	-	49,651
South Carolina	22,370	-	-	22,370
Virginia	58,563	-	-	58,563
Vermont	44,377	-	-	44,377
Washington	14,186	-	-	14,186
Washington, D.C.	1,273	-	-	1,273
Wisconsin	32,191	-	-	32,191
	<u>1,818,717</u>	<u>-</u>	<u>-</u>	<u>1,818,717</u>
TOTAL UNALLOCATED STATE REBATES	<u>\$ 1,818,717</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,818,717</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.