

***PETROLEUM EQUIPMENT INSTITUTE
(A NONPROFIT CORPORATION)***

*Financial Statements
December 31, 2024*

PETROLEUM EQUIPMENT INSTITUTE
(A NONPROFIT CORPORATION)
FINANCIAL STATEMENTS
DECEMBER 31, 2024

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Petroleum Equipment Institute
Tulsa, Oklahoma

Opinion

We have audited the accompanying financial statements of the Petroleum Equipment Institute (a Tennessee nonprofit corporation) (the "Organization"), which comprise the statement of financial position as of December 31, 2024, and the related statements of activities and changes in net assets, functional expenses, and cash flows for year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

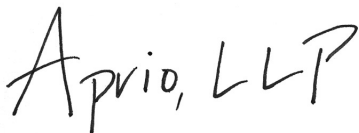
Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

A handwritten signature in black ink that reads "Aprivo, LLP". The letters are cursive and somewhat stylized, with the "A" being particularly large and the "P" having a long, sweeping tail.

Schaumburg, Illinois
September 10, 2025

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STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2024

See notes to the financial statements.

ASSETS

ASSETS

Cash and cash equivalents	\$	1,851,897
Investments		6,408,184
Due from related party		71,743
Prepaid expenses		267,784
Property and equipment, net		1,615,132
Intangible assets, net		90,719
		<hr/>
Total assets	\$	<u>10,305,459</u>

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts payable and accrued expenses	\$	180,827
Due to related party		20,200
Deferred revenue		1,660,103
		<hr/>
Total liabilities		<u>1,861,130</u>

NET ASSETS

Without donor restrictions		
Undesignated		4,688,211
Board-designated contingency reserves		3,756,118
		<hr/>
Total net assets		<u>8,444,329</u>
	\$	<u>10,305,459</u>

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**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2024**

See notes to the financial statements.

INCOME

Dues	\$	1,122,644
Publications		283,568
Advertising		517,297
Meetings and conferences		502,777
Priority club dues		433,186
Other revenue		226,266
Convention operations		
Booth rental		697,854
Registration and tickets		680,350
Sponsorships		151,980
		<hr/>
Total income		4,615,922

EXPENSES

Direct program related		3,728,858
Management and administrative		1,039,366
		<hr/>
Total expenses		4,768,224

CHANGE IN NET ASSETS BEFORE OTHER REVENUE (152,302)

OTHER REVENUE

Investment income, net		802,798
		<hr/>

CHANGE IN NET ASSETS 650,496

NET ASSETS AT BEGINNING OF YEAR 7,793,833

NET ASSETS AT END OF YEAR \$ 8,444,329

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STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2024

See notes to the financial statements.

	Direct Program Related				Management and Administrative	Total
	Convention and Conferences	Publications	Other Services	Total		
Payroll	\$ 338,005	\$ 259,322	\$ 410,866	\$ 1,008,193	\$ 521,141	\$ 1,529,334
Payroll taxes	26,606	20,413	32,342	79,361	39,088	118,449
Employee benefits	43,297	40,758	45,090	129,145	63,608	192,753
Commissions	21,792	98,015	98,112	217,919	-	217,919
Bank and credit charges	27,112	44,735	9,489	81,336	27,112	108,448
Continuing education	-	-	23,195	23,195	11,425	34,620
Communications	-	-	22,871	22,871	11,265	34,136
Depreciation	17,139	13,149	20,833	51,121	25,179	76,300
Dues and subscriptions	-	-	16,073	16,073	16,073	32,146
Information technology	-	7,200	35,584	42,784	42,785	85,569
Marketing	13,029	7,965	-	20,994	69,126	90,120
Meal function events	447,823	-	-	447,823	-	447,823
Occupancy	21,693	16,643	26,369	64,705	31,869	96,574
Office	-	1,352	2,705	4,057	16,226	20,283
Other meetings and events	-	-	240,203	240,203	26,689	266,892
Professional fees	-	-	47,915	47,915	111,803	159,718
Program - event costs	801,872	-	-	801,872	-	801,872
Publications, printing and promotion	-	162,756	-	162,756	-	162,756
Registration and security	32,746	-	-	32,746	-	32,746
Travel and public relations	-	-	233,789	233,789	25,977	259,766
	<u>\$ 1,791,114</u>	<u>\$ 672,308</u>	<u>\$ 1,265,436</u>	<u>\$ 3,728,858</u>	<u>\$ 1,039,366</u>	<u>\$ 4,768,224</u>

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**STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2024**

See notes to the financial statements.

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ 650,496
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Unrealized and realized gain on investments	(701,269)
Depreciation	76,300
Amortization	79,719
Change in assets and liabilities	
Due from related party	(71,743)
Prepaid expenses	(93,655)
Accounts payable and accrued expenses	70,594
Due to related party	20,200
Deferred revenue	78,644
	<hr/>
Net cash provided by operating activities	<u>109,286</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of investments	(4,999,838)
Proceeds from sale of investments	5,458,367
Purchase of property and equipment	(10,056)
Purchase of intangible assets	(19,553)
	<hr/>
Net cash provided by investing activities	<u>428,920</u>

NET CHANGE IN CASH AND CASH EQUIVALENTS

538,206

CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR

1,313,691

CASH AND CASH EQUIVALENTS AT END OF YEAR

\$ 1,851,897

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NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

NATURE OF ACTIVITIES

The Petroleum Equipment Institute (the "Organization"), a nonprofit organization, is an international trade association for companies concerned with all aspects of equipment used in commercial fuel handling and sales. The Organization provides industry resources and services including educational needs to members and nonmembers. The Organization was founded in 1951 as a nonprofit corporation and has headquarters in Tulsa, Oklahoma. The Organization's members manufacture, distribute, and service petroleum marketing and energy handling equipment.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting: The accounting records and the accompanying financial statements have been maintained and prepared on the accrual method of accounting in accordance with accounting principles generally accepted in the United States of America.

Basis of Presentation: Net assets without donor restrictions include resources that are not subject to donor-imposed restrictions plus those resources for which donor-imposed restrictions have been satisfied. Contributions are reported as increases in the appropriate category of net assets. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or by law. The Organization has designated, from net assets without donor restrictions, net assets for a board-designated contingency reserve.

Net assets with donor restrictions are subject to donor-imposed restrictions related to specific purposes or time periods. Satisfaction of net assets with donor restrictions (i.e., when the donor-stipulated purpose has been fulfilled or the stipulated time period has elapsed) is reported as a reclassification from net assets with donor restrictions to net assets without donor restrictions. The Organization reports contributions with a donor-imposed restriction whose restrictions are met in the same reporting period as without donor restrictions in the statement of activities and change in net assets. The Organization did not have net assets with donor restrictions during the year ended December 31, 2024.

Cash and Cash Equivalents: Cash and cash equivalents consist of checking and money market accounts and highly liquid investments with an original maturity of three months or less.

Concentrations of Credit Risk: The Organization maintains cash balances at financial institutions and these balances can exceed the FDIC insured deposit limit of \$250,000 per financial institution. At December 31, 2024, the Organization's cash balances held at financial institutions exceeded FDIC limits by \$1,626,756. The Organization has not experienced any losses through the date when the financial statements were available to be issued.

Liquidity and Availability of Resources: The Organization has a goal to maintain financial assets, which consist of cash and investments, on hand to meet normal operating expenses. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. The Organization's financial assets available within one year of the statement of financial position date for general expenditures are as follows:

Cash and cash equivalents	\$	1,851,897
Investments		6,408,184
Due from related party		71,743
Less board-designated contingency reserves (See page 13)		<u>(3,756,118)</u>
	\$	<u>4,575,706</u>

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NOTES TO THE FINANCIAL STATEMENTS
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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable: Accounts receivable represent amounts due from members for advertising under contractual arrangements and are stated at the amount management expects to collect from outstanding balances. The carrying amount of accounts receivable is reduced by a valuation allowance that reflects management's best estimate of the amounts that will not be collected. Management individually reviews all accounts receivable balances that exceed 90 days from the invoice date and, based on an assessment of current creditworthiness, estimates the portion, if any, of the balance that will not be collected. The Organization did not have any accounts receivable from members at December 31, 2024.

Property and Equipment: Property and equipment are recorded at cost or, if donated, at the estimated fair value as of the date of donation. The Organization's policy is to capitalize property and equipment additions greater than \$2,000. Depreciation is provided for using the straight-line method over the estimated useful lives of the assets. Useful lives typically range from 15 to 39 years for buildings and improvements, and 3 to 5 years for computer equipment and software, and 7 to 10 years for office furniture and equipment. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is recognized in the period of disposition. The cost of maintenance and repairs is charged to expense as incurred; significant renewals and betterments are capitalized.

Intangible Assets: The Organization's intangible assets are comprised of website development costs and a learning management system which are capitalized and amortized using the straight-line method over the estimated useful life of three years.

Investments: Investments are reported at fair value based upon information obtained from published sources. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Interest and dividend income generated from the investment portfolio is, unless specifically restricted, used to fund the general operations of the Organization. Gains and losses resulting from trading of these securities are, unless specifically restricted, used to fund the general operations of the Organization. Investments, in general, are subject to various risks, such as interest rate and overall volatility risk. It is reasonably possible that changes in the values of investments will occur in the near term and such changes could materially affect the Organization's investment amounts.

Deferred Revenue: Registration fees received for conferences, courses, or events to be held in the subsequent year are recorded as deferred revenue and are recognized as income when the courses are completed or upon the occurrence of the conference or event. Membership dues received in the current year that are applicable to the subsequent year are recorded as deferred revenue.

Revenue Recognition: The Organization recognizes revenue from exchange transactions based on satisfaction of its performance obligations. The amount of revenue recorded reflects the consideration to which the Organization expects to be entitled in exchange of goods or services. For membership dues, including Priority Club dues, these amounts are based on fixed fees for the various membership levels. For publications, advertising, meetings and conferences, and other revenue, the specific charge is based on a set fee or actual cost to provide the member service. Revenue amounts are generally believed to be collectable, as the Organization has experienced negligible bad debts historically.

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NOTES TO THE FINANCIAL STATEMENTS
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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued):

Revenue recognition policies for the Organization's primary revenue sources are summarized as follows:

Membership Dues The Organization offers memberships for a one-year term based upon an October 1 through September 30 membership period. The Organization satisfies its performance obligation and recognizes revenue evenly over the membership term as its members simultaneously receive and consume the benefits over that timeframe. Payment is generally due within 30 days of invoicing. Another benefit received by members in consideration of their dues is receipt of the quarterly magazine, which is also recognized over time, due to the quarterly nature of the publication.

Payments received for membership dues in advance of the Organization satisfying its performance obligation are recorded as deferred membership dues in the accompanying statement of financial position. During the year ended December 31, 2024, the Organization recognized revenue of \$773,596 from amounts that were included in deferred membership dues at December 31, 2023. Deferred membership dues totaled \$742,421 at December 31, 2024. The performance obligation surrounding this liability will be satisfied in 2025.

The following is a breakdown of membership dues:

Distributor	\$	377,633
Manufacturer		232,292
Affiliate		164,713
Operations and Engineering		24,600
Service and Construction		307,656
Young Executive		9,800
PEI Women		<u>5,950</u>
Total	\$	<u>1,122,644</u>

Publications The Organization publishes a quarterly magazine, *PEI Journal* (the "Journal"), which is provided to members without additional charge as part of their membership benefits. Additional copies are provided to members at a charge. Publications revenue is recognized over time in conjunction with the quarterly performance obligation. In addition, the Organization publishes technical manuals that address operational issues facing the industry and provide information on recommended practices, and the latest technologies and industry trends. The Organization provides online tests for certifications. Publications income totaled \$283,568 during the year ended December 31, 2024.

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued):

Advertising

The Organization sells advertising space in its quarterly journal, in addition to online, digital, and directory advertising. Magazine advertising revenue is recognized in the month of each publication's issue date. Online, digital, and directory advertising is recognized monthly as the performance obligation is completed. Advertising income totaled \$517,297 during the year ended December 31, 2024.

During the year ended December 31, 2024, the Organization recognized advertising revenue of \$263,889 from amounts that were included in deferred revenue at December 31, 2023. Deferred advertising totaled \$221,982 at December 31, 2024. The performance obligation surrounding this liability will be satisfied in 2025.

Program Income

Program income is comprised of convention income, meeting and conference income, and other events. Payment for program events is usually due within 30 days of performance or invoicing. The Organization recognizes revenue on the various programs at the point in time when the events take place. Program income totaled \$2,032,961 during the year ended December 31, 2024.

During the year ended December 31, 2024, the Organization recognized revenue of \$101,788 from amounts that were included in deferred program income at December 31, 2023. Deferred program income totaled \$186,700 at December 31, 2024. The performance obligation surrounding this liability will be satisfied in 2025.

Priority Club Dues

The Organization offers Priority Club memberships for a one-year term that provide three levels of memberships with additional annual convention and year-round benefits. These memberships are based upon a calendar year. The Organization satisfies its performance obligation and recognizes revenue evenly over the membership term as its members simultaneously receive and consume the benefits over that timeframe. Payment is generally due within 30 days of invoicing. Priority Club dues totaled \$433,186 during the year ended December 31, 2024.

Payments received for Priority Club dues in advance of the Organization satisfying its performance obligation are recorded as deferred revenue in the accompanying statements of financial position. During the year ended December 31, 2024, the Organization recognized revenue of \$442,186 from amounts that were included in deferred membership dues at December 31, 2023. Deferred membership dues totaled \$509,000 at December 31, 2024. The performance obligation surrounding this liability will be satisfied in 2025.

The nature, amount, timing, and uncertainty of revenue and cash flows for the aforementioned revenue categories are not significantly impacted by economic factors, as there are no outside customers for the Organization, only members, who pay fixed charges for membership dues and program services for various conferences and educational events.

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Donated Services: Donated services are recognized when the services are received and (a) create or enhance non-financial assets, or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. A significant amount of donated services are contributed to the Organization by various members to support the Organization's programs and supporting services. These volunteer activities include participation on the Board of Directors and numerous other committees. The value of these services has not been included in the financial statements because the recognition criteria was not met.

Functional Allocation of Expenses: The costs of providing the programs and other activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. The expenses that are allocated include salaries and benefits, which are allocated on the basis of estimates of time and effort.

Tax Exempt Status: The Organization is recognized as a tax exempt organization under Sections 501(c)(6) of the Internal Revenue Code. However, any income from certain activities not directly related to the Organization's tax exempt purpose would be subject to taxation as unrelated business income.

Uncertainty in Income Taxes: The Organization evaluates uncertainty in income tax positions based on a more-likely-than-not recognition standard. If that threshold is met, the tax position is then measured at the largest amount that is greater than 50% likely of being realized upon ultimate settlement. As of December 31, 2024, there are no accruals for uncertain tax positions. If applicable, the Organization records interest and penalties as a component of income tax expense. Tax years from 2021 through the current year remain open for examination by tax authorities.

Use of Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events: Management has evaluated subsequent events through September 10, 2025, the date the financial statements were available to be issued.

BOARD-DESIGNATED RESERVE FUNDS

The Organization has established a reserve fund to meet future contingencies. These board-designated contingency reserve funds are maintained at 75% of the upcoming three-year forecast for projected average total expenses. The Organization's board-designated contingency reserves totaled \$3,756,118 at December 31, 2024. These funds are classified as net assets without donor restrictions.

Investment Return Objectives, Risk Parameters and Strategies: The Organization's investment policy for its reserve funds provides for investments in diversified portfolios. The objective is to maximize the total return while minimizing risk in order to protect the board-designated assets for the long-term use of the Organization. All reserve funds are generally commingled with other funds for investment purposes.

FAIR VALUE MEASUREMENTS

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 – Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair market value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Below is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in methodologies used at December 31, 2024.

- Mutual funds are valued based on the closing market prices of shares held by the Organization at year end.
- Certificates of deposit are valued at amortized cost, which approximates fair value.
- Government securities are valued at the closing price reported on the active market on which identical or similar securities are traded.
- Corporate bonds are valued at the closing price reported on the active market on which the individual securities are traded.
- Equity securities are valued at the closing price reported on the active market on which the individual securities are traded.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

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FAIR VALUE MEASUREMENTS (CONTINUED)

Fair value of investments measured on a recurring basis at December 31, 2024, is as follows:

	<u>Fair Value</u>		<u>Level 1</u>		<u>Level 2</u>		<u>Level 3</u>
Mutual funds	\$ 853,341	\$	853,341	\$	-	\$	-
Certificates of deposit	711,412		711,412		-		-
Government securities	1,454,934		1,454,934		-		-
Corporate bonds	245,325		-		245,325		-
Equities	<u>3,143,172</u>		<u>3,143,172</u>		<u>-</u>		<u>-</u>
	<u>\$ 6,408,184</u>	\$	<u>6,162,859</u>	\$	<u>245,325</u>	\$	<u>-</u>

The following tabulation summarizes the net yields of investment assets:

Realized and unrealized investment gain	\$ 701,269
Dividend and interest income	157,956
Less: brokerage fees	<u>(56,427)</u>
Total investment income for the year	<u>\$ 802,798</u>

PROPERTY AND EQUIPMENT

The cost and accumulated depreciation of the various categories of property and equipment consisted of the following at December 31:

Land	\$ 161,123
Building and improvements	1,868,795
Computer equipment	79,554
Furniture and fixtures	<u>255,308</u>
	2,364,780
Less: accumulated depreciation	<u>(749,648)</u>
	<u>\$ 1,615,132</u>

Depreciation expense for the year ended December 31, 2024 totaled \$76,300.

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NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

INTANGIBLE ASSETS

The cost and accumulated amortization of the Organization's intangible assets consisted of the following at December 31, 2024:

Learning management system	\$	202,019
Website		<u>34,620</u>
		236,639
Less: accumulated amortization		<u>(145,920)</u>
	\$	<u>90,719</u>

Amortization expense for the for the year ended December 31, 2024, totaled \$79,719.

RELATED PARTY TRANSACTIONS

The Organization's Board of Directors created the Petroleum Equipment Institute Foundation (the "Foundation") in 2008 to raise funds for distribution of scholarships for the benefit of selected individuals. The Foundation is a charitable organization under Section 501(c)(3) of the Internal Revenue Code. The Board of Governors of the Foundation is comprised of Petroleum Equipment Institute past presidents and the management and administration of the Foundation is performed by Organization employees. Commencing in 2025, the Foundation costs originally borne by the Organization are billed back to the Foundation.

During 2024, the Organization incurred expenses on behalf of the Foundation relating to fundraising events held by the Foundation. Expenses incurred by the Organization on behalf of the Foundation totaled \$71,743 during 2024. This balance is reflected as due from related party on the accompanying statement of financial position at December 31, 2024. In addition, the Organization owed a total of \$20,200 to the Foundation, relating to a revenue share agreement for the fundraising event. This balance is reflected as due to related party as of December 31, 2024, on the accompanying statement of financial position.

OTHER COMMITMENTS

The Organization has entered into contracts for services and accommodations for future meetings and seminars. The contracts include penalty clauses which would require the Organization to pay certain amounts if a meeting or seminar was to be cancelled or if attendance was less than the original commitment. Management is not aware of any exposure to signification penalties at December 31, 2024.

EMPLOYEE BENEFIT PLANS

The Organization participates in a 401(k) plan under which employees may defer a portion of their annual compensation. Employees who have reached the age of 21 years and have completed at least one year of service are eligible to participate in the plan. The Organization provides a 100% matching contribution for up to 4% of wages. Employer contributions totaled \$79,289 for the year ended December 31, 2024.