

The International Council on Clean Transportation, Inc.

Consolidated Financial Report
December 31, 2021

Contents

Independent auditor's report	1-2
<hr/>	
Financial statements	
Consolidated statements of financial position	3
Consolidated statements of activities	4-5
Consolidated statements of functional expenses	6
Consolidated statements of cash flows	7
Notes to consolidated financial statements	8-17



Independent Auditor's Report

RSM US LLP

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

Opinion

We have audited the consolidated financial statements of The International Council on Clean Transportation, Inc. and its subsidiaries (ICCT), which comprise the consolidated statements of financial position as of December 31, 2021 and 2020, 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).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of ICCT as of December 31, 2021 and 2020, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 ICCT and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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 ICCT's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, 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 ICCT'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 ICCT'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.

RSM US LLP

Washington D.C.
August 29, 2022

The International Council on Clean Transportation, Inc.

Consolidated Statements of Financial Position
December 31, 2021 and 2020

	2021	2020
Assets		
Cash and cash equivalents	\$ 9,363,952	\$ 8,420,840
Promises to give, net	754,805	1,173,678
Accounts receivable, net	75,358	627,666
Unbilled receivables	672,497	515,749
Prepaid expenses	273,311	150,861
Deposit	40,436	30,492
Property and equipment, net	507,205	335,175
	<u>11,687,564</u>	<u>11,254,461</u>
Total assets	\$ 11,687,564	\$ 11,254,461
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$ 1,244,032	\$ 1,226,039
Refundable advances	450,061	1,371,031
Deferred rent	566,325	562,241
	<u>2,260,418</u>	<u>3,159,311</u>
Total liabilities	2,260,418	3,159,311
Commitments and contingencies (Notes 7 and 11)		
Net assets (deficit):		
Without donor restrictions	(1,332,167)	316,285
With donor restrictions	10,759,313	7,778,865
	<u>9,427,146</u>	<u>8,095,150</u>
Total net assets	9,427,146	8,095,150
	<u>11,687,564</u>	<u>11,254,461</u>
Total liabilities and net assets	\$ 11,687,564	\$ 11,254,461

See notes to consolidated financial statements.

The International Council on Clean Transportation, Inc.

Consolidated Statement of Activities
Year Ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support:			
Grants and contributions	\$ 708,257	\$ 15,701,762	\$ 16,410,019
Contract income	1,253,769	-	1,253,769
Consulting income	476,900	-	476,900
Interest income, net	2,494	-	2,494
Other income	75,368	-	75,368
Net assets released from restrictions	12,721,314	(12,721,314)	-
Total revenue and support	15,238,102	2,980,448	18,218,550
Expenses:			
Program services	14,247,307	-	14,247,307
Supporting services:			
Management and general	1,544,828	-	1,544,828
Communications	688,690	-	688,690
Development	405,729	-	405,729
Total expenses	16,886,554	-	16,886,554
Change in assets	(1,648,452)	2,980,448	1,331,996
Net assets (deficit):			
Beginning	316,285	7,778,865	8,095,150
Ending	\$ (1,332,167)	\$ 10,759,313	\$ 9,427,146

See notes to consolidated financial statements.

The International Council on Clean Transportation, Inc.

Consolidated Statement of Activities
Year Ended December 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support:			
Grants and contributions	\$ 1,396,022	\$ 8,958,663	\$ 10,354,685
Contract income	1,177,250	-	1,177,250
Consulting income	338,884	-	338,884
Interest income, net	12,948	-	12,948
Other income	72,897	-	72,897
Net assets released from restrictions	9,829,566	(9,829,566)	-
Total revenue and support	12,827,567	(870,903)	11,956,664
Expenses:			
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
Total expenses	13,674,689	-	13,674,689
Change in assets	(847,122)	(870,903)	(1,718,025)
Net assets:			
Beginning	1,163,407	8,649,768	9,813,175
Ending	<u>\$ 316,285</u>	<u>\$ 7,778,865</u>	<u>\$ 8,095,150</u>

See notes to consolidated financial statements.

The International Council on Clean Transportation, Inc.

Consolidated Statements of Functional Expenses
Years Ended December 31, 2021 and 2020

	2021											
	Program Services						Supporting Services					
	Passenger Vehicles/ Electric Vehicles	Compliance and Enforcement	Strategic Planning and Modeling	Renewable Fuels	Marine and Aviation	Heavy-Duty Vehicles/ Electric Vehicles	Total Program Services	Management and General	Communications	Development	Total Supporting Services	Total
Salaries and employee benefits	\$ 3,568,967	\$ 651,621	\$ 288,381	\$ 674,402	\$ 1,192,076	\$ 2,310,612	\$ 8,686,059	\$ 969,586	\$ 556,849	\$ 311,521	\$ 1,837,956	\$ 10,524,015
Consultants	1,164,348	315,914	28,370	190,248	149,808	1,480,465	3,329,153	201,794	39,405	20,290	261,489	3,590,642
Travel and meetings	46,126	3,609	1,642	2,338	2,534	23,430	79,679	22,465	623	-	23,088	102,767
Occupancy and insurance	288,838	47,382	24,399	53,208	98,912	195,534	708,273	164,077	46,672	38,529	249,278	957,551
Data sets	526,226	15,000	-	-	96,958	105,348	743,532	-	-	-	-	743,532
Report production	67,034	6,992	181	12,931	6,913	43,120	137,171	-	3,344	469	3,813	140,984
Telephone and internet	13,346	2,203	617	1,540	2,798	5,631	26,135	7,238	1,379	1,080	9,697	35,832
Office supplies and equipment	149,237	22,593	13,597	26,538	48,754	89,214	349,933	88,448	28,916	20,359	137,723	487,656
Dues and subscriptions	22,589	1,038	834	1,827	24,303	6,711	57,302	12,531	1,427	4,331	18,289	75,591
Miscellaneous	(15,924)	8,237	3,029	6,638	10,130	38,294	50,404	58,644	4,747	4,325	67,716	118,120
Depreciation	32,600	5,078	3,048	6,215	11,606	21,119	79,666	20,045	5,328	4,825	30,198	109,864
Total expenses	\$ 5,863,387	\$ 1,079,667	\$ 364,098	\$ 975,885	\$ 1,644,792	\$ 4,319,478	\$ 14,247,307	\$ 1,544,828	\$ 688,690	\$ 405,729	\$ 2,639,247	\$ 16,886,554

	2020											
	Program Services						Supporting Services					
	Passenger Vehicles/ Electric Vehicles	Compliance and Enforcement	Strategic Planning and Modeling	Renewable Fuels	Marine and Aviation	Heavy-Duty Vehicles/ Electric Vehicles	Total Program Services	Management and General	Communications	Development	Total Supporting Services	Total
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
Total expenses	\$ 5,105,895	\$ 781,750	\$ 174,106	\$ 884,372	\$ 1,288,353	\$ 3,309,739	\$ 11,544,215	\$ 1,337,690	\$ 459,717	\$ 333,067	\$ 2,130,474	\$ 13,674,689

See notes to consolidated financial statements.

The International Council on Clean Transportation, Inc.

Consolidated Statements of Cash Flows
Years Ended December 31, 2021 and 2020

	2021	2020
Cash flows from operating activities:		
Change in net assets	\$ 1,331,996	\$ (1,718,025)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	109,864	100,061
Change in allowance for uncollectible pledges	(175)	(25,750)
Change in discount on promises to give	(9,144)	58
Deferred rent	4,084	215,771
Changes in operating assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	552,483	(307,013)
Unbilled receivable	(156,748)	112,875
Promises to give	428,017	5,644,181
Prepaid expenses	(122,450)	(45,734)
Deposit	(9,944)	(29,919)
Increase (decrease) in:		
Accounts payable and accrued expenses	17,993	56,794
Refundable advances	(920,970)	406,180
Net cash provided by operating activities	1,225,006	4,409,479
Cash flows from investing activities:		
Purchases of property and equipment	(281,894)	(95,229)
Net cash used in investing activities	(281,894)	(95,229)
Net increase in cash	943,112	4,314,250
Cash and cash equivalents:		
Beginning	8,420,840	4,106,590
Ending	\$ 9,363,952	\$ 8,420,840

See notes to consolidated financial statements.

The International Council on Clean Transportation, Inc.

Notes to Consolidated Financial Statements

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 U.S. offices in Washington D.C. and San Francisco and offices outside the U.S. in Berlin Germany, Brussels Belgium, Beijing China and Sao Paulo Brazil (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 China (ICCT China), 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. has control over the appointment of a majority of board members of ICCT Brazil, as such, ICCT Brazil is consolidated into ICCT U.S., ICCT Europe and ICCT China, collectively 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 China 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

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

Translation of foreign currency: The financial records of ICCT Europe, ICCT China 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, 2021, ICCT held \$383,934, \$1,439 and \$42,114 in foreign bank accounts in Europe, China and Brazil, respectively. As of December 31, 2020, ICCT held \$908,623, \$82,485 and \$39,985 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 \$47,578 and \$32,750 at December 31, 2021 and 2020, respectively.

Unbilled receivables: Unbilled amounts represent recoverable costs incurred related to contract and consulting revenue for which the customer has not been invoiced.

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, 2021 and 2020.

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. Leasehold improvements are depreciated over the shorter of the estimated use lives of the improvements or the lease term.

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

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, 2021, of \$10,340,002 and \$227,668, respectively. 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 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 and consulting 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 America and Europe.

Contract and consulting 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. The timing of revenue recognition may not align with the right to invoice the customer. ICCT records accounts receivable when it has the unconditional right to issue an invoice and receive payment, regardless of whether revenue has been recognized. If revenue has not yet been recognized, a contract liability (deferred revenue) is recorded. If revenue is recognized in advance of the right to invoice, a contract asset (unbilled receivable) is recorded. Opening balances as of January 1, 2020, included accounts receivable of \$923,527, net of allowance of \$58,500 and \$628,624 unbilled receivables.

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, 2021 and 2020.

ICCT Europe, China and Brazil are subject to local country tax regulations. It is in the opinion of management that ICCT Europe, China and Brazil earned no significant taxable business income for the years ended December 31, 2021 and 2020.

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 2018.

The International Council on Clean Transportation, Inc.

Notes to Consolidated Financial Statements

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

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.

Reclassifications: Certain items in the 2020 information have been reclassified to conform with the current year presentation. These reclassifications had no effect on previously reported change in net assets or net assets.

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. 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 January 1, 2022 pending adoption of the new standard on its consolidated financial statements.

Subsequent events: ICCT evaluated subsequent events through August 29, 2022, which is the date the consolidated financial statements were available to be issued.

The International Council on Clean Transportation, Inc.

Notes to Consolidated Financial Statements

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, 2021 and 2020, comprise the following:

Cash and cash equivalents	\$ 9,363,952	\$ 8,420,840
Promises to give, net	754,805	1,173,678
Accounts receivable, net	75,358	627,666
Unbilled receivable	672,497	515,749
Total financial assets available	10,866,612	10,737,933
Less those unavailable for general expenditure within one year due to:		
Refundable advances	(450,061)	(1,371,031)
Donor-imposed restrictions	(10,759,313)	(7,778,865)
Financial assets available to meet cash needs for general expenditure within one year	\$ -	\$ 1,588,037

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.

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, 2021 and 2020, consists of amounts by due date as follows:

	2021	2020
Less than one year	\$ 754,805	\$ 804,848
One to five years	-	377,974
	754,805	1,182,822
Less discount to net present value	-	9,144
	\$ 754,805	\$ 1,173,678

The International Council on Clean Transportation, Inc.

Notes to Consolidated Financial Statements

Note 4. Property and Equipment

Property and equipment at December 31, 2021 and 2020, consists of the following:

2021		
Asset Category	Estimated Useful Lives	Net
	Shorter of useful life or remaining life of lease	\$
Leasehold improvements		1,088,862
Furniture and equipment	3–7 years	461,070
Computer equipment	3 years	222,087
Computer software	3–5 years	203,261
		<u>1,975,280</u>
Less accumulated depreciation		1,468,075
Property and equipment, net		<u>\$ 507,205</u>

2020		
Asset Category	Estimated Useful Lives	Net
	Shorter of useful life or remaining life of lease	\$
Leasehold improvements		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>

Depreciation expense for the years ended December 31, 2021 and 2020, was \$109,864 and \$100,061, respectively.

The International Council on Clean Transportation, Inc.

Notes to Consolidated Financial Statements

Note 5. Net Assets With Donor Restrictions

At December 31, 2021, net assets with donor restrictions consist of time and purpose restricted programs. The net assets activity during 2021 for net assets with donor restrictions consist of the following:

	Balance, December 31, 2020	Additions, Transfer and Change in Discount	Releases and Bad- Debt Expense	Balance, December 31, 2021
Purpose restrictions:				
Aviation	\$ 193,569	\$ 989,353	\$ (503,624)	\$ 679,298
Administration	60,000	1,162,355	(1,013,186)	209,169
Communication	49,166	642,885	(359,076)	332,975
Development	126,641	-	-	126,641
Clean air	-	110,598	(4,829)	105,769
Green freight	105,010	133,826	(237,003)	1,833
Compliance and enforcement	923,066	647,257	(876,276)	694,047
Fuels	667,424	335,946	(832,914)	170,456
Heavy-duty vehicles	831,729	3,780,330	(2,969,126)	1,642,933
Marine	342,500	1,240,680	(442,761)	1,140,419
Passenger vehicles	694,460	3,085,744	(1,945,220)	1,834,984
Electric vehicle	1,464,398	2,172,710	(1,507,284)	2,129,824
Strategic planning and modeling	102,333	420,078	(335,936)	186,475
Total programs	<u>5,560,296</u>	<u>14,721,762</u>	<u>(11,027,235)</u>	<u>9,254,823</u>
Time restrictions:				
William and Flora Hewlett Foundation	-	930,000	(387,500)	542,500
Skoll Foundation	1,000,000	-	(500,000)	500,000
Marine/Globe - National Philanthropic Trust	486,111	-	(166,667)	319,444
Administration - Heising-Simons Foundation	84,211	-	(63,158)	21,053
Aviation/Global - Heising-Simons Foundation	63,158	-	(47,368)	15,790
HDV/US - Heising-Simons Foundation	150,878	-	(126,316)	24,562
Marine/Global - Heising-Simons Foundation	250,000	-	(236,842)	13,158
EV/US - Heising-Simons Foundation	184,211	-	(157,895)	26,316
RWN Foundation	-	50,000	(8,333)	41,667
Total time-restricted	<u>2,218,569</u>	<u>980,000</u>	<u>(1,694,079)</u>	<u>1,504,490</u>
	<u>\$ 7,778,865</u>	<u>\$ 15,701,762</u>	<u>\$ (12,721,314)</u>	<u>\$ 10,759,313</u>

The International Council on Clean Transportation, Inc.

Notes to Consolidated Financial Statements

Note 5. Net Assets With Donor Restrictions (Continued)

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:

	December 31, 2019	and Change in Discount	and Bad- Debt Expense	December 31, 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
Strategic planning and modeling	-	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:				
William and Flora 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/Globe - National Philanthropic Trust	-	500,000	(13,889)	486,111
Administration - Heising-Simons Foundation	-	100,000	(15,789)	84,211
Aviation/Global - Heising-Simons Foundation	-	75,000	(11,842)	63,158
HDV/US - Heising-Simons Foundation	-	200,000	(49,122)	150,878
Marine/Global - Heising-Simons Foundation	-	375,000	(125,000)	250,000
EV/US - Heising-Simons Foundation	-	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>

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 \$468,165 and \$442,834 for the years ended December 31, 2021 and 2020, respectively.

The International Council on Clean Transportation, Inc.

Notes to Consolidated Financial Statements

Note 7. Commitments

Operating leases: ICCT entered into a 11-year noncancellable 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.

In 2018, ICCT entered into a seven-year, noncancellable 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, cancellable operating lease for office space in Berlin, Germany, which expired on June 30, 2021, and was renewed through October 31, 2026.

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

ICCT had a noncancellable operating lease for office space in Beijing, China, which expired on June 30, 2021, and was not renewed. ICCT signed a lease in a different location which expires May 31, 2024, with a rent-free period for June and July 2021.

Rent expense for the year ended December 31, 2021 and 2020, was \$918,424 and \$839,872, respectively.

Minimum rental payments as of December 31, 2021, are as follows:

Years ending December 31:	
2022	\$ 901,347
2023	922,953
2024	865,567
2025	757,872
2026	411,193
Thereafter	1,408,715
Total	<u>\$ 5,267,647</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, 2021 and 2020, was 3.60% and 3.34%, respectively. At December 31, 2021 and 2020, ICCT had no outstanding balance. The line of credit was renewed on October 15, 2021, to expire on October 30, 2022. Interest is based on the Bloomberg Short-Term Bank Yield (BSBY) index plus 3%.

The International Council on Clean Transportation, Inc.

Notes to Consolidated Financial Statements

Note 9. Concentration of Support

During the year ended December 31, 2021, ICCT received a grant totaling \$3,297,907 from one organization. The grant is approximately 18% of ICCT's total revenue and support for the year ended December 31, 2021. If a significant reduction in funding from this organization 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, 2020, ICCT received a grant totaling \$1,300,000 from one organization. The grant is approximately 10% of ICCT's total revenue and support for the year ended December 31, 2020. If a significant reduction in funding from this organization were to occur, it may impact ICCT's consolidated financial position and ability to carry out its program activities.

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 \$3,945,000 and \$2,195,809 in grant revenue from these grantors for the years ended December 31, 2021 and 2020, 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.