

FORTH AND AFFILIATE
CONSOLIDATED FINANCIAL STATEMENTS
AND OTHER FINANCIAL INFORMATION

Year Ended December 31, 2016



FORTH AND AFFILIATE
CONSOLIDATED FINANCIAL STATEMENTS
Year Ended December 31, 2016

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Forth and Affiliate
Portland, Oregon

We have audited the accompanying consolidated financial statements of Forth and Affiliate (a non-profit organization), which comprise the statement of financial position as of December 31, 2016, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 Forth and Affiliate as of December 31, 2016, 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.

KERN & THOMPSON, LLC

To the Board of Directors of
Forth and Affiliate

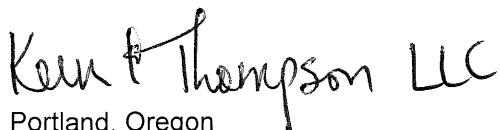
Other Matters

Report on Summarized Comparative Information

We have previously audited the Forth and Affiliate's December 31, 2015 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated September 12, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2015, is consistent, in all material respects, with the audited consolidated 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 consolidated 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 consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.



Portland, Oregon
October 25, 2017

FORTH AND AFFILIATE
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

December 31, 2016
(With Comparative Totals as of December 31, 2015)

ASSETS

	2016	2015
Cash and cash equivalents	\$ 1,222,319	\$ 1,070,443
Grants and contracts receivable	258,529	22,686
Prepaid expense	-	2,067
Fixed assets, net	1,096	1,096
Total assets	\$ 1,481,944	\$ 1,096,292

LIABILITIES AND NET ASSETS

Accounts payable	\$ 28,141	\$ 5,130
Accrued compensation	7,384	1,748
Total liabilities	35,525	6,878
Net assets		
Unrestricted	974,389	1,004,078
Temporarily restricted	472,030	85,336
Total net assets	1,446,419	1,089,414
Total liabilities and net assets	\$ 1,481,944	\$ 1,096,292

See notes to consolidated financial statements.

FORTH AND AFFILIATE

CONSOLIDATED STATEMENT OF ACTIVITIES

Year Ended December 31, 2016

(With Comparative Totals for the Year Ended December 31, 2015)

	Unrestricted	Temporarily Restricted	2016	2015
Revenues and other support				
Business Oregon	\$ 375,000	\$ -	\$ 375,000	\$ 555,000
Foundation grants	-	505,000	505,000	175,000
Government contracts	95,358	-	95,358	61,723
Membership dues	66,433	-	66,433	43,864
Program fees	10,174	-	10,174	4,500
Event income	84,829	-	84,829	50,453
Sponsorship	150,725	-	150,725	94,629
Other income	528	-	528	5,186
Interest income	3,100	-	3,100	1,342
	786,147	505,000	1,291,147	991,697
Net assets released from restriction	118,306	(118,306)	-	-
Total revenues and other support	904,453	386,694	1,291,147	991,697
Expenses				
Program services	827,807	-	827,807	704,960
Supporting services				
Management	49,744	-	49,744	36,476
Fundraising	56,591	-	56,591	20,012
Total expenses	934,142	-	934,142	761,448
Change in net assets	(29,689)	386,694	357,005	230,249
Net assets, beginning of year	1,004,078	85,336	1,089,414	859,165
Net assets, end of year	\$ 974,389	\$ 472,030	\$ 1,446,419	\$ 1,089,414

See notes to consolidated financial statements.

FORTH AND AFFILIATE

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2016

(With Comparative Totals for the Year Ended December 31, 2015)

	PROGRAM SERVICES					SUPPORTING SERVICES		Total	
	Leadership Transportation in Electrification	Opinion Leader	Strong Well- Networked Industry	Living Lab	Total Program	Manage- ment	Fund- raising	2016	2015
Salaries	\$ 73,582	\$ 60,123	\$ 28,656	\$ 27,339	\$ 189,700	\$ 58,452	\$ 31,790	\$ 279,942	\$ 209,285
Payroll taxes and benefits	7,816	7,282	4,485	3,129	22,712	8,489	4,063	35,264	40,711
Contract and professional services	120,754	124,632	2,756	66,061	314,203	21,355	11,994	347,552	326,862
Grants awarded	-	-	52,779	-	52,779	-	-	52,779	31,133
Occupancy and telecommunications	-	9	-	-	9	5,713	-	5,722	18,357
Supplies and materials	9,082	3,347	466	5,012	17,907	6,647	120	24,674	16,429
Travel and meals	7,677	9,654	6,337	4,282	27,950	3,596	36	31,582	37,353
Event expense	4,511	61,167	12,461	266	78,405	120	-	78,525	-
Conferences and tradeshows	1,050	-	53,057	400	54,507	6,663	-	61,170	67,277
Insurance	-	4,185	-	-	4,185	4,466	-	8,651	3,205
Depreciation	-	-	-	-	-	-	-	-	580
Miscellaneous expense	628	1,950	-	-	2,578	5,703	-	8,281	10,256
Indirect expense	25,684	18,264	10,501	8,423	62,872	(71,460)	8,588	-	-
	\$ 250,784	\$ 290,613	\$ 171,498	\$ 114,912	\$ 827,807	\$ 49,744	\$ 56,591	\$ 934,142	\$ 761,448

See notes to consolidated financial statements.

FORTH AND AFFILIATE
CONSOLIDATED STATEMENT OF CASH FLOWS

Year Ended December 31, 2016
(With Comparative Totals for the Year Ended December 31, 2015)

	2016	2015
Cash flows from operating activities:		
Change in net assets	\$ 357,005	\$ 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
Grants and contracts receivable	(235,843)	(7,355)
Prepaid expenses	2,067	892
Accounts payable	23,011	(4,569)
Accrued compensation	5,636	-
Net cash provided by (used in) operating activities	151,876	219,797
Change in cash and cash equivalents	151,876	219,797
Cash and cash equivalents, beginning of year	1,070,443	850,646
Cash and cash equivalents, end of year	\$ 1,222,319	\$ 1,070,443

See notes to consolidated financial statements.

FORTH AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2016

NOTE A – DESCRIPTION OF ORGANIZATION

Forth (formerly known as 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. Forth has over 100 member companies from across the industry supply chain in Oregon and beyond. Forth 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.

Forth is affiliated with Forth Mobility Fund, 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.

Forth and Forth Mobility Fund (collectively, the Organization) conduct the following programs:

➤ **Leadership Transportation in Electrification**

The Organization works to ensure that Oregon remains a national leader in transportation electrification, which increases demand for businesses in the supply chain; ensures greater attention from global companies; and keeps more fuel spending circulating in the regional economy. During 2016, the organization secured major grant funding to launch the nation's first brand-neutral electric vehicle showroom and regional marketing campaign, helped shape policies to increase electric utility engagement in transportation electrification, and continued its leading role in promoting workplace charging.

➤ **Opinion Leader**

The Organization has built an international reputation as a sought-after source for industry news and analysis. this role helps attract global attention to the region and our member companies, while ensuring that our members are aware of emerging issues and opportunities. The organization also produces a major annual "roadmap" conference on electric and smart mobility, which attracts a growing international audience to the region.

➤ **Strong Well-Networked Industry**

The Organization provides critical information, networking, and support to help the electric and advanced mobility industry grow and prosper, particularly in the Pacific Northwest. The Organization produces monthly industry networking events, an email newsletter providing updates about industry developments, and other services and benefits to attract and retain a rapidly growing base of members. During 2016, the Organization closed out its matching grant program, which used less than \$600,000 in state funds to leverage over \$26 million in other funding, generating a 47:1 return on investment.

FORTH AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2016

NOTE A – DESCRIPTION OF ORGANIZATION (CONTINUED)

➤ **Living Lab**

The Organization brings stakeholders together to test new electric and smart mobility technologies and business models in real communities. These projects bring global companies' attention and investment to the region while addressing key challenges to broader technology deployment. During 2016, the organization launched projects to bring shared electric vehicles to low income communities, test electric assist bicycles as a mobility option, and assess the use of electrical power to reduce idling by refrigerated diesel trucks.

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 Forth and Forth Mobility Fund. Both organizations are under common control since board members of Forth comprise a majority of the Board of the Mobility Fund. 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.

FORTH AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2016

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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

Forth has been approved as a tax-exempt organization under the Internal Revenue Code 501(c)(6) and applicable state laws. Forth Mobility Fund is tax-exempt under the Internal Revenue Code 501(c)(3). Accordingly, no provision for income taxes is included in the accompanying financial statements. Neither organization believes it has unrelated trade or business income in excess of \$1,000.

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, 2015, from which the summarized information was derived.

Reclassifications

Certain reclassifications have been made to the 2015 financial statement presentation to correspond to the current year's format. Net assets and changes in net assets are unchanged due to these reclassifications.

FORTH AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2016

NOTE C – SIGNIFICANT SOURCES OF REVENUE AND LIMITATIONS THEREON

About 30% 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). At December 31, 2016, the Organization held cash of \$473,200 in excess of FDIC coverage.

NOTE E – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets as of December 31, 2016 total \$472,030 and represent funding to support electric vehicle mobility outreach.

NOTE F – CONTINGENCIES

The Organization is exposed to various risks of loss arising from the ordinary course of business. Adequate insurance coverage is in force to cover any potential claims. Historically no claims have exceeded such coverage. Therefore, Management does not believe that the occurrence of these matters would have a material effect on the Organization's financial position or operating results.

NOTE G – SUBSEQUENT EVENTS

Subsequent events have been evaluated through October 25, 2017, which is the date the financial statements were available to be issued.

OTHER FINANCIAL INFORMATION

FORTH AND AFFILIATE
CONSOLIDATING STATEMENT OF FINANCIAL POSITION

December 31, 2016

ASSETS

	Forth	Forth Mobility Fund	Eliminations	Consolidated
Cash and cash equivalents	\$ 932,985	\$ 289,334	\$ -	\$ 1,222,319
Grants and contracts receivable	71,498	220,000	(32,969)	258,529
Fixed assets (net of accumulated depreciation)	1,096	-	-	1,096
Total assets	\$ 1,005,579	\$ 509,334	\$ (32,969)	\$ 1,481,944

LIABILITIES AND NET ASSETS

Accounts payable	\$ 27,457	\$ 33,653	\$ (32,969)	\$ 28,141
Accrued compensation	7,384	-	-	7,384
Total liabilities	34,841	33,653	(32,969)	35,525
Net assets				
Unrestricted				
Available for operations	970,738	3,651	-	974,389
Total unrestricted net assets	970,738	3,651	-	974,389
Temporarily restricted	-	472,030	-	472,030
Total net assets	970,738	475,681	-	1,446,419
Total liabilities and net assets	\$ 1,005,579	\$ 509,334	\$ (32,969)	\$ 1,481,944

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

FORTH AND AFFILIATE
CONSOLIDATING STATEMENT OF ACTIVITIES

Year Ended December 31, 2016

	<u>Forth</u>	<u>Forth Mobility Fund</u>	<u>Eliminations</u>	<u>Consolidated</u>
Unrestricted revenues and other support				
Business Oregon	\$ 375,000	\$ -	\$ -	\$ 375,000
Foundation grants	-	505,000	-	505,000
Government contracts	213,664	-	(118,306)	95,358
Membership dues	66,433	-	-	66,433
Program fees	10,174	-	-	10,174
Event income	84,829	-	-	84,829
Sponsorship	150,725	-	-	150,725
Other income	528	-	-	528
Interest income	3,100	-	-	3,100
	<u>904,453</u>	<u>505,000</u>	<u>(118,306)</u>	<u>1,291,147</u>
Net assets released from restriction	-	-	-	-
Total revenues and other support	<u>904,453</u>	<u>505,000</u>	<u>(118,306)</u>	<u>1,291,147</u>
Expenses				
Program services	827,207	118,906	(118,306)	827,807
Supporting services				
Management	49,645	99	-	49,744
Fundraising	56,591	-	-	56,591
Total expenses	<u>933,443</u>	<u>119,005</u>	<u>(118,306)</u>	<u>934,142</u>
Change in net assets	<u>(28,990)</u>	<u>385,995</u>	<u>-</u>	<u>357,005</u>
Net assets, beginning of year	<u>999,728</u>	<u>89,686</u>	<u>-</u>	<u>1,089,414</u>
Net assets, end of year	<u>\$ 970,738</u>	<u>\$ 475,681</u>	<u>\$ -</u>	<u>\$ 1,446,419</u>

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

FORTH AND AFFILIATE
CONSOLIDATING STATEMENT OF CASH FLOWS

Year Ended December 31, 2016

	Forth	Forth Mobility Fund	Eliminations	Consolidated
Cash flows from operating activities:				
Change in net assets	\$ (28,990)	\$ 385,995	\$ -	\$ 357,005
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:				
Changes in assets and liabilities:				
Depreciation and amortization	-	-	-	-
Grants and contracts receivable	(17,995)	(220,000)	2,152	(235,843)
Prepaid expenses	2,067	-	-	2,067
Accounts payable	22,327	2,836	(2,152)	23,011
Accrued compensation	5,636	-	-	5,636
Net cash provided by (used in) operating activities	(16,955)	168,831	-	151,876
Change in cash and cash equivalents	(16,955)	168,831	-	151,876
Cash and cash equivalents, beginning of year	949,940	120,503	-	1,070,443
Cash and cash equivalents, end of year	\$ 932,985	\$ 289,334	\$ -	\$ 1,222,319

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