

DRIVE OREGON AND AFFILIATE
CONSOLIDATED FINANCIAL STATEMENTS
AND OTHER FINANCIAL INFORMATION

Year Ended December 31, 2015



DRIVE OREGON AND AFFILIATE
CONSOLIDATED FINANCIAL STATEMENTS
Year Ended December 31, 2015

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Drive Oregon and Affiliate
Portland, Oregon

We have audited the accompanying consolidated financial statements of Drive Oregon and Affiliate (a non-profit organization), which comprise the consolidated statement of financial position as of December 31, 2015, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Drive Oregon and Affiliate as of December 31, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

To the Board of Directors of
Drive Oregon and Affiliate

Other Matters

Report on Summarized Comparative Information

We have previously audited the Drive Oregon and Affiliate's December 31, 2014 consolidated financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 2, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The consolidating statement of financial position, consolidating statement of activities, and consolidating statement of cash flows are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Kern & Thompson, LLC

Portland, Oregon
September 12, 2016

DRIVE OREGON

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

December 31, 2015

(With Comparative Totals as of December 31, 2014)

ASSETS

	2015	2014
Cash and cash equivalents	\$ 1,070,443	\$ 850,646
Grants and contracts receivable	22,686	15,331
Prepaid expense	2,067	2,959
Fixed assets, net	1,096	1,676
Total assets	\$ 1,096,292	\$ 870,612

LIABILITIES AND NET ASSETS

Accounts payable	\$ 5,130	\$ 9,699
Accrued compensation	1,748	1,748
Total liabilities	6,878	11,447
Net assets		
Unrestricted		
Board-designated net assets	-	68,634
Available for operations	1,004,078	745,490
Total unrestricted net assets	1,004,078	814,124
Temporarily restricted	85,336	45,041
Total net assets	1,089,414	859,165
Total liabilities and net assets	\$ 1,096,292	\$ 870,612

See notes to consolidated financial statements.

DRIVE OREGON

CONSOLIDATED STATEMENT OF ACTIVITIES

Year Ended December 31, 2015

(With Comparative Totals for the Year Ended December 31, 2014)

	Unrestricted	Temporarily Restricted	2015	2014
Revenues and other support				
Business Oregon	\$ 555,000	\$ -	\$ 555,000	\$ 735,000
Foundation grants	-	175,000	175,000	50,000
Government contracts	61,723	-	61,723	15,634
Contributions	-	-	-	5,000
Membership dues	43,864	-	43,864	43,200
Rental income	1,143	-	1,143	-
Program fees	4,500	-	4,500	1,789
Event income	50,453	-	50,453	36,621
Sponsorship	94,629	-	94,629	53,104
Other income	4,043	-	4,043	8,105
Interest income	1,342	-	1,342	1,454
	816,697	175,000	991,697	949,907
Net assets released from restriction	134,705	(134,705)	-	-
Total revenues and other support	951,402	40,295	991,697	949,907
Expenses				
Program services	704,960	-	704,960	606,549
Supporting services				
Management	36,476	-	36,476	48,221
Fundraising	20,012	-	20,012	15,243
Total expenses	761,448	-	761,448	670,013
Change in net assets	189,954	40,295	230,249	279,894
Net assets, beginning of year	814,124	45,041	859,165	579,271
Net assets, end of year	\$ 1,004,078	\$ 85,336	\$ 1,089,414	\$ 859,165

See notes to consolidated financial statements.

DRIVE OREGON

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2015

(With Comparative Totals for the Year Ended December 31, 2014)

	<u>PROGRAM SERVICES</u>					<u>SUPPORTING SERVICES</u>		<u>Total</u>	
	<u>Leadership Transportation Electrification</u>	<u>Opinion Leader</u>	<u>Strong Well- Networked Industry</u>	<u>Living Lab</u>	<u>Total Program</u>	<u>Management</u>	<u>Fundraising</u>	<u>2015</u>	<u>2014</u>
Salaries	\$ 61,953	\$ 64,545	\$ 27,643	\$ 18,084	\$ 172,225	\$ 30,909	\$ 6,151	\$ 209,285	\$ 200,346
Payroll taxes and benefits	12,495	13,090	5,734	3,606	34,925	4,517	1,269	40,711	29,054
Contract and professional services	167,421	96,148	9,975	8,329	281,873	32,436	12,553	326,862	218,728
Grants given	-	-	31,133	-	31,133	-	-	31,133	107,557
Occupancy and telecommunications	75	-	-	-	75	18,282	-	18,357	16,119
Supplies and materials	8,211	3,290	853	-	12,354	4,075	-	16,429	10,578
Travel and meals	6,009	12,966	12,970	203	32,148	5,166	39	37,353	25,282
Conferences and tradeshow	3,559	13,721	48,615	932	66,827	450	-	67,277	55,905
Insurance	-	-	-	-	-	3,205	-	3,205	1,352
Depreciation	-	-	-	-	-	580	-	580	73
Miscellaneous expense	-	2,220	-	-	2,220	8,036	-	10,256	5,019
Indirect expense	31,990	20,868	13,396	4,926	71,180	(71,180)	-	-	-
	<u>\$ 291,713</u>	<u>\$ 226,848</u>	<u>\$ 150,319</u>	<u>\$ 36,080</u>	<u>\$ 704,960</u>	<u>\$ 36,476</u>	<u>\$ 20,012</u>	<u>\$ 761,448</u>	<u>\$ 670,013</u>

See notes to consolidated financial statements.

DRIVE OREGON

CONSOLIDATED STATEMENT OF CASH FLOWS

Year Ended December 31, 2015

(With Comparative Totals for the Year Ended December 31, 2014)

	2015	2014
Cash flows from operating activities:		
Change in net assets	\$ 230,249	\$ 279,894
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Changes in assets and liabilities:		
Depreciation and amortization	580	73
Grants and contracts receivable	(7,355)	46,278
Prepaid expenses	892	(2,671)
Accounts payable	(4,569)	(9,455)
Accrued compensation	-	(964)
Net cash provided by (used in) operating activities	219,797	313,155
Cash flows from investing activities:		
Purchase of equipment	-	(1,749)
Net cash provided by (used in) investing activities	-	(1,749)
Change in cash and cash equivalents	219,797	311,406
Cash and cash equivalents, beginning of year	850,646	539,240
Cash and cash equivalents, end of year	\$ 1,070,443	\$ 850,646

See notes to consolidated financial statements.

DRIVE OREGON AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2015

NOTE A – DESCRIPTION OF ORGANIZATION

Drive Oregon is a nonprofit 501(c)(6) public-private partnership dedicated to promoting, supporting, and growing the electric vehicle industry and market in Oregon. Drive Oregon has over 100 member companies from across the industry supply chain in Oregon and beyond. Drive Oregon is funded in part with Oregon State Lottery Funds administered by Business Oregon. It is one of several Oregon Innovation Council initiatives supporting innovation and long term economic growth.

Drive Oregon is affiliated with Drive Oregon Foundation, a 501(c)(3) philanthropic organization that supports research, public education, and other programming on how electric vehicles and smart transportation choices can strengthen Oregon's economy.

Drive Oregon and Drive Oregon Foundation (collectively, the Organization) conduct the following programs:

➤ **Leadership Transportation in Electrification**

The Organization serves as a catalyst to align stakeholders in support of a shared vision and strategy for transportation electrification. A key aspect of this effort is the Organization's leadership role in the Energize Oregon Coalition, a collaborative initiative to expand electric vehicle adoption in Oregon. In 2015, the Organization focused on promoting workplace charging to employers and advocating for smart transportation policy, among other things.

➤ **Opinion Leader**

The Organization works to promote Oregon's electric vehicle industry news as well as other relevant industry news to its members, other industry stakeholders, the media, and policymakers. The Organization has developed online resources and tools for those in or interested in the electric vehicle industry, including a popular monthly email newsletter that now reaches over 3,000 subscribers. The Organization also supports a major annual electric vehicle conference that draws national attention to Oregon's and Drive Oregon's leadership role in this field.

➤ **Strong Well-Networked Industry**

The Organization mobilizes the diverse companies within the electric vehicle industry supply chain to strengthen the industry as a whole. The Organization has developed a robust menu of services and benefits to attract and retain a rapidly growing base of members. For example, the Organization hosts a popular series of monthly events exploring current topics in the field. The Organization also helps market Oregon's electric vehicle industry through participation in relevant trade shows and conferences, and by supporting companies' participation in such events. Additionally, the Organization's Matching Grant Program has used approximately \$500,000 in funding from the State of Oregon to leverage approximately \$24 million in additional grants and investments to local industry members. This funding has helped them develop, test, and launch their electric mobility products.

DRIVE OREGON AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2015

NOTE A – DESCRIPTION OF ORGANIZATION (CONTINUED)

➤ **Living Lab**

The Organization seeks to develop and implement high impact pilot projects that promote Oregon's role as a "living laboratory" for electric mobility. During 2015, for example, the Organization began partnering with Portland State University and a private consultant to develop research and educational materials focused on reducing truck idling through electrification technology.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

Net assets and all balances and transactions are presented based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified and reported as follows:

- **Unrestricted net assets** – Net assets not subject to donor-imposed stipulations.
- **Temporarily restricted net assets** – Net assets subject to donor-imposed stipulations that will be met either by actions of the Organization and/or the passage of time.
- **Permanently restricted net assets** – Net assets subject to donor-imposed stipulations that neither expire with the passage of time nor can be fulfilled or otherwise removed by actions of the Organization.

Basis of Consolidation

The consolidated financial statements include those of Drive Oregon and Drive Oregon Foundation. Both organizations are under common control since board members of Drive Oregon comprise a majority of the Board of the Foundation. In accordance with generally accepted accounting principles, consolidation is required. All material inter-organizational transactions have been eliminated.

Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

Cash and Cash Equivalents

The Organization classifies as cash and cash equivalents all checking, savings, money market accounts and all investments maturing within ninety days from the date of purchase.

DRIVE OREGON AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2015

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

All contributions and grants are considered available for the unrestricted general operations of the Organization unless specifically restricted by a donor. Revenues for services are recognized at the time the services are provided and the revenues are earned.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income Taxes

The Organization has been approved as a tax-exempt organization under the Internal Revenue Code 501(c)(6) and applicable state laws. Accordingly, no provision for income taxes is included in the accompanying financial statements. The Organization does not believe it has unrelated trade or business income in excess of \$1,000.

The Organization's federal exempt organization information returns are subject to examination by the Internal Revenue Service, generally for three years after they are filed.

Allocation of Functional Expenses

The cost of providing the various programs and other activities has been summarized in the Statement of Activities. Certain costs, including salaries and administrative operating expenses, have been allocated among the programs and supporting services benefited.

Prior Year Summarized Financial Information

The financial statements include certain prior-year summarized comparative information in total but not by natural expense classification by function. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2014, from which the summarized information was derived.

Reclassifications

Certain reclassifications have been made to the 2014 financial statement presentation to correspond to the current year's format. Net assets and changes in net assets are unchanged due to these reclassifications.

DRIVE OREGON AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2015

NOTE C – SIGNIFICANT SOURCES OF REVENUE AND LIMITATIONS THEREON

The majority of the Organization's revenue is derived from a single grant from the Oregon Business Development Department. The grant is subject to review by the contracting agency. Any expenditures or claims disallowed as a result of a review by the Oregon Business Development Department would become a liability of the Organization's general operating funds. In the opinion of management, any adjustment that might result from such review would not be material to the Organization's overall financial statements.

NOTE D – CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash. Cash maintained with financial institutions is insured by the Federal Deposit Insurance Corporation (FDIC). Amounts in excess of FDIC coverage are not insured.

NOTE E – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets as of December 31, 2015 total \$85,336 and represent funding to support various Drive Oregon programs.

NOTE F – SUBSEQUENT EVENTS

Subsequent events have been evaluated through September 12, 2016, which is the date the financial statements were available to be issued.

OTHER FINANCIAL INFORMATION

DRIVE OREGON
CONSOLIDATING STATEMENT OF FINANCIAL POSITION

December 31, 2015

ASSETS

	<u>Drive Oregon</u>	<u>Drive Oregon Foundation</u>	<u>Eliminations</u>	<u>Consolidated</u>
Cash and cash equivalents	\$ 949,940	\$ 120,503	\$ -	\$ 1,070,443
Accounts receivable	30,817	-	(30,817)	-
Grants receivable	22,686	-	-	22,686
Prepaid expense	2,067	-	-	2,067
Fixed assets (net of accumulated depreciation)	<u>1,096</u>	<u>-</u>	<u>-</u>	<u>1,096</u>
Total assets	<u>\$ 1,006,606</u>	<u>\$ 120,503</u>	<u>\$ (30,817)</u>	<u>\$ 1,096,292</u>

LIABILITIES AND NET ASSETS

Accounts payable	\$ 5,130	\$ 30,817	\$ (30,817)	\$ 5,130
Accrued compensation	<u>1,748</u>	<u>-</u>	<u>-</u>	<u>1,748</u>
Total liabilities	<u>6,878</u>	<u>30,817</u>	<u>(30,817)</u>	<u>6,878</u>
Net assets				
Unrestricted				
Board-designated net assets	-	-	-	-
Available for operations	<u>999,728</u>	<u>4,350</u>	<u>-</u>	<u>1,004,078</u>
Total unrestricted net assets	<u>999,728</u>	<u>4,350</u>	<u>-</u>	<u>1,004,078</u>
Temporarily restricted	-	85,336	-	85,336
Total net assets	<u>999,728</u>	<u>89,686</u>	<u>-</u>	<u>1,089,414</u>
Total liabilities and net assets	<u>\$ 1,006,606</u>	<u>\$ 120,503</u>	<u>\$ (30,817)</u>	<u>\$ 1,096,292</u>

The accompanying notes and supplemental schedule
should be read in conjunction with the independent auditors' report.

DRIVE OREGON

CONSOLIDATING STATEMENT OF ACTIVITIES

Year Ended December 31, 2015

	Drive Oregon	Drive Oregon Foundation	Eliminations	Consolidated
Unrestricted revenues and other support				
Business Oregon	\$ 555,000	\$ -	\$ -	\$ 555,000
Foundation grants	-	175,000	-	175,000
Government contracts	61,723	-	-	61,723
Fees for service	89,204	-	(84,704)	4,500
Membership dues	43,864	-	-	43,864
In-kind donations	-	-	-	-
Program fees	-	-	-	-
Event income	50,453	-	-	50,453
Sponsorship	94,629	-	-	94,629
Other income	5,186	-	-	5,186
Interest income	1,342	-	-	1,342
	901,401	175,000	(84,704)	991,697
Net assets released from restriction	-	-	-	-
Total revenues and other support	901,401	175,000	(84,704)	991,697
Expenses				
Program services	654,960	130,045	(80,045)	704,960
Supporting services				
Management	35,825	5,310	(4,659)	36,476
Fundraising	20,012	-	-	20,012
Total expenses	710,797	135,355	(84,704)	761,448
Change in net assets	190,604	39,645	-	230,249
Net assets, beginning of year	809,124	50,041	-	859,165
Net assets, end of year	\$ 999,728	\$ 89,686	\$ -	\$ 1,089,414

The accompanying notes and supplemental schedule should be read in conjunction with the independent auditors' report.

DRIVE OREGON

CONSOLIDATING STATEMENT OF CASH FLOWS

Year Ended December 31, 2015

	Drive Oregon	Drive Oregon Foundation	Eliminations	Consolidated
Cash flows from operating activities:				
Change in net assets	\$ 190,604	\$ 39,645	\$ -	\$ 230,249
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:				
Changes in assets and liabilities:				
Depreciation and amortization	580	-	-	580
Grants and contracts receivable	(7,355)	-	-	(7,355)
Accounts receivable	(25,858)	-	-	(25,858)
Prepaid expenses	892	-	-	892
Accounts payable	(4,569)	25,858	-	21,289
Net cash provided by (used in) operating activities	154,294	65,503	-	219,797
Change in cash and cash equivalents	154,294	65,503	-	219,797
Cash and cash equivalents, beginning of year	795,646	55,000	-	850,646
Cash and cash equivalents, end of year	\$ 949,940	\$ 120,503	\$ -	\$ 1,070,443

The accompanying notes and supplemental schedule
should be read in conjunction with the independent auditors' report.