

The International Council on Clean Transportation, Inc.

Consolidated Financial Report
December 31, 2024

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Independent Auditor's Report

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, 2024 and 2023, 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, 2024 and 2023, 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.

May 21, 2025

The International Council on Clean Transportation, Inc.

Consolidated Statements of Financial Position
December 31, 2024 and 2023

	2024	2023
Assets		
Cash and cash equivalents	\$ 15,908,401	\$ 10,383,385
Promises to give, net	5,953,165	14,549,395
Accounts receivable, less allowance for expected credit losses 2024—\$2,363; 2023—\$12,792	204,847	648,820
Unbilled receivables	785	386,850
Prepaid expenses	608,696	333,615
Operating lease right-of-use asset	5,021	3,633
Deposit	84,256	36,167
Property and equipment, net	335,530	305,588
Finance lease right-of-use asset	2,919,288	3,341,008
	<u>2,919,288</u>	<u>3,341,008</u>
Total assets	\$ 26,019,989	\$ 29,988,461
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$ 2,648,605	\$ 1,922,446
Refundable advances	39	9,255
Finance lease liability, net	5,021	3,633
Operating lease liability, net	3,306,828	3,820,836
Total liabilities	5,960,493	5,756,170
Net assets (deficit):		
Without donor restrictions	(382,839)	(700,676)
With donor restrictions	20,442,335	24,932,967
Total net assets	20,059,496	24,232,291
Total liabilities and net assets	\$ 26,019,989	\$ 29,988,461

See notes to consolidated financial statements.

The International Council on Clean Transportation, Inc.

Consolidated Statement of Activities
Year Ended December 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support:			
Grants and contributions	\$ 2,582,670	\$ 20,610,497	\$ 23,193,167
Contract income	726,490	-	726,490
Consulting income	477,313	-	477,313
Interest income, net	463,289	-	463,289
Other income	168,166	-	168,166
Net assets released from restrictions	25,101,129	(25,101,129)	-
Total revenue and support	29,519,057	(4,490,632)	25,028,425
Expenses:			
Program services	24,149,884	-	24,149,884
Supporting services:			
Management and general	3,664,405	-	3,664,405
Communications	1,062,751	-	1,062,751
Development	324,180	-	324,180
Total expenses	29,201,220	-	29,201,220
Change in assets	317,837	(4,490,632)	(4,172,795)
Net assets (deficit):			
Beginning	(700,676)	24,932,967	24,232,291
Ending	<u>\$ (382,839)</u>	<u>\$ 20,442,335</u>	<u>\$ 20,059,496</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)	-
Total revenue and support	24,190,051	13,666,497	37,856,548
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
Total expenses	24,335,288	-	24,335,288
Change in assets	(145,237)	13,666,497	13,521,260
Net assets (deficit):			
Beginning	(555,439)	11,266,470	10,711,031
Ending	\$ (700,676)	\$ 24,932,967	\$ 24,232,291

See notes to consolidated financial statements.

The International Council on Clean Transportation, Inc.

Consolidated Statements of Functional Expenses
Years Ended December 31, 2024 and 2023

	2024											
	Program Services						Supporting Services					
	Passenger Vehicles/ Electric Vehicles	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	\$ 4,134,226	\$ 397,139	\$ 1,333,203	\$ 2,857,248	\$ 2,052,732	\$ 4,483,933	\$ 15,258,481	\$ 2,506,688	\$ 833,735	\$ 271,818	\$ 3,612,241	\$ 18,870,722
Consultants	1,045,763	57,211	181,602	985,539	464,233	2,442,914	5,177,262	222,961	54,759	8,508	286,228	5,463,490
Travel and meetings	132,695	702	27,270	90,734	244,634	373,606	869,641	424,853	12,617	4,285	441,755	1,311,396
Occupancy and insurance	267,936	26,178	88,876	199,334	138,512	348,471	1,069,307	165,350	78,241	18,975	262,566	1,331,873
Data sets	207,626	5,377	-	169,662	17,691	39,833	440,189	-	-	-	-	440,189
Report production	4,961	-	530	2,250	1,886	11,656	21,283	-	-	-	-	21,283
Telephone and internet	14,382	524	2,332	8,739	3,492	27,040	56,509	10,670	9,377	903	20,950	77,459
Office supplies and equipment	190,473	17,602	57,639	167,029	95,199	193,753	721,695	103,355	42,083	14,775	160,213	881,908
Dues and subscriptions	30,402	3,706	11,930	25,150	19,220	37,297	127,705	21,199	8,539	356	30,094	157,799
Depreciation	26,529	1,988	8,027	18,911	11,896	36,647	103,998	15,796	9,001	1,735	26,532	130,530
Miscellaneous	77,663	4,904	17,567	40,274	38,180	125,226	303,814	193,533	14,399	2,825	210,757	514,571
Total expenses	\$ 6,132,656	\$ 515,331	\$ 1,728,976	\$ 4,564,870	\$ 3,087,675	\$ 8,120,376	\$ 24,149,884	\$ 3,664,405	\$ 1,062,751	\$ 324,180	\$ 5,051,336	\$ 29,201,220
	2023											
	Program Services						Supporting Services					
	Passenger Vehicles/ Electric Vehicles	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	\$ 218,209	\$ 900,941	\$ 1,986,084	\$ 2,103,089	\$ 3,038,316	\$ 11,830,786	\$ 2,694,381	\$ 755,544	\$ 232,507	\$ 3,682,432	\$ 15,513,218
Consultants	1,221,646	25,721	123,716	905,943	612,934	1,405,974	4,295,934	263,276	75,927	16,880	356,083	4,652,017
Travel and meetings	118,771	7,796	22,214	99,704	287,454	142,137	678,076	286,706	10,910	2,385	300,001	978,077
Occupancy and insurance	286,120	19,563	67,113	155,348	159,782	248,539	936,465	182,064	75,659	25,272	282,995	1,219,460
Data sets	277,728	1,799	558	74,218	13,704	223,570	591,577	-	-	-	-	591,577
Report production	25,804	594	739	2,551	7,046	18,324	55,058	4,737	1,078	-	5,815	60,873
Telephone and internet	15,144	479	1,864	6,322	6,837	12,539	43,185	8,899	4,279	700	13,878	57,063
Office supplies and equipment	144,272	11,517	37,711	123,122	87,584	136,634	540,840	103,909	32,534	9,857	146,300	687,140
Dues and subscriptions	20,103	2,242	3,873	18,766	11,160	14,471	70,615	19,179	2,579	-	21,758	92,373
Depreciation	30,943	2,016	6,845	16,156	15,246	27,361	98,567	20,344	8,225	523	29,092	127,659
Miscellaneous	50,389	4,924	23,352	38,538	6,675	60,783	184,661	136,726	29,979	4,465	171,170	355,831
Total expenses	\$ 5,775,067	\$ 294,860	\$ 1,188,926	\$ 3,426,752	\$ 3,311,511	\$ 5,328,648	\$ 19,325,764	\$ 3,720,221	\$ 996,714	\$ 292,589	\$ 5,009,524	\$ 24,335,288

See notes to consolidated financial statements.

The International Council on Clean Transportation, Inc.

Consolidated Statements of Cash Flows
Years Ended December 31, 2024 and 2023

	2024	2023
Cash flows from operating activities:		
Change in net assets	\$ (4,172,795)	\$ 13,521,260
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	130,530	127,659
Increase in allowance for credit losses	40,080	12,792
Change in discount on promises to give	(10,434)	(20,291)
Amortization of right-of-use asset—financing	1,388	3,479
Amortization of right-of-use asset—operating	1,079,605	951,852
Changes in operating assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	403,893	711,235
Unbilled receivable	386,065	64,960
Promises to give	8,606,664	(13,522,948)
Prepaid expenses	(275,081)	(228,716)
Deposit	(48,089)	1,050
Increase (decrease) in:		
Accounts payable and accrued expenses	726,159	506,780
Refundable advances	(9,216)	(394,707)
Lease liability—operating	(1,171,893)	(1,005,793)
Net cash provided by operating activities	5,686,876	728,612
Cash flows from investing activities:		
Purchases of property and equipment	(160,472)	(35,195)
Net cash used in investing activities	(160,472)	(35,195)
Cash flows from financing activities:		
Principal repayments on financing lease	(1,388)	(3,479)
Net cash used in financing activities	(1,388)	(3,479)
Net increase in cash and cash equivalents	5,525,016	689,938
Cash and cash equivalents:		
Beginning	10,383,385	9,693,447
Ending	\$ 15,908,401	\$ 10,383,385
Supplemental disclosures of cash flow information:		
Addition to right-of-use asset for operating lease	\$ 657,885	\$ -
Addition to operating lease liability	\$ 657,885	\$ -
Cash payments for operating lease obligations	\$ 1,194,744	\$ 1,847,780

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 United States in Berlin Germany, 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 are 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

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, 2024, ICCT held \$381,655, \$493,962, \$152,663 and \$249,254 in foreign bank accounts in Europe, China, Brazil and India, respectively. 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.

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: ICCT offsets gross trade accounts receivable with an allowance for credit losses. The allowance for credit losses is ICCT's best estimate of the amount of probable credit losses in ICCT's existing accounts receivable and is based upon historical loss patterns, the number of days that billings are past due, and an evaluation of the potential risk of loss associated with specific accounts. Account balances are charged against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote. Provisions for allowances for credit losses are recorded in general and administrative expense.

Estimating credit losses based on risk characteristics requires significant judgment by ICCT. Significant judgments include, but are not limited to, assessing current economic conditions and the extent to which they would be relevant to the existing characteristics of ICCT's financial assets, the estimated life of financial assets and the level of reliance on historical experience in light of economic conditions. ICCT reviews and updates, when necessary, its historical risk characteristics that are meaningful to estimating credit losses, any new risk characteristics that arise in the natural course of business and the estimated life of its financial assets.

Below is a summary of the changes in ICCT's allowance for credit losses for the years ended December 31, 2024 and 2023:

	2024	2023
Beginning balance	\$ 12,792	\$ -
Provision for expected credit losses	2,363	12,792
Charge-offs	(12,792)	-
Ending balance	<u>\$ 2,363</u>	<u>\$ 12,792</u>

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

The International Council on Clean Transportation, Inc.

Notes to Consolidated Financial Statements

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

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, 2024, are discounted at a rate of 4.11%. Promises to give are deemed fully collectible at December 31, 2024 and 2023.

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.

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.

The International Council on Clean Transportation, Inc.

Notes to Consolidated Financial Statements

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

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, 2024, of \$2,182,645. ICCT is the recipient of nonfederal conditional promises to give at December 31, 2023, of \$2,786,268. 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 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, 2023, included accounts receivable of \$1,372,847 and \$451,810 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, 2024 and 2023.

The International Council on Clean Transportation, Inc.

Notes to Consolidated Financial Statements

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

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, 2024 and 2023.

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.

Subsequent events: ICCT has evaluated subsequent events through May 21, 2025, 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, 2024 and 2023, comprise the following:

	2024	2023
Cash and cash equivalents	\$ 15,908,401	\$ 10,383,385
Promises to give	5,953,165	14,549,395
Accounts receivable	204,847	648,820
Unbilled receivable	785	386,850
Total financial assets available	<u>22,067,198</u>	<u>25,968,450</u>
Less those unavailable for general expenditure within one year due to:		
Refundable advances	(39)	(9,255)
Donor-imposed restrictions	(20,442,335)	(24,932,967)
General expenditure within one year	<u>\$ 1,624,824</u>	<u>\$ 1,026,228</u>

The International Council on Clean Transportation, Inc.

Notes to Consolidated Financial Statements

Note 2. Liquidity and Availability of Financial Assets (Continued)

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 4.11%. Promises to give at December 31, 2024 and 2023, consist of amounts by due date as follows:

	2024	2023
Less than one year	\$ 5,720,378	\$ 13,931,397
One to five years	351,810	709,059
	6,072,188	14,640,456
Less discount to net present value	4,558	14,992
Less allowance for doubtful accounts	114,465	76,069
	<u>\$ 5,953,165</u>	<u>\$ 14,549,395</u>

Note 4. Property and Equipment

Property and equipment at December 31, 2024 and 2023, consists of the following:

Asset Category	2024	
	Estimated Useful Lives	Net
Leasehold improvements	Shorter of useful life or remaining life of lease	\$ 1,187,460
Furniture and equipment	3–7 years	512,221
Computer equipment	3 years	293,949
Computer software	3–5 years	207,960
		<u>2,201,590</u>
Less accumulated depreciation		1,866,060
Property and equipment, net		<u>\$ 335,530</u>

The International Council on Clean Transportation, Inc.

Notes to Consolidated Financial Statements

Note 4. Property and Equipment (Continued)

Asset Category	2023	
	Estimated Useful Lives	Net
	Shorter of useful life or remaining life of lease	
Leasehold improvements		\$ 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>

Depreciation expense for the years ended December 31, 2024 and 2023, was \$130,530 and \$127,659, respectively.

Note 5. Net Assets With Donor Restrictions

At December 31, 2024, net assets with donor restrictions consist of time and purpose restricted programs. The net assets activity during 2024 for net assets with donor restrictions consist of the following:

	Balance, December 31, 2023	Additions, Transfer and Change in Discount	Releases and Bad- Debt Expense	Balance, December 31, 2024
Aviation	\$ 2,360,437	\$ 330,000	\$ (2,049,126)	\$ 641,311
Administration	2,567,070	525,564	(2,072,703)	1,019,931
Communication	1,309,824	-	(1,008,264)	301,560
Development	145,154	48,841	-	193,995
Compliance and enforcement	52,145	20,103	(49,055)	23,193
Fuels	1,373,494	903,086	(1,755,589)	520,991
Heavy-duty vehicles	9,826,776	5,427,303	(7,517,141)	7,736,938
Marine	1,757,885	4,468,189	(2,399,331)	3,826,743
International partnerships	972,227	3,145,841	(2,956,441)	1,161,627
Passenger vehicles	3,943,867	5,380,410	(4,950,682)	4,373,595
Electric vehicle	271,404	-	(3,939)	267,465
Strategic planning and modeling	336,395	341,614	(333,422)	344,587
Internet technology	16,289	19,546	(5,436)	30,399
	<u>\$ 24,932,967</u>	<u>\$ 20,610,497</u>	<u>\$ (25,101,129)</u>	<u>\$ 20,442,335</u>

The International Council on Clean Transportation, Inc.

Notes to Consolidated Financial Statements

Note 5. Net Assets With Donor Restrictions (Continued)

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>

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 \$838,729 and \$515,880 for the years ended December 31, 2024 and 2023, respectively.

Note 7. Leases

Operating leases: ICCT entered into an 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%.

ICCT has a five-year cancelable operating lease for office space in Berlin, Germany, which expires on October 31, 2026.

ICCT had a noncancelable operating lease for office space in Beijing, China, which expired May 31, 2024. A new lease was entered into commencing May 1, 2024, and expires on April 30, 2027.

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Notes to Consolidated Financial Statements

Note 7. Leases (Continued)

Lease expense for the years ended December 31, 2024 and 2023, was \$1,204,464 and \$1,110,149, respectively.

The weighted-average discount rate of the office lease is 2.03% and 1.46% for the years ended December 31, 2024 and 2023, respectively. The weighted-average remaining lease term is 4.00 years and 4.83 years for the years ended December 31, 2024 and 2023, respectively.

Future minimum cash basis lease payments are as follows:

Years ending December 31:	
2025	\$ 1,188,622
2026	780,445
2027	485,226
2028	431,890
2029	443,731
Thereafter	111,699
Future minimum lease payments	<u>3,441,613</u>
Less imputed interest*	134,785
Discounted lease liability	<u>\$ 3,306,828</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 December 2024. The lease term is 60 months and expires in November 2029.

ICCT executed an agreement to lease a copier effective January 2022. The lease term is 36 months and expired in December 2024 and was not renewed.

Lease expense for the years ended December 31, 2024 and 2023, was \$1,888 and \$3,983, respectively.

The weighted-average discount rate of the finance lease is 4.08% and 1.04% for the years ended December 31, 2024 and 2023, respectively. The weighted-average remaining lease term is 4.92 years and 0.92 years for the years ended December 31, 2024 and 2023, respectively.

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Notes to Consolidated Financial Statements

Note 7. Leases (Continued)

Future minimum cash basis lease payments are as follows:

Year ending December 31:		
2025	\$	1,118
2026		1,118
2027		1,118
2028		1,118
2029		1,025
Future minimum lease payments	\$	5,497
Less imputed interest*		476
Discounted lease liability	\$	5,021

* 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, 2025. Interest is based on the Bloomberg Short-Term Bank Yield (BSBY) index plus 3%, which at December 31, 2024 and 2023, was 8.06% and 8.41%, respectively. At December 31, 2024 and 2023, ICCT had no outstanding balance.

Note 9. Concentration of Support

During the year ended December 31, 2024, ICCT received grants totaling \$9,100,519 from one organization. The grant is approximately 36% of ICCT's total revenue and support for the year ended December 31, 2024. 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, 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.

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 \$9,140,076 and \$12,067,462 in grant revenue from these grantors for the years ended December 31, 2024 and 2023, respectively.