

DRIVE OREGON
FINANCIAL STATEMENTS
Year Ended December 31, 2012



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Year Ended December 31, 2012

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KERN & THOMPSON, LLC

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Drive Oregon
Portland, Oregon

We have audited the accompanying financial statements of Drive Oregon (a non-profit organization), which comprise the statement of financial position as of December 31, 2012, and the related 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

The Organization's 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 financial statements referred to above present fairly, in all material respects, the financial position of Drive Oregon as of December 31, 2012, 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

Portland, Oregon
July 2, 2013

DRIVE OREGON
STATEMENT OF FINANCIAL POSITION
December 31, 2012

ASSETS

Cash and cash equivalents	\$ 436,618
Other receivable	3,759
Prepaid expense	<u>649</u>
Total assets	\$ <u>441,026</u>

LIABILITIES AND NET ASSETS

Accounts payable	\$ 1,512
Net assets	
Unrestricted	
Available for general operations	<u>439,514</u>
Total liabilities and net assets	\$ <u>441,026</u>

See notes to financial statements.

DRIVE OREGON
STATEMENT OF ACTIVITIES

Year Ended June 30, 2012

Unrestricted revenues and other support

Grants and contracts	\$ 579,000
Contributions and membership dues	11,250
In-kind donations	3,320
Other income	5,373
Interest income	713
Total unrestricted revenues and other support	<u>599,656</u>

Expenses

Program services	
Build strong	60,693
Grant programs and funding	201,642
Industry collaboration	110,216
Stakeholder collaboration	33,787
Total program services	<u>406,338</u>

Supporting services	
Administration	25,487
Fundraising	3,513
Total expenses	<u>435,338</u>

Change in net assets	164,318
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Unrestricted net assets, beginning of year	<u>275,196</u>
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Unrestricted net assets, end of year	<u>\$ 439,514</u>
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See notes to financial statements.

DRIVE OREGON

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2012

	PROGRAM SERVICES					SUPPORTING SERVICES		Total
	Build Strong	Grant Programs & Funding	Industry Collaboration	Stakeholder Collaboration	Total Program	Admin-istration	Fund-raising	
Salaries	\$ 26,321	\$ 15,027	\$ 25,544	\$ 21,030	\$ 87,922	\$ 21,508	\$ 2,721	\$ 112,151
Payroll taxes and benefits	3,832	2,093	3,735	3,087	12,747	3,204	361	16,312
Contract and professional services	16,210	5,000	43,375	-	64,585	8,803	-	73,388
Grants given	-	176,100	-	-	176,100	-	-	176,100
Occupancy and telecommunications	3,055	-	-	-	3,055	3,843	-	6,898
Supplies & materials	5,135	-	1,691	-	6,826	294	-	7,120
Travel and meals	824	-	4,834	3,167	8,825	814	-	9,639
Conferences and tradeshow	656	680	26,498	1,255	29,089	-	-	29,089
Insurance	-	-	-	-	-	2,030	-	2,030
Miscellaneous expense	-	275	150	1,500	1,925	686	-	2,611
Indirect expense	4,660	2,467	4,389	3,748	15,264	(15,695)	431	-
	<u>\$ 60,693</u>	<u>\$ 201,642</u>	<u>\$ 110,216</u>	<u>\$ 33,787</u>	<u>\$ 406,338</u>	<u>\$ 25,487</u>	<u>\$ 3,513</u>	<u>\$ 435,338</u>

See notes to financial statements.

DRIVE OREGON
STATEMENT OF CASH FLOWS
Year Ended June 30, 2012

Cash flows from operating activities:	
Change in net assets	\$ 164,318
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:	
Changes in assets and liabilities:	
Grants and contracts receivable	(1,759)
Prepaid expenses	597
Accounts payable	<u>(2,861)</u>
Net cash provided by (used in) operating activities	<u>160,295</u>
Change in cash and cash equivalents	160,295
Cash and cash equivalents, beginning of year	<u>276,323</u>
Cash and cash equivalents, end of year	<u>\$ 436,618</u>

See notes to financial statements.

DRIVE OREGON

NOTES TO FINANCIAL STATEMENTS

December 31, 2012

NOTE A – DESCRIPTION OF ORGANIZATION

Drive Oregon (the Organization) is a nonprofit public-private partnership with diverse membership from across the range of companies and organizations involved in electrifying the transportation system. The Organization's industry representation consists of companies that develop and produce vehicles, components, perform conversions, and provide consulting services for hybrid and electric vehicles and energy storage technologies.

The Organization is funded in part with Oregon State Lottery Funds administered by Business Oregon. It is one of six Oregon Innovation Council initiatives supporting innovation and long term economic growth.

The Organization's mission is to promote, support, and grow the electric vehicle industry in Oregon.

➤ Build Strong Organization

The Organization mobilizes the diverse companies and organizations within the electric vehicle "ecosystem" to build strong support for transportation electrification. The Organization has developed online resources and tools for stakeholders, including a popular email newsletter providing updates about important electric vehicle developments, which has quickly grown to reach over 1,500 subscribers. The Organization has also developed a robust menu of services and benefits to attract and retain a growing base of members.

➤ Grant Programs and Funding

The Organization works to increase investment in Oregon's electric vehicle industry. For example, the Organization's Matching Grant Program has used approximately \$200,000 in funding from the State of Oregon to leverage over \$2 million in additional grants and investments. The Organization also operates a Grant Assistance Program to help companies apply for grant funds directly, and works to connect companies with private investors and customers.

➤ Industry Collaboration

The Organization mobilizes the diverse companies within the electric vehicle industry supply chain to strengthen the industry as a whole. 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.

➤ Stakeholder Collaboration

The Organization serves as a catalyst to align public, academic and community stakeholders in support of a shared vision and strategy for transportation electrification. The Organization also works to develop formal cooperative relationships with universities, industry associations, and other organizations to promote Oregon's electric vehicle industry.

DRIVE OREGON

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2012

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. Currently all net assets are unrestricted.
- **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.

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.

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.

DRIVE OREGON

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2012

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 – LIMITATION ON CERTAIN UNRESTRICTED NET ASSETS

Nearly all of the Organization's unrestricted net assets are limited by an Oregon Business Development Department contract to use within the program from which they are generated. Surplus funds are generally limited to providing an extension or continuation of specific program services.

NOTE F – SUBSEQUENT EVENTS

Subsequent events have been evaluated through July 2, 2013, which is the date the financial statements were available to be issued.