

# **The International Council on Clean Transportation, Inc.**

Consolidated Financial Report  
December 31, 2020

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RSM US LLP

## Independent Auditor's Report

Audit Committee of the Board of Directors  
The International Council on Clean Transportation, Inc.

### Report on the Financial Statements

We have audited the accompanying consolidated financial statements of The International Council on Clean Transportation, Inc. (ICCT), which comprise the consolidated statements of financial position as of December 31, 2020 and 2019, the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively, 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.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The International Council on Clean Transportation, Inc. as of December 31, 2020 and 2019, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*RSM US LLP*

McLean, Virginia  
December 22, 2021

The International Council on Clean Transportation, Inc.

**Consolidated Statements of Financial Position**  
**December 31, 2020 and 2019**

|  | 2020                 | 2019                 |
|--|----------------------|----------------------|
| <b>Assets</b>                                  |                      |                      |
| Cash and cash equivalents                      | \$ 8,420,840         | \$ 4,106,590         |
| Promises to give, net                          | 1,173,678            | 6,817,917            |
| Accounts receivable, net                       | 1,143,415            | 923,527              |
| Prepaid expenses                               | 150,861              | 105,127              |
| Deposit  | 30,492               | 573                  |
| Property and equipment, net                    | 335,175              | 340,007              |
|  | <hr/>                | <hr/>                |
| <b>Total assets</b>                            | <b>\$ 11,254,461</b> | <b>\$ 12,293,741</b> |
| <b>Liabilities and Net Assets</b>              |                      |                      |
| Liabilities:                                   |                      |                      |
| Accounts payable and accrued expenses          | \$ 1,226,039         | \$ 1,169,245         |
| Refundable advances                            | 1,371,031            | 964,851              |
| Deferred rent                                  | 562,241              | 346,470              |
|  | <hr/>                | <hr/>                |
| <b>Total liabilities</b>                       | <b>3,159,311</b>     | <b>2,480,566</b>     |
| Commitments and contingencies (Notes 7 and 11) |                      |                      |
| Net assets:                                    |                      |                      |
| Without donor restrictions                     | 316,285              | 1,163,407            |
| With donor restrictions                        | 7,778,865            | 8,649,768            |
|  | <hr/>                | <hr/>                |
| <b>Total net assets</b>                        | <b>8,095,150</b>     | <b>9,813,175</b>     |
|  | <hr/>                | <hr/>                |
| <b>Total liabilities and net assets</b>        | <b>\$ 11,254,461</b> | <b>\$ 12,293,741</b> |

See notes to consolidated financial statements.

The International Council on Clean Transportation, Inc.

**Consolidated Statement of Activities**  
**Year Ended December 31, 2020**

|                                       | Without Donor<br>Restrictions | With Donor<br>Restrictions | Total              |
|---------------------------------------|-------------------------------|----------------------------|--------------------|
| <b>Revenue and support:</b>           |                               |                            |                    |
| Grants and contributions              | \$ 1,396,022                  | \$ 8,958,663               | \$ 10,354,685      |
| Contract income                       | 1,516,134                     | -                          | 1,516,134          |
| Interest income, net                  | 12,948                        | -                          | 12,948             |
| Other income                          | 72,897                        | -                          | 72,897             |
| Net assets released from restrictions | 9,829,566                     | (9,829,566)                | -                  |
| <b>Total revenue and support</b>      | <b>12,827,567</b>             | <b>(870,903)</b>           | <b>11,956,664</b>  |
| <b>Expenses:</b>                      |                               |                            |                    |
| Program services                      | 11,544,215                    | -                          | 11,544,215         |
| Supporting services:                  |                               |                            |                    |
| Management and general                | 1,337,690                     | -                          | 1,337,690          |
| Communications                        | 459,717                       | -                          | 459,717            |
| Development                           | 333,067                       | -                          | 333,067            |
| <b>Total expenses</b>                 | <b>13,674,689</b>             | <b>-</b>                   | <b>13,674,689</b>  |
| <b>Change in assets</b>               | <b>(847,122)</b>              | <b>(870,903)</b>           | <b>(1,718,025)</b> |
| <b>Net assets:</b>                    |                               |                            |                    |
| Beginning                             | 1,163,407                     | 8,649,768                  | 9,813,175          |
| Ending                                | \$ 316,285                    | \$ 7,778,865               | \$ 8,095,150       |

See notes to consolidated financial statements.

The International Council on Clean Transportation, Inc.

**Consolidated Statement of Activities**  
**Year Ended December 31, 2019**

|                                       | Without Donor<br>Restrictions | With Donor<br>Restrictions | Total               |
|---------------------------------------|-------------------------------|----------------------------|---------------------|
| <b>Revenue and support:</b>           |                               |                            |                     |
| Grants and contributions              | \$ 279,728                    | \$ 9,465,878               | \$ 9,745,606        |
| Contract income                       | 1,230,922                     | -                          | 1,230,922           |
| Interest income, net                  | 36,744                        | -                          | 36,744              |
| Other income                          | 20,012                        | -                          | 20,012              |
| Net assets released from restrictions | 6,197,926                     | (6,197,926)                | -                   |
| <b>Total revenue and support</b>      | <b>7,765,332</b>              | <b>3,267,952</b>           | <b>11,033,284</b>   |
| <b>Expenses:</b>                      |                               |                            |                     |
| Program services                      | 8,597,743                     | -                          | 8,597,743           |
| Supporting services:                  |                               |                            |                     |
| Management and general                | 2,309,549                     | -                          | 2,309,549           |
| Communications                        | 345,178                       | -                          | 345,178             |
| Development                           | 652,243                       | -                          | 652,243             |
| <b>Total expenses</b>                 | <b>11,904,713</b>             | <b>-</b>                   | <b>11,904,713</b>   |
| <b>Change in assets</b>               | <b>(4,139,381)</b>            | <b>3,267,952</b>           | <b>(871,429)</b>    |
| <b>Net assets:</b>                    |                               |                            |                     |
| Beginning                             | 5,302,788                     | 5,381,816                  | 10,684,604          |
| Ending                                | <u>\$ 1,163,407</u>           | <u>\$ 8,649,768</u>        | <u>\$ 9,813,175</u> |

See notes to consolidated financial statements.

The International Council on Clean Transportation, Inc.

Consolidated Statements of Functional Expenses  
Years Ended December 31, 2020 and 2019

|                                | 2020                                     |                            |                                 |                   |                     |   |                        |                        |                   |                   |                           | Total                |
|--------------------------------|--|----------------------------|---------------------------------|-------------------|---------------------|---|------------------------|------------------------|-------------------|-------------------|---------------------------|----------------------|
|                                | Program Services                         |                            |                                 |                   |                     |   | Supporting Services    |                        |                   |                   |                           |                      |
|                                | Passenger Vehicles/<br>Electric Vehicles | Compliance and Enforcement | Strategic Planning and Modeling | Renewable Fuels   | Marine and Aviation | Heavy-Duty Vehicles/<br>Electric Vehicles | Total Program Services | Management and General | Communications    | Development       | Total Supporting Services |                      |
| Salaries and employee benefits | \$ 3,000,519                             | \$ 447,909                 | \$ 122,903                      | \$ 617,249        | \$ 968,556          | \$ 1,903,500                              | \$ 7,060,636           | \$ 839,863             | \$ 357,265        | \$ 227,079        | \$ 1,424,207              | \$ 8,484,843         |
| Consultants                    | 1,371,798                                | 266,995                    | 34,897                          | 142,716           | 73,208              | 1,046,907                                 | 2,936,521              | 160,327                | 38,321            | 37,466            | 236,114                   | 3,172,635            |
| Travel and meetings            | 18,968                                   | 2,006                      | 12                              | 37,113            | 8,145               | 20,480                                    | 86,724                 | 13,993                 | -                 | 2,377             | 16,370                    | 103,094              |
| Occupancy and insurance        | 264,509                                  | 37,575                     | 12,899                          | 57,545            | 91,160              | 180,939                                   | 644,627                | 159,790                | 35,907            | 35,580            | 231,277                   | 875,904              |
| Data sets                      | 265,921                                  | -                          | -                               | -                 | 64,500              | 20,672                                    | 351,093                | -                      | -                 | -                 | -                         | 351,093              |
| Report production              | 44,146                                   | 5,396                      | -                               | 7,902             | 9,395               | 45,873                                    | 112,712                | 1,260                  | 4,906             | -                 | 6,166                     | 118,878              |
| Telephone and internet         | 15,301                                   | 3,153                      | 201                             | 1,145             | 1,642               | 6,274                                     | 27,716                 | 4,102                  | 594               | 590               | 5,286                     | 33,002               |
| Office supplies and equipment  | 87,617                                   | 9,644                      | 7,561                           | 19,442            | 30,835              | 62,927                                    | 218,026                | 65,344                 | 12,560            | 13,698            | 91,602                    | 309,628              |
| Dues and subscriptions         | 11,430                                   | 666                        | 467                             | 1,768             | 22,927              | 5,385                                     | 42,643                 | 4,855                  | 1,134             | 4,009             | 9,998                     | 52,641               |
| Miscellaneous                  | (2,799)                                  | 5,005                      | (6,503)                         | (7,533)           | 6,809               | (5,046)                                   | (10,067)               | 70,758                 | 4,539             | 7,680             | 82,977                    | 72,910               |
| Depreciation                   | 28,485                                   | 3,401                      | 1,669                           | 7,025             | 11,176              | 21,828                                    | 73,584                 | 17,398                 | 4,491             | 4,588             | 26,477                    | 100,061              |
| <b>Total expenses</b>          | <b>\$ 5,105,895</b>                      | <b>\$ 781,750</b>          | <b>\$ 174,106</b>               | <b>\$ 884,372</b> | <b>\$ 1,288,353</b> | <b>\$ 3,309,739</b>                       | <b>\$ 11,544,215</b>   | <b>\$ 1,337,690</b>    | <b>\$ 459,717</b> | <b>\$ 333,067</b> | <b>\$ 2,130,474</b>       | <b>\$ 13,674,689</b> |

|                                | 2019                                     |                            |                                 |                   |                     |   |                        |                        |                   |                   |                           | Total                |
|--------------------------------|--|----------------------------|---------------------------------|-------------------|---------------------|---|------------------------|------------------------|-------------------|-------------------|---------------------------|----------------------|
|                                | Program Services                         |                            |                                 |                   |                     |   | Supporting Services    |                        |                   |                   |                           |                      |
|                                | Passenger Vehicles/<br>Electric Vehicles | Compliance and Enforcement | Strategic Planning and Modeling | Renewable Fuels   | Marine and Aviation | Heavy-Duty Vehicles/<br>Electric Vehicles | Total Program Services | Management and General | Communications    | Development       | Total Supporting Services |                      |
| Salaries and employee benefits | \$ 1,611,913                             | \$ 410,344                 | \$ 107,026                      | \$ 336,865        | \$ 650,247          | \$ 1,472,600                              | \$ 4,588,995           | \$ 1,318,202           | \$ 243,129        | \$ 463,695        | \$ 2,025,026              | \$ 6,614,021         |
| Consultants                    | 643,117                                  | 213,101                    | 44,653                          | 49,557            | 85,094              | 967,555                                   | 2,003,077              | 280,873                | 22,679            | 63,671            | 367,223                   | 2,370,300            |
| Travel and meetings            | 100,116                                  | 33,487                     | 3,150                           | 16,677            | 99,782              | 199,091                                   | 452,303                | 172,885                | 2,999             | 17,029            | 192,913                   | 645,216              |
| Occupancy and insurance        | 191,423                                  | 48,849                     | 14,632                          | 41,364            | 86,934              | 202,468                                   | 585,670                | 216,493                | 32,599            | 63,323            | 312,415                   | 898,085              |
| Data sets                      | 105,273                                  | -                          | -                               | -                 | 164,150             | 51,941                                    | 321,364                | -                      | -                 | -                 | -                         | 321,364              |
| Report production              | 43,832                                   | 7,707                      | 4,113                           | 8,037             | 31,711              | 20,916                                    | 116,316                | 2,772                  | 406               | -                 | 3,178                     | 119,494              |
| Telephone and internet         | 9,905                                    | 2,627                      | 177                             | 621               | 1,650               | 9,876                                     | 24,856                 | 2,158                  | 379               | 1,466             | 4,003                     | 28,859               |
| Office supplies and equipment  | 59,990                                   | 14,466                     | 5,035                           | 14,368            | 33,057              | 71,092                                    | 198,008                | 128,913                | 31,309            | 23,517            | 183,739                   | 381,747              |
| Dues and subscriptions         | 17,655                                   | 2,917                      | 1,354                           | 3,041             | 13,878              | 26,077                                    | 64,922                 | 12,248                 | 3,741             | 5,493             | 21,482                    | 86,404               |
| Miscellaneous                  | 83,288                                   | 13,551                     | 1,308                           | 11,497            | 5,338               | 57,077                                    | 172,059                | 155,608                | 3,409             | 5,582             | 164,599                   | 336,658              |
| Depreciation                   | 21,193                                   | 4,798                      | 2,175                           | 4,800             | 11,087              | 26,120                                    | 70,173                 | 19,397                 | 4,528             | 8,467             | 32,392                    | 102,565              |
| <b>Total expenses</b>          | <b>\$ 2,887,705</b>                      | <b>\$ 751,847</b>          | <b>\$ 183,623</b>               | <b>\$ 486,827</b> | <b>\$ 1,182,928</b> | <b>\$ 3,104,813</b>                       | <b>\$ 8,597,743</b>    | <b>\$ 2,309,549</b>    | <b>\$ 345,178</b> | <b>\$ 652,243</b> | <b>\$ 3,306,970</b>       | <b>\$ 11,904,713</b> |

See notes to consolidated financial statements.



The International Council on Clean Transportation, Inc.

**Consolidated Statements of Cash Flows**  
**Years Ended December 31, 2020 and 2019**

|   | 2020             | 2019             |
|---|------------------|------------------|
| Cash flows from operating activities:   |                  |                  |
| Change in net assets  | \$ (1,718,025)   | \$ (871,429)     |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: |                  |                  |
| Depreciation  | 100,061          | 102,565          |
| Change in allowance for uncollectible pledges   | (25,750)         | 179,823          |
| Change in discount on promises to give  | 58               | (7,534)          |
| Deferred rent   | 215,771          | 339,340          |
| Changes in operating assets and liabilities:  |                  |                  |
| (Increase) decrease in:   |                  |                  |
| Accounts receivable   | (194,138)        | 4,787,766        |
| Promises to give  | 5,644,181        | (6,123,163)      |
| Prepaid expenses  | (45,734)         | 35,415           |
| Deposit   | (29,919)         | 27,486           |
| Increase in:  |                  |                  |
| Accounts payable and accrued expenses   | 56,794           | 602,922          |
| Refundable advances   | 406,180          | 964,851          |
| <b>Net cash provided by operating activities</b>  | <b>4,409,479</b> | <b>38,042</b>    |
| Cash flows from investing activities:   |                  |                  |
| Purchases of property and equipment   | (95,229)         | (188,614)        |
| <b>Net cash used in investing activities</b>  | <b>(95,229)</b>  | <b>(188,614)</b> |
| <b>Net increase (decrease) in cash</b>  | <b>4,314,250</b> | <b>(150,572)</b> |
| Cash and cash equivalents:  |                  |                  |
| Beginning   | 4,106,590        | 4,257,162        |
| Ending  | \$ 8,420,840     | \$ 4,106,590     |

See notes to consolidated financial statements.

## The International Council on Clean Transportation, Inc.

### Notes to Consolidated Financial Statements

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#### Note 1. Nature of Activities and Significant Accounting Policies

**Nature of activities:** The International Council on Clean Transportation, Inc. (ICCT U.S.) was incorporated on May 18, 2005, under the laws of the State of Delaware. ICCT U.S. is an independent, nonprofit research organization with expertise in light and heavy-duty vehicles, transportation fuels, shipping, aviation, climate science and health with offices in Washington D.C., San Francisco, Berlin, Brussels and Beijing (collectively, ICCT). ICCT's essential focus is on helping public sector agencies anywhere in the world promulgate effective transport sector regulations that minimize climate change and improve public health. ICCT does this by providing high-quality, data-driven analysis and recommendations directly to regulators and other key stakeholders who can benefit from timely, accurate, topical, policy-relevant information.

ICCT's work falls into four categories: identifying and disseminating international best practices; leading research projects to lay the technical groundwork for future regulations; assisting government agencies directly in the drafting of regulatory documents and supporting data collection and analysis; and holding public workshops, as well as private meetings of key regulators.

ICCT U.S. is the sole shareholder of International Council on Clean Transportation Europe (ICCT Europe). ICCT U.S. is the sole shareholder of International Council on Clean Transportation Beijing (ICCT Beijing), which was incorporated during 2015. In March 2020, ICCT U.S. formed International Council on Clean Transportation Brazil (ICCT Brazil) in membership with Institute Climate Society (ICS). ICCT U.S. retains majority control via control over majority appointment of board seats and as such ICCT Brazil is consolidated into ICCT U.S. ICCT U.S., ICCT Europe and the ICCT Beijing will be collectively referred to herein as the ICCT.

A summary of ICCT's significant accounting policies follows:

**Principles of consolidation:** The consolidated financial statements include the accounts of ICCT U.S., ICCT Europe, ICCT Beijing and ICCT Brazil. Significant intercompany accounts and transactions have been eliminated in consolidation.

**Basis of presentation:** The consolidated financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). As required by the Non-Profit Entities topic of the ASC, ICCT is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

**Net assets:** Net assets, revenues, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

**Net assets without donor restrictions:** Net assets are available for use in general operations and not subject to donor restrictions.

**Net assets with donor restrictions:** Net assets are subject to donor-imposed restrictions. Certain donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose has been fulfilled or both.

## The International Council on Clean Transportation, Inc.

### Notes to Consolidated Financial Statements

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#### Note 1. Nature of Activities and Significant Accounting Policies (Continued)

**Translation of foreign currency:** The financial records of ICCT Europe, ICCT Beijing and ICCT Brazil are required to be maintained in local currency and accounts are translated to United States Dollars (USD) for consolidated financial statement presentation.

**Cash and cash equivalents:** For purposes of reporting cash flows, ICCT considers all money market accounts and certificates of deposit with an original maturity of three months or less to be cash equivalents. As of December 31, 2020, ICCT held \$908,623, \$82,485 and \$39,985 in foreign bank accounts in Europe, China and Brazil, respectively. As of December 31, 2019, ICCT held \$45,544 and \$854,971, \$45,544 in foreign bank accounts in Europe, China and Brazil, respectively.

**Financial risk:** ICCT maintains cash in bank deposit accounts which, at times, may exceed federally-insured limits. ICCT has not experienced any losses in such accounts. ICCT believes it is not exposed to any significant financial risk on cash.

**Accounts receivable:** Accounts receivable are carried at original invoice amounts, less an estimate made for doubtful receivables based on a review of all outstanding amounts on a monthly basis. Management determines the allowance for doubtful accounts by identifying troubled accounts and using historical experience applied to an aging of accounts. Accounts receivable are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded when received. Management recorded an allowance of \$32,750 and \$58,500 at December 31, 2020 and 2019, respectively.

**Promises to give:** Contributions are recognized when the donor makes a written promise to give that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire or are satisfied in the fiscal year in which the contributions are recognized. The allowance for doubtful promises to give is based on management's evaluation of the status of existing promises to give and historical results. In accordance with the Non-Profit Entities Topic of the ASC, promises to give in a future period are discounted to their net present value at the time the revenue is recorded. ICCT promises to give are generally receivable over a five-year period and are discounted at a rate of 1.67%. Promises to give are deemed fully collectible at December 31, 2020 and 2019.

**Property and equipment:** Property and equipment is recorded at cost and is being depreciated using the straight-line method over the estimated useful life of the related asset ranging from three to seven years. ICCT capitalizes all property and equipment with a cost of \$2,500 or more.

**Deferred rent:** Under accounting principles generally accepted in the United States of America (U.S. GAAP), all fixed rent increases and rent incentives are recognized on a straight-line basis over the term of the lease. The difference between the income recognized on the straight-line basis and the required lease payments made is reflected as deferred rent in the accompanying consolidated statements of financial position.

**Revenue recognition:** Grants and contributions are considered to be available for general use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as with donor restrictions. Any grant that is conditional for a right of refund/release and a barrier is reported in the accompanying consolidated statements of financial position as a refundable advance due to the grantor when applicable.

## The International Council on Clean Transportation, Inc.

### Notes to Consolidated Financial Statements

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#### Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Conditional contributions and similar grants are not recognized as support until such times as the conditions are substantially met. ICCT is the recipient of nonfederal and federal conditional promises to give at December 31, 2020, of \$10,214,371 and \$246,536, respectively. ICCT is the recipient of nonfederal and federal conditional promises to give at December 31, 2019, of \$4,241,886 and \$468,493, respectively. ICCT will earn and receive the conditional funds contingent upon ICCT meeting certain milestones documented in the agreements.

ICCT's revenue stream from contracts with customers are comprised primarily from contract income. ICCT's revenue is recognized when a given performance obligation is satisfied, either over a period of time or at a point in time. ICCT's revenue under contracts with customers is primarily earned in the United States of American and Europe.

Contract income represents services ICCT will provide to various vendors and is recognized when the services have been performed. Income billed and collected in advance of the time of recognition are reported as deferred revenue in the accompanying consolidated financial statements.

ICCT's revenue from contracts with customers are generally for one or two years. The contracts do not include significant financing components and do not have variable considerations. ICCT did not have any impairment or credit losses on any receivables or contract assets arising from contracts with customers. The primary factor affecting future revenue and cash inflows is consulting contracts with its customers. Management does not believe there is a material risk of loss for future revenue and cash inflows.

**Income taxes:** ICCT US has been granted exemption by the Internal Revenue Service (IRS) from federal income taxes under Internal Revenue Code (IRC) section 501(c)(3). The ICCT terminated its private foundation status, effective December 31, 2015, and is classified as a public charity under IRC section 170(b)(1)(A)(vi). Federal and state income taxes are imposed on income unrelated to the ICCT's exemption. ICCT did not have any net unrelated business income for the years ended December 31, 2020 and 2019.

ICCT Europe, Beijing and Brazil are subject to local country tax regulations. It is in the opinion of management that ICCT Europe, Beijing and Brazil earned no significant taxable business income for the years ended December 31, 2020 and 2019.

Management evaluated ICCT's tax positions and concluded that ICCT has taken no uncertain positions that require adjustments to the consolidated financial statements to comply with the provisions of this guidance. Generally, the entities are no longer subject to U.S. federal income tax examinations by tax authorities for years before 2017.

**Functional allocation of expenses:** The costs of program and supporting services activities have been summarized on a functional basis in the consolidated statements of activities. The consolidated statements of functional expenses present the natural classification detail of expenses by function. Certain categories of expenses are attributed to more than one program or supporting function, and therefore, require allocation on a reasonable basis that is consistently applied. Salaries and employee benefits, occupancy and insurance, data sets, office supplies and equipment and other expenses are allocated on the basis of estimates of time and effort.

**Use of estimates:** The preparation of consolidated financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and the accompanying notes. Actual results could differ from those estimates.

## The International Council on Clean Transportation, Inc.

### Notes to Consolidated Financial Statements

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#### Note 1. Nature of Activities and Significant Accounting Policies (Continued)

**Pending accounting pronouncement:** In February 2016, the FASB issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. During November 2019, the FASB issued ASU No. 2019-10, *Leases (Topic 842) Effective Dates*, which delayed the effective date of ASU 2016-02 by one year. In June 2020, the FASB issued ASU No. 2020-05, *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842): Effective Dates for Certain Entities*, further delaying the effective date an additional year, making it effective for annual reporting periods beginning after December 15, 2021. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. ICCT is currently evaluating the impact of its pending adoption of the new standard on its consolidated financial statements.

**Subsequent events:** ICCT evaluated subsequent events through December 22, 2021, which is the date the consolidated financial statements were available to be issued.

#### Note 2. Liquidity and Availability of Financial Assets

ICCT regularly monitors liquidity to meet its annual operating needs and other contractual commitments while also striving to maximize financial assets of its funds not required for annual operations. Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the consolidated statement of financial position date at December 31, 2020 and 2019, comprise the following:

|   | 2020                | 2019                |
|---|---------------------|---------------------|
| Cash and cash equivalents   | \$ 8,420,840        | \$ 4,106,590        |
| Promises to give, net   | 1,173,678           | 6,817,917           |
| Accounts receivable, net  | 1,143,415           | 923,527             |
| Total financial assets available  | <u>10,737,933</u>   | <u>11,848,034</u>   |
| Less those unavailable for general expenditure within one year due to:                |                     |                     |
| Refundable advances   | (1,371,031)         | (964,851)           |
| Donor-imposed restrictions  | (7,778,865)         | (8,649,768)         |
| Financial assets available to meet cash needs for general expenditure within one year | <u>\$ 1,588,037</u> | <u>\$ 2,233,415</u> |

ICCT performs active project planning and management, which has been effective in meeting both the donors' requirements and reducing the demands on ICCT working capital. ICCT has a \$500,000 line of credit (see Note 8) that can be drawn upon if needed.

ICCT has a goal to maintain financial assets, cash and short-term investments on hand to meet 60 days of normal operating expenditures.

**The International Council on Clean Transportation, Inc.**

**Notes to Consolidated Financial Statements**

**Note 3. Promises to Give**

Promises to give to be collected in more than one year from the date of the donor's commitment are measured using the present value of future cash flows based on a discount rate of 1.67%. Promises to give at December 31, 2020 and 2019, consists of amounts by due date as follows:

|                                    | 2020                | 2019                |
|------------------------------------|---------------------|---------------------|
| Less than one year                 | \$ 804,848          | \$ 5,937,243        |
| One to five years                  | 377,974             | 889,750             |
|                                    | <u>1,182,822</u>    | <u>6,826,993</u>    |
| Less discount to net present value | 9,144               | 9,076               |
|                                    | <u>\$ 1,173,678</u> | <u>\$ 6,817,917</u> |

**Note 4. Property and Equipment**

Property and equipment at December 31, 2020 and 2019, consists of the following:

| 2020                          |   |                   |
|-------------------------------|---|-------------------|
| Asset Category                | Estimated Useful Lives                            | Net               |
| Leasehold improvements        | Shorter of useful life or remaining life of lease | \$ 909,010        |
| Furniture and equipment       | 3–7 years   | 433,446           |
| Computer equipment            | 3 years   | 188,595           |
| Computer software             | 3–5 years   | 162,961           |
|                               |   | <u>1,694,012</u>  |
| Less accumulated depreciation |   | 1,358,837         |
| Property and equipment, net   |   | <u>\$ 335,175</u> |
| 2019                          |   |                   |
| Asset Category                | Estimated Useful Lives                            | Net               |
| Leasehold improvements        | Shorter of useful life or remaining life of lease | \$ 885,457        |
| Furniture and equipment       | 3–7 years   | 433,033           |
| Computer equipment            | 3 years   | 124,573           |
| Computer software             | 3–5 years   | 153,979           |
|                               |   | <u>1,597,042</u>  |
| Less accumulated depreciation |   | 1,257,035         |
| Property and equipment, net   |   | <u>\$ 340,007</u> |

Depreciation expense for the years ended December 31, 2020 and 2019, was \$100,061 and \$102,565, respectively.

**The International Council on Clean Transportation, Inc.**

**Notes to Consolidated Financial Statements**

**Note 5. Net Assets With Donor Restrictions**

At December 31, 2020, net assets with donor restrictions consist of time and purpose restricted programs. The net assets activity during 2020 for net assets with donor restrictions consist of the following:

|                             | Balance,<br>December 31,<br>2019 | Additions, Transfer<br>and Change<br>in Discount | Releases<br>and Bad-<br>Debt Expense | Balance,<br>December 31,<br>2020 |
|-----------------------------|----------------------------------|--|--------------------------------------|----------------------------------|
| Purpose restrictions:       |                                  |  |                                      |                                  |
| Aviation                    | \$ 206,056                       | \$ 308,000                                       | \$ (320,487)                         | \$ 193,569                       |
| Administration              | 250,000                          | 60,000   | (250,000)                            | 60,000                           |
| Communication               | 49,166                           | 128,195  | (128,195)                            | 49,166                           |
| Development                 | 126,641                          | -  | -                                    | 126,641                          |
| Clean air                   | 48,301                           | 614,384  | (662,685)                            | -                                |
| Green freight               | 200,756                          | 267,190  | (362,936)                            | 105,010                          |
| Compliance and enforcement  | 843,248                          | 712,639  | (632,821)                            | 923,066                          |
| Fuels                       | 753,635                          | 501,959  | (588,170)                            | 667,424                          |
| Heavy-duty vehicles         | 526,918                          | 1,326,939  | (1,022,128)                          | 831,729                          |
| Marine                      | 339,263                          | 402,222  | (398,985)                            | 342,500                          |
| Passenger vehicles          | 1,388,022                        | 1,504,898  | (2,198,460)                          | 694,460                          |
| Electric vehicle            | 1,238,596                        | 1,507,237  | (1,281,435)                          | 1,464,398                        |
| Roadmap                     | -                                | 125,000  | (22,667)                             | 102,333                          |
| Total programs              | <u>5,970,602</u>                 | <u>7,458,663</u>                                 | <u>(7,868,969)</u>                   | <u>5,560,296</u>                 |
| Time restrictions:          |                                  |  |                                      |                                  |
| General operations:         |                                  |  |                                      |                                  |
| Hewlett Foundation          | 1,083,333                        | -  | (1,083,333)                          | -                                |
| Skoll Foundation            | 1,500,000                        | -  | (500,000)                            | 1,000,000                        |
| Pisces Foundation           | 95,833                           | -  | (95,833)                             | -                                |
| Marine/Global               | -                                | 500,000  | (13,889)                             | 486,111                          |
| Administration—Heising GOS  | -                                | 100,000  | (15,789)                             | 84,211                           |
| Aviation/Global—Heising GOS | -                                | 75,000   | (11,842)                             | 63,158                           |
| HDV/US—Heising GOS          | -                                | 200,000  | (49,122)                             | 150,878                          |
| Marine/Global—Heising GOS   | -                                | 375,000  | (125,000)                            | 250,000                          |
| EV/US—Heising GOS           | -                                | 250,000  | (65,789)                             | 184,211                          |
| Total time-restricted       | <u>2,679,166</u>                 | <u>1,500,000</u>                                 | <u>(1,960,597)</u>                   | <u>2,218,569</u>                 |
|                             | <u>\$ 8,649,768</u>              | <u>\$ 8,958,663</u>                              | <u>\$ (9,829,566)</u>                | <u>\$ 7,778,865</u>              |

**The International Council on Clean Transportation, Inc.**

**Notes to Consolidated Financial Statements**

**Note 5. Net Assets With Donor Restrictions (Continued)**

At December 31, 2019, net assets with donor restrictions consist of time and purpose restricted programs. The net assets activity during 2019 for net assets with donor restrictions consist of the following:

|                            | Balance,<br>December 31,<br>2018 | Additions, Transfer<br>and Change<br>in Discount | Releases<br>and Bad-<br>Debt Expense | Balance,<br>December 31,<br>2019 |
|----------------------------|----------------------------------|--|--------------------------------------|----------------------------------|
| Purpose restrictions:      |                                  |  |                                      |                                  |
| Aviation                   | \$ 394,920                       | \$ -   | \$ (188,864)                         | \$ 206,056                       |
| Administration             | -                                | 250,000  | -                                    | 250,000                          |
| Communication              | 49,166                           | -  | -                                    | 49,166                           |
| Development                | 126,641                          | -  | -                                    | 126,641                          |
| Clean air                  | 699,772                          | 619,180  | (1,270,651)                          | 48,301                           |
| Green freight              | 8,623                            | 393,949  | (201,816)                            | 200,756                          |
| Compliance and enforcement | 326,742                          | 983,112  | (466,606)                            | 843,248                          |
| Fuels                      | 252,034                          | 979,461  | (477,860)                            | 753,635                          |
| Heavy-duty vehicles        | 180,032                          | 439,217  | (92,331)                             | 526,918                          |
| Marine                     | 131,557                          | 647,000  | (439,294)                            | 339,263                          |
| Passenger vehicles         | 1,046,862                        | 1,464,925  | (1,123,765)                          | 1,388,022                        |
| Electric vehicle           | 977,967                          | 789,034  | (528,405)                            | 1,238,596                        |
| Total programs             | <u>4,194,316</u>                 | <u>6,565,878</u>                                 | <u>(4,789,592)</u>                   | <u>5,970,602</u>                 |
| Time restrictions:         |                                  |  |                                      |                                  |
| General operations:        |                                  |  |                                      |                                  |
| Hewlett Foundation         | 1,187,500                        | 1,300,000  | (1,404,167)                          | 1,083,333                        |
| Skoll Foundation           | -                                | 1,500,000  | -                                    | 1,500,000                        |
| Pisces Foundation          | -                                | 100,000  | (4,167)                              | 95,833                           |
| Total time-restricted      | <u>1,187,500</u>                 | <u>2,900,000</u>                                 | <u>(1,408,334)</u>                   | <u>2,679,166</u>                 |
|                            | <u>\$ 5,381,816</u>              | <u>\$ 9,465,878</u>                              | <u>\$ (6,197,926)</u>                | <u>\$ 8,649,768</u>              |

**Note 6. Retirement Plan**

ICCT sponsors a 401(k) Plan that includes employer nonelective contributions and employee deferrals. ICCT's contributions to the 401(k) Plan totaled \$442,834 and \$324,527 for the years ended December 31, 2020 and 2019, respectively.

**Note 7. Commitments**

**Operating leases:** ICCT entered into a 11-year noncancelable sublease operating agreement for office space in Washington, D.C., which commenced on April 1, 2019, and expires on April 1, 2030. Under the terms of the lease, the base rent is subject to annual increases of 2.5%, and ICCT is required to pay its proportionate share of any increases in the building's real estate taxes and operating expenses.



## The International Council on Clean Transportation, Inc.

### Notes to Consolidated Financial Statements

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#### Note 7. Commitments (Continued)

In 2018, ICCT entered into a seven-year, noncancelable sublease operating agreement for office space in San Francisco, California, which commenced on November 1, 2018, and expires on November 1, 2025. Under the terms of the lease, the base rent is subject to annual increases of 3%.

ICCT has a five-year, cancelable operating lease for office space in Berlin, Germany, which expired on June 30, 2021, and was renewed through December 31, 2021.

ICCT entered into a nine-year, cancelable operating lease for office space in Brussels, which expired on September 30, 2021, and was not renewed.

ICCT had a noncancelable operating lease for office space in Beijing, which expired on June 30, 2021, and was not renewed. ICCT signed a three-year lease for a different location starting June 1, 2021, with a rent-free period for June and July 2021.

Rent expense for the year ended December 31, 2020 and 2019, was \$839,872 and \$859,217, respectively.

Minimum rental payments as of December 31, 2020, are as follows:

|                           |                     |
|---------------------------|---------------------|
| Years ending December 31: |                     |
| 2021                      | \$ 923,457          |
| 2022                      | 899,776             |
| 2023                      | 920,858             |
| 2024                      | 863,472             |
| 2025                      | 755,777             |
| Thereafter                | 1,809,563           |
| Total                     | <u>\$ 6,172,903</u> |

#### Note 8. Line of Credit

ICCT has an unsecured line of credit agreement with a lending institution in the amount of \$500,000, which expired on October 30, 2021. Interest on the line of credit was based on the daily London Interbank Offered Rate, plus 3%, which at December 31, 2020 and 2019, was 3.15% and 4.54%, respectively. At December 31, 2020 and 2019, ICCT had no outstanding balance. The line of credit was renewed on October 15, 2021, to expire on October 30, 2021. Interest is based on the Bloomberg Short-Term Bank Yield (BSBY) index plus 3%.

#### Note 9. Concentration of Support

During the year ended December 31, 2020, ICCT received a grant totaling \$1,300,000 from one organization. The grant is approximated 10% of ICCT's total revenue and support for the year ended December 31, 2020. If a significant reduction in funding from these organizations were to occur, it may impact ICCT's consolidated financial position and ability to carry out its program activities.

During the year ended December 31, 2019, ICCT received grants totaling \$2,800,000 from two organizations. These grants approximated 29% of ICCT's total revenue and support for the year ended December 31, 2019. If a significant reduction in funding from these organizations were to occur, it may impact ICCT's consolidated financial position and ability to carry out its program activities.

**The International Council on Clean Transportation, Inc.**

**Notes to Consolidated Financial Statements**

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**Note 10. Related-Party Transactions**

ICCT's Board of Directors voluntarily serve or are employed with various grantors that provide funding to ICCT. ICCT recognized \$2,195,809 and \$924,895 in grant revenue from these grantors for the years ended December 31, 2020 and 2019, respectively.

**Note 11. Contingency**

**COVID-19:** The World Health Organization declared the coronavirus outbreak a pandemic. Management is continually monitoring the potential impact of the pandemic on ICCT. Management will review and adjust planned expenditures should it be determined the outbreak will significantly impact the financial position and activities of ICCT.