

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

Consolidated Financial Report  
December 31, 2023

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## 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, 2023 and 2022, 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, 2023 and 2022, 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.  
June 5, 2024

The International Council on Clean Transportation, Inc.

Consolidated Statements of Financial Position  
December 31, 2023 and 2022

	2023	2022
<b>Assets</b>		
Cash and cash equivalents	\$ 10,383,385	\$ 9,693,447
Promises to give, net	14,549,395	1,006,156
Accounts receivable, less allowance for expected credit losses 2023 \$12,792; 2022 \$0	648,820	1,372,847
Unbilled receivables	386,850	451,810
Prepaid expenses	333,615	104,899
Right-of-use asset for finance leases, net	3,633	7,112
Deposit	36,167	37,217
Property and equipment, net	305,588	398,052
Right-of-use asset for operating leases, net	3,341,008	4,292,860
	<u>3,341,008</u>	<u>4,292,860</u>
<b>Total assets</b>	<b>\$ 29,988,461</b>	<b>\$ 17,364,400</b>
<b>Liabilities and Net Assets</b>		
Liabilities:		
Accounts payable and accrued expenses	\$ 1,922,446	\$ 1,415,666
Refundable advances	9,255	403,962
Lease liability for finance leases, net	3,633	7,112
Lease liability for operating leases, net	3,820,836	4,826,629
<b>Total liabilities</b>	<b>5,756,170</b>	<b>6,653,369</b>
Net assets (deficit):		
Without donor restrictions	(700,676)	(555,439)
With donor restrictions	24,932,967	11,266,470
<b>Total net assets</b>	<b>24,232,291</b>	<b>10,711,031</b>
	<u>24,232,291</u>	<u>10,711,031</u>
<b>Total liabilities and net assets</b>	<b>\$ 29,988,461</b>	<b>\$ 17,364,400</b>
	<u>\$ 29,988,461</u>	<u>\$ 17,364,400</u>

See notes to consolidated financial statements.

The International Council on Clean Transportation, Inc.

**Consolidated Statement of Activities**  
**Year Ended December 31, 2023**

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support:			
Grants and contributions	\$ 2,992,985	\$ 32,270,739	\$ 35,263,724
Contract income	1,037,321	-	1,037,321
Consulting income	1,041,218	-	1,041,218
Interest income, net	268,544	-	268,544
Other income	245,741	-	245,741
Net assets released from restrictions	18,604,242	(18,604,242)	-
<b>Total revenue and support</b>	<b>24,190,051</b>	<b>13,666,497</b>	<b>37,856,548</b>
Expenses:			
Program services	19,325,764	-	19,325,764
Supporting services:			
Management and general	3,720,221	-	3,720,221
Communications	996,714	-	996,714
Development	292,589	-	292,589
<b>Total expenses</b>	<b>24,335,288</b>	<b>-</b>	<b>24,335,288</b>
<b>Change in assets</b>	<b>(145,237)</b>	<b>13,666,497</b>	<b>13,521,260</b>
Net assets (deficit):			
Beginning	(555,439)	11,266,470	10,711,031
Ending	<u>\$ (700,676)</u>	<u>\$ 24,932,967</u>	<u>\$ 24,232,291</u>

See notes to consolidated financial statements.

The International Council on Clean Transportation, Inc.

**Consolidated Statement of Activities**  
**Year Ended December 31, 2022**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue and support:</b>			
Grants and contributions	\$ 2,352,108	\$ 17,341,065	\$ 19,693,173
Contract income	1,050,293	-	1,050,293
Consulting income	413,289	-	413,289
Interest income, net	54,795	-	54,795
Other income	113,401	-	113,401
Net assets released from restrictions	16,833,908	(16,833,908)	-
<b>Total revenue and support</b>	<b>20,817,794</b>	<b>507,157</b>	<b>21,324,951</b>
<b>Expenses:</b>			
Program services	16,745,922	-	16,745,922
<b>Supporting services:</b>			
Management and general	1,859,079	-	1,859,079
Communications	964,106	-	964,106
Development	471,959	-	471,959
<b>Total expenses</b>	<b>20,041,066</b>	<b>-</b>	<b>20,041,066</b>
<b>Change in assets</b>	<b>776,728</b>	<b>507,157</b>	<b>1,283,885</b>
<b>Net assets (deficit):</b>			
Beginning	(1,332,167)	10,759,313	9,427,146
Ending	\$ (555,439)	\$ 11,266,470	\$ 10,711,031

See notes to consolidated financial statements.

The International Council on Clean Transportation, Inc.

Consolidated Statements of Functional Expenses  
Years Ended December 31, 2023 and 2022

	2023												
	Program Services							Supporting Services					
	Passenger Vehicles/ Electric Vehicles	Compliance and Enforcement	Strategic Planning and Modeling	Renewable Fuels	Marine and Aviation	International Partnerships	Heavy-Duty Vehicles/ Electric Vehicles	Total Program Services	Management and General	Communications	Development	Total Supporting Services	Total
Salaries and employee benefits	\$ 3,584,147	\$ 348,641	\$ 218,209	\$ 900,941	\$ 1,986,084	\$ 1,754,448	\$ 3,038,316	\$ 11,830,786	\$ 2,694,381	\$ 755,544	\$ 232,507	\$ 3,682,432	\$ 15,513,218
Consultants	1,221,646	225,042	25,721	123,716	905,943	387,892	1,405,974	4,295,934	263,276	75,927	16,880	356,083	4,652,017
Travel and meetings	118,771	13,628	7,796	22,214	99,704	273,826	142,137	678,076	286,706	10,910	2,385	300,001	978,077
Occupancy and insurance	286,120	30,325	19,563	67,113	155,348	129,457	248,539	936,465	182,064	75,659	25,272	282,995	1,219,460
Data sets	277,728	7,258	1,799	558	74,218	6,446	223,570	591,577	-	-	-	-	591,577
Report production	25,804	2,188	594	739	2,551	4,858	18,324	55,058	4,737	1,078	-	5,815	60,873
Telephone and internet	15,144	1,364	479	1,864	6,322	5,473	12,539	43,185	8,899	4,279	700	13,878	57,063
Office supplies and equipment	144,272	15,620	11,517	37,711	123,122	71,964	136,634	540,840	103,909	32,534	9,857	146,300	687,140
Dues and subscriptions	20,103	1,646	2,242	3,873	18,766	9,514	14,471	70,615	19,179	2,579	-	21,758	92,373
Depreciation	30,943	3,433	2,016	6,845	16,156	11,813	27,361	98,567	20,344	8,225	523	29,092	127,659
Miscellaneous	50,389	6,675	4,924	23,352	38,538	-	60,783	184,661	136,726	29,979	4,465	171,170	355,831
<b>Total expenses</b>	<b>\$ 5,775,067</b>	<b>\$ 655,820</b>	<b>\$ 294,860</b>	<b>\$ 1,188,926</b>	<b>\$ 3,426,752</b>	<b>\$ 2,655,691</b>	<b>\$ 5,328,648</b>	<b>\$ 19,325,764</b>	<b>\$ 3,720,221</b>	<b>\$ 996,714</b>	<b>\$ 292,589</b>	<b>\$ 5,009,524</b>	<b>\$ 24,335,288</b>

	2022												
	Program Services							Supporting Services					
	Passenger Vehicles/ Electric Vehicles	Compliance and Enforcement	Strategic Planning and Modeling	Renewable Fuels	Marine and Aviation	International Partnerships	Heavy-Duty Vehicles/ Electric Vehicles	Total Program Services	Management and General	Communications	Development	Total Supporting Services	Total
Salaries and employee benefits	\$ 3,709,006	\$ 657,531	\$ 380,149	\$ 599,798	\$ 1,566,516	\$ 197,351	\$ 2,773,507	\$ 9,883,858	\$ 1,344,234	\$ 743,846	\$ 360,410	\$ 2,448,490	\$ 12,332,348
Consultants	1,561,866	269,556	18,462	41,524	1,043,216	114,930	1,137,569	4,187,123	164,749	88,558	23,043	276,350	4,463,473
Travel and meetings	99,998	8,259	150,537	13,073	37,456	5,203	68,013	382,539	76,694	21,078	3,230	101,002	483,541
Occupancy and insurance	328,242	54,226	31,506	48,676	129,406	15,242	242,769	850,067	152,712	64,537	45,239	262,488	1,112,555
Data sets	400,674	34,694	-	-	92,305	-	86,649	614,322	-	-	-	-	614,322
Report production	46,778	3,769	5,188	2,380	10,149	1,625	38,015	107,904	1,507	2,500	-	4,007	111,911
Telephone and internet	13,749	2,743	903	1,646	4,763	423	9,259	33,486	5,092	2,484	1,247	8,823	42,309
Office supplies and equipment	145,628	23,633	19,911	22,072	55,880	6,221	108,245	381,590	65,958	27,232	23,524	116,714	498,304
Dues and subscriptions	21,152	656	742	974	24,212	403	7,465	55,604	6,679	1,534	5,831	14,044	69,648
Depreciation	45,734	7,696	4,404	6,678	18,677	1,964	32,807	117,960	17,820	9,095	6,316	33,231	151,191
Miscellaneous	54,033	5,435	3,975	3,750	32,982	1,565	29,729	131,469	23,634	3,242	3,119	29,995	161,464
<b>Total expenses</b>	<b>\$ 6,426,860</b>	<b>\$ 1,068,198</b>	<b>\$ 615,777</b>	<b>\$ 740,571</b>	<b>\$ 3,015,562</b>	<b>\$ 344,927</b>	<b>\$ 4,534,027</b>	<b>\$ 16,745,922</b>	<b>\$ 1,859,079</b>	<b>\$ 964,106</b>	<b>\$ 471,959</b>	<b>\$ 3,295,144</b>	<b>\$ 20,041,066</b>

See notes to consolidated financial statements.



The International Council on Clean Transportation, Inc.

**Consolidated Statements of Cash Flows**  
**Years Ended December 31, 2023 and 2022**

	2023	2022
Cash flows from operating activities:		
Change in net assets	\$ 13,521,260	\$ 1,283,885
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	127,659	151,191
Change in allowance for doubtful accounts	-	28,873
Allowance for credit losses	12,792	-
Change in discount on promises to give	(20,291)	34,028
Amortization of right-of-use asset—financing	3,479	4,093
Amortization of right-of-use asset—operating	951,852	944,539
Changes in operating assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	711,235	(1,250,770)
Unbilled receivable	64,960	220,687
Promises to give	(13,522,948)	(360,971)
Prepaid expenses	(228,716)	168,412
Deposit	1,050	3,219
Increase (decrease) in:		
Accounts payable and accrued expenses	506,780	171,634
Refundable advances	(394,707)	(46,099)
Lease liability—operating	(1,005,793)	(977,095)
<b>Net cash provided by operating activities</b>	<b>728,612</b>	<b>375,626</b>
Cash flows from investing activities:		
Purchases of property and equipment	(35,195)	(42,038)
<b>Net cash used in investing activities</b>	<b>(35,195)</b>	<b>(42,038)</b>
Cash flows from financing activities:		
Principal repayments on financing lease	(3,479)	(4,093)
<b>Net cash used in financing activities</b>	<b>(3,479)</b>	<b>(4,093)</b>
<b>Net increase in cash and cash equivalents</b>	<b>689,938</b>	<b>329,495</b>
Cash and cash equivalents:		
Beginning	9,693,447	9,363,952
Ending	\$ 10,383,385	\$ 9,693,447
Supplemental disclosures of cash flow information:		
Addition to right-of-use asset for operating lease	\$ -	\$ 5,237,399
Addition to right-of-use asset for finance lease	\$ -	\$ 11,205
Addition to operating lease liability	\$ -	\$ 5,803,724
Addition to finance lease liability	\$ -	\$ 11,205
Cash payments for operating lease obligations	\$ 1,847,780	\$ -

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 U.S. offices in Washington, D.C., and San Francisco and offices outside the United States in Berlin Germany, Brussels Belgium, Beijing China, Sao Paulo Brazil and New Delhi India (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. is the sole shareholder of ICCT India Clean Transportation Research Private Limited (ICCT India), which was incorporated during 2023. ICCT U.S. has control over the appointment of a majority of board members of ICCT Brazil and ICCT India, as such, ICCT Brazil and ICCT India is consolidated into ICCT U.S., ICCT Europe and ICCT China (collectively, 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, ICCT Brazil and ICCT India. 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 Not-for-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 China, ICCT Brazil and ICCT India 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, 2023, ICCT held \$803,664, \$980,477, \$121,868 and \$259,658 in foreign bank accounts in Europe, China, Brazil and India, respectively. As of December 31, 2022, ICCT held \$1,286,471, \$554,758 and \$155,772 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.

**Allowance for credit losses and doubtful accounts:** ICCT adopted ASC 326, Financial Instruments—Credit Losses, as of January 1, 2023, with the cumulative-effect transition method with the required prospective approach. The measurement of expected credit losses under the current expected credit loss (CECL) methodology is applicable to financial assets measured at amortized cost, which include trade receivables, contract assets and noncurrent receivables. An allowance for credit losses under the CECL methodology is determined using the loss-rate approach and measured on a collective (pool) basis when similar risk characteristics exist. Where financial instruments do not share risk characteristics, they are evaluated on an individual basis. The CECL allowance is based on relevant available information, from internal and external sources, relating to past events, current conditions, and reasonable and supportable forecasts. The allowance for credit losses was \$12,792 as of December 31, 2023.

Prior to adoption of ASC 326, ICCT maintained an allowance for doubtful accounts to reserve for potentially uncollectible receivables. The allowance for doubtful accounts as of December 31, 2022, was \$0.

**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 Not-for-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 one- to five-year period. Promises to give at December 31, 2023, are discounted at a rate of 4.11%. Promises to give are deemed fully collectible at December 31, 2023 and 2022.

**Right-of-use assets:** Right-of-use (ROU) assets consist of the initial lease liability, any payments made to the lessor at or before the commencement date minus any incentives received, and initial direct costs. ROU assets on operating type leases are amortized over the lease term in conjunction with the amortization of the lease liability in order to achieve a straight-line expense recognition.

**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.

## 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)

**Leases:** ICCT determines if an arrangement is or contains a lease at inception, which is the date on which the terms of the contract are agreed to, and the agreement creates enforceable rights and obligations. A contract is or contains a lease when (i) explicitly or implicitly identified assets have been deployed in the contract and (ii) the customer obtains substantially all of the economic benefits from the use of that underlying asset and directs how and for what purpose the asset is used during the term of the contract. ICCT also considers whether its service arrangements include the right to control the use of an asset.

ICCT recognizes most leases on its consolidated statements of financial position as an ROU asset representing the right to use an underlying asset and a lease liability representing the obligation to make lease payments over the lease term, measured on a discounted basis. Leases are classified as either finance leases or operating leases based on certain criteria. Classification of the lease affects the pattern of expense recognition in the income statement.

ICCT made an accounting policy election available not to recognize ROU assets and lease liabilities for leases with a term of 12 months or less. For all other leases, ROU assets and lease liabilities are measured based on the present value of future lease payments over the lease term at the commencement date of the lease (or January 1, 2022, for existing leases upon the adoption of ASC 842, Leases). The ROU assets also include any initial direct costs incurred and lease payments made at or before the commencement date and are reduced by any lease incentives received. To determine the present value of lease payments, ICCT made an accounting policy election available to nonpublic companies to utilize a risk-free borrowing rate, which is aligned with the lease term at the lease commencement date (or remaining term for leases existing upon the adoption of Topic 842).

Future lease payments may include fixed-rent escalation clauses or payments that depend on an index (such as the consumer price index), which is initially measured using the index or rate at lease commencement. Subsequent changes of an index and other periodic market-rate adjustments to base rent are recorded in variable lease expense in the period incurred. Residual value guarantees or payments for terminating the lease are included in the lease payments only when it is probable they will be incurred.

ICCT has made an accounting policy election to account for lease and nonlease components in its contracts as a single lease component for its real estate, vehicle and equipment asset classes. The nonlease components typically represent additional services transferred to ICCT, such as common area maintenance for real estate, which are variable in nature and recorded in variable lease expense in the period incurred.

**Lease liabilities:** Long-term leases are recognized at the present value of all lease payments using a risk-free rate comparable with that of the individual lease terms.

**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.

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 conditional promises to give at December 31, 2023, of \$2,786,268. ICCT is the recipient of nonfederal and federal conditional promises to give at December 31, 2022, of \$6,819,668 and \$129,379, respectively. ICCT will earn and receive the conditional funds contingent upon ICCT meeting certain milestones documented in the agreements.

## 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)

ICCT's revenue stream from contracts with customers are composed primarily of 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, 2022, included accounts receivable of \$75,358, net of allowance of \$47,578, and \$672,497 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, 2023 and 2022.

ICCT Europe, China, Brazil and India are subject to local country tax regulations. It is in the opinion of management that ICCT Europe, China, Brazil and India earned no significant taxable business income for the years ended December 31, 2023 and 2022.

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.

**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)

**Reclassifications:** Certain reclassifications to the 2022 balances have been made in the accompanying consolidated financial statements to make them consistent with the 2023 presentation. These classifications had no effect on previously reported changes in net assets.

**Subsequent events:** ICCT has evaluated subsequent events through June 5, 2024, the date on which 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 statements of financial position date at December 31, 2023 and 2022, comprise the following:

	2023	2022
Cash and cash equivalents	\$ 10,383,385	\$ 9,693,447
Promises to give	14,549,395	1,006,156
Accounts receivable	648,820	1,372,847
Unbilled receivable	386,850	451,810
Total financial assets available	<u>25,968,450</u>	<u>12,524,260</u>
Less those unavailable for general expenditure within one year due to:		
Refundable advances	(9,255)	(403,962)
Donor-imposed restrictions	(24,932,967)	(11,266,470)
General expenditure within one year	<u>\$ 1,026,228</u>	<u>\$ 853,828</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 4.11%. Promises to give at December 31, 2023 and 2022, consist of amounts by due date as follows:

	2023	2022
Less than one year	\$ 13,931,397	\$ 473,721
One to five years	709,059	642,380
	<u>14,640,456</u>	<u>1,116,101</u>
Less discount to net present value	14,992	34,353
Less allowance for doubtful accounts	76,069	75,592
	<u>\$ 14,549,395</u>	<u>\$ 1,006,156</u>

**Note 4. Property and Equipment**

Property and equipment at December 31, 2023 and 2022, consists of the following:

Asset Category	2023	
	Estimated Useful Lives	Net
Leasehold improvements	Shorter of useful life or remaining life of lease	\$ 1,094,215
Furniture and equipment	3–7 years	471,565
Computer equipment	3 years	277,042
Computer software	3–5 years	207,960
		<u>2,050,782</u>
Less accumulated depreciation		1,745,194
Property and equipment, net		<u>\$ 305,588</u>

Asset Category	2022	
	Estimated Useful Lives	Net
Leasehold improvements	Shorter of useful life or remaining life of lease	\$ 1,093,025
Furniture and equipment	3–7 years	466,067
Computer equipment	3 years	251,832
Computer software	3–5 years	203,261
		<u>2,014,185</u>
Less accumulated depreciation		1,616,133
Property and equipment, net		<u>\$ 398,052</u>

Depreciation expense for the years ended December 31, 2023 and 2022, was \$127,659 and \$151,191, respectively.

## The International Council on Clean Transportation, Inc.

### Notes to Consolidated Financial Statements

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

At December 31, 2023, net assets with donor restrictions consist of time and purpose restricted programs. The net assets activity during 2023 for net assets with donor restrictions consist of the following:

	Balance, December 31, 2022	Additions, Transfer and Change in Discount	Releases and Bad- Debt Expense	Balance, December 31, 2023
Purpose restrictions:				
Aviation	\$ 877,022	\$ 2,489,657	\$ (1,006,242)	\$ 2,360,437
Administration	351,960	3,254,325	(1,039,215)	2,567,070
Communication	94,181	1,496,792	(281,149)	1,309,824
Development	126,641	97,436	(78,923)	145,154
Clean air	203,557	-	(203,557)	-
Green freight	91,736	-	(91,736)	-
Compliance and enforcement	480,460	146,151	(574,466)	52,145
Fuels	423,477	2,050,227	(1,100,210)	1,373,494
Heavy-duty vehicles	2,743,319	11,634,261	(4,550,804)	9,826,776
Marine	960,769	2,210,900	(1,413,784)	1,757,885
International partnerships	1,220,415	2,249,842	(2,498,030)	972,227
Passenger vehicles	2,311,304	5,954,543	(4,321,980)	3,943,867
Electric vehicle	918,986	-	(647,582)	271,404
Strategic planning and modeling	309,866	309,419	(282,890)	336,395
Internet technology	-	377,186	(360,897)	16,289
Total programs	<u>11,113,693</u>	<u>32,270,739</u>	<u>(18,451,465)</u>	<u>24,932,967</u>
Time restrictions:				
Marine/Globe—National Philanthropic Trust	152,777	-	(152,777)	-
Total time-restricted	<u>152,777</u>	<u>-</u>	<u>(152,777)</u>	<u>-</u>
	<u>\$ 11,266,470</u>	<u>\$ 32,270,739</u>	<u>\$ (18,604,242)</u>	<u>\$ 24,932,967</u>



## The International Council on Clean Transportation, Inc.

### Notes to Consolidated Financial Statements

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

At December 31, 2022, net assets with donor restrictions consist of time and purpose restricted programs. The net assets activity during 2022 for net assets with donor restrictions consist of the following:

	Balance, December 31, 2021	Additions, Transfer and Change in Discount	Releases and Bad- Debt Expense	Balance, December 31, 2022
Purpose restrictions:				
Aviation	\$ 679,298	\$ 1,077,787	\$ (880,063)	\$ 877,022
Administration	209,169	664,076	(521,285)	351,960
Communication	332,975	1,178,974	(1,417,768)	94,181
Development	126,641	-	-	126,641
Clean air	105,769	97,788	-	203,557
Green freight	1,833	72,363	17,540	91,736
Compliance and enforcement	694,047	727,779	(941,366)	480,460
Fuels	170,456	948,339	(695,318)	423,477
Heavy-duty vehicles	1,642,933	4,921,035	(3,820,649)	2,743,319
Marine	1,140,419	1,233,856	(1,413,506)	960,769
International partnerships	-	1,557,989	(337,574)	1,220,415
Passenger vehicles	1,834,984	4,217,371	(3,741,051)	2,311,304
Electric vehicle	2,129,824	217,018	(1,427,856)	918,986
Strategic planning and modeling	186,475	426,690	(303,299)	309,866
Total programs	9,254,823	17,341,065	(15,482,195)	11,113,693
Time restrictions:				
William and Flora Hewlett Foundation	542,500	-	(542,500)	-
Skoll Foundation	500,000	-	(500,000)	-
Marine/Globe—National Philanthropic Trust	319,444	-	(166,667)	152,777
Administration—Heising-Simons Foundation	21,053	-	(21,053)	-
Aviation/Global—Heising-Simons Foundation	15,790	-	(15,790)	-
HDV/US—Heising-Simons Foundation	24,562	-	(24,562)	-
Marine/Global—Heising-Simons Foundation	13,158	-	(13,158)	-
EV/US—Heising-Simons Foundation	26,316	-	(26,316)	-
RWN Foundation	41,667	-	(41,667)	-
Total time-restricted	1,504,490	-	(1,351,713)	152,777
	\$ 10,759,313	\$ 17,341,065	\$ (16,833,908)	\$ 11,266,470

#### 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 \$515,880 and \$410,965 for the years ended December 31, 2023 and 2022, respectively.

#### Note 7. Leases

**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 lease also calls for a letter of credit to be held as a deposit.

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%.

## The International Council on Clean Transportation, Inc.

### Notes to Consolidated Financial Statements

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#### Note 7. Leases (Continued)

ICCT has a five-year cancelable operating lease for office space in Berlin, Germany, which expired on June 30, 2021, and was renewed through October 31, 2026.

ICCT had a noncancelable 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 years ended December 31, 2023 and 2022, was \$1,110,149 and \$1,066,138, respectively.

The weighted-average discount rate of the office lease is 1.46% and for the years ended December 31, 2023 and 2022. The weighted-average remaining lease term is 4.83 years and 5.52 years for the years ended December 31, 2023 and 2022, respectively.

Future minimum cash basis lease payments are as follows:

Years ending December 31:	
2024	\$ 1,029,068
2025	958,323
2026	549,522
2027	421,395
2028	431,890
Thereafter	555,430
Future minimum lease payments	<u>3,945,628</u>
Less imputed interest*	124,792
Discounted lease liability	<u><u>\$ 3,820,836</u></u>

\* Imputed interest represents the difference between undiscounted cash flows and discounted cash flows.

**Financing lease:** ICCT executed an agreement to lease a copier effective January 2020. The lease term is 60 months and will expire in December 2024.

ICCT executed an agreement to lease a copier effective January 2022. The lease term is 36 months and will expire in December 2024.

Lease expense for the years ended December 31, 2023 and 2022, was \$3,983 and \$3,899, respectively.

The weighted-average discount rate of the finance lease is 1.04% for the years ended December 31, 2023 and 2022. The weighted-average remaining lease term is 0.92 years and 1.92 years for the years ended December 31, 2023 and 2022, respectively.

## The International Council on Clean Transportation, Inc.

### Notes to Consolidated Financial Statements

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#### Note 7. Leases (Continued)

Future minimum cash basis lease payments are as follows:

Year ending December 31:	
2024	\$ 3,647
Future minimum lease payments	<u>3,647</u>
Less imputed interest*	14
Discounted lease liability	<u>\$ 3,633</u>

\* Imputed interest represents the difference between undiscounted cash flows and discounted cash flows.

#### Note 8. Line of Credit

ICCT has an unsecured line of credit agreement with a lending institution in the amount of \$500,000, to expire on October 31, 2024. Interest is based on the Bloomberg Short-Term Bank Yield (BSBY) index plus 3%, which at December 31, 2023 and 2022, was 8.41% and 8.43%, respectively. At December 31, 2023 and 2022, ICCT had no outstanding balance.

#### Note 9. Concentration of Support

During the year ended December 31, 2023, ICCT received grants totaling \$17,475,000 from two organizations. The grants are approximately 46% of ICCT's total revenue and support for the year ended December 31, 2023. 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, 2022, ICCT received a grant totaling \$2,802,346 from one organization. The grant is approximately 14% of ICCT's total revenue and support for the year ended December 31, 2022. 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 \$12,067,462 and \$7,294,950 in grant revenue from these grantors for the years ended December 31, 2023 and 2022, respectively.