

FORTH AND AFFILIATE
CONSOLIDATED FINANCIAL STATEMENTS
AND OTHER FINANCIAL INFORMATION

Year Ended December 31, 2017



KERN ▲ THOMPSON
CERTIFIED PUBLIC ACCOUNTANTS

FORTH AND AFFILIATE
CONSOLIDATED FINANCIAL STATEMENTS
Year Ended December 31, 2017

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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 consolidated statement of financial position as of December 31, 2017, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related consolidated notes to the consolidated financial statements (financial statements).

Management's Responsibility for the Financial Consolidated 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 Forth and Affiliate as of December 31, 2017, 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
Forth and Affiliate

Other Matters

Report on Summarized Comparative Information

We have previously audited the Forth and Affiliate's December 31, 2016 consolidated financial statements, and we expressed an unmodified opinion on those financial statements in our report dated October 25, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016, 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 is 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.



Portland, Oregon
September 19, 2018

FORTH AND AFFILIATE
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

December 31, 2017
(With Comparative Totals as of December 31, 2016)

ASSETS

	2017	2016
Cash and cash equivalents	\$ 769,465	\$ 1,222,319
Grants and contracts receivable	101,532	258,529
Prepaid expense	8,591	-
Fixed assets, net	8,946	1,096
Total assets	\$ 888,534	\$ 1,481,944

LIABILITIES AND NET ASSETS

Accounts payable	\$ 93,126	\$ 28,141
Accrued compensation	17,240	7,384
Deferred revenue	7,500	-
Total liabilities	117,866	35,525
Net assets		
Unrestricted	696,241	974,389
Temporarily restricted	74,427	472,030
Total net assets	770,668	1,446,419
Total liabilities and net assets	\$ 888,534	\$ 1,481,944

See notes to consolidated financial statements.

FORTH AND AFFILIATE

CONSOLIDATED STATEMENT OF ACTIVITIES

Year Ended December 31, 2017

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

	Unrestricted	Temporarily Restricted	2017	2016
Revenues and other support				
Business Oregon	\$ 187,500	\$ -	\$ 187,500	\$ 375,000
Foundation grants	6,356	-	6,356	505,000
Government contracts	425,470	33,000	458,470	95,358
Membership dues	124,490	-	124,490	66,433
Program fees	63,217	-	63,217	10,174
Event income	168,126	-	168,126	84,829
Sponsorship	160,427	-	160,427	150,725
Other income	1,732	-	1,732	528
Interest income	4,728	-	4,728	3,100
	1,142,046	33,000	1,175,046	1,291,147
Net assets released from restriction	430,603	(430,603)	-	-
Total revenues and other support	1,572,649	(397,603)	1,175,046	1,291,147
Expenses				
Program services	1,672,159	-	1,672,159	827,807
Supporting services				
Management	137,055	-	137,055	49,744
Fundraising	41,583	-	41,583	56,591
Total expenses	1,850,797	-	1,850,797	934,142
Change in net assets	(278,148)	(397,603)	(675,751)	357,005
Net assets, beginning of year	974,389	472,030	1,446,419	1,089,414
Net assets, end of year	\$ 696,241	\$ 74,427	\$ 770,668	\$ 1,446,419

See notes to consolidated financial statements.

FORTH AND AFFILIATE

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2017

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

	PROGRAM SERVICES					SUPPORTING SERVICES			Total	
	Engage Consumers	Strong Well- Networked Industry	Demonstrate New Mobility Options	Secure Policy Changes	Total Program	Management	Fund-raising	2017	2016	
Salaries	\$ 136,809	\$ 63,749	\$ 56,532	\$ 77,214	\$ 334,304	\$ 145,418	\$ 22,415	\$ 502,137	\$ 279,942	
Payroll taxes and benefits	21,960	9,129	8,022	9,066	48,177	44,723	2,746	95,646	35,264	
Contract and professional services	415,799	102,530	149,795	46,620	714,744	173,745	37	888,526	347,552	
Grants awarded	-	15,000	-	-	15,000	-	-	15,000	52,779	
Occupancy and telecommunications	16,485	-	-	20	16,505	9,202	-	25,707	5,722	
Supplies and materials	21,245	446	6,084	756	28,531	21,334	-	49,865	24,674	
Travel and meetings	558	23,350	14,425	2,285	40,618	23,779	55	64,452	31,582	
Event expense	2,596	115,175	4,599	371	122,741	7,069	-	129,810	78,525	
Conferences and tradeshow	150	29,051	825	-	30,026	2,500	-	32,526	61,170	
Equipment rental and maintenance	12,621	-	2,070	-	14,691	3,236	-	17,927	-	
Insurance	1,070	-	-	-	1,070	19,523	-	20,593	8,651	
Depreciation	-	-	-	-	-	2,472	-	2,472	-	
Miscellaneous expense	-	2,595	-	-	2,595	658	5	3,258	8,281	
Indirect expense	147,007	53,691	48,095	54,364	303,157	(316,604)	16,325	2,878	-	
	\$ 776,300	\$ 414,716	\$ 290,447	\$ 190,696	\$ 1,672,159	\$ 137,055	\$ 41,583	\$ 1,850,797	\$ 934,142	

See notes to consolidated financial statements.

FORTH AND AFFILIATE
CONSOLIDATED STATEMENT OF CASH FLOWS

Year Ended December 31, 2017
(With Comparative Totals for the Year Ended December 31, 2016)

	2017	2016
Cash flows from operating activities:		
Change in net assets	\$ (675,751)	\$ 357,005
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Changes in assets and liabilities:		
Depreciation	2,472	-
Grants and contracts receivable	189,966	(235,843)
Prepaid expenses	(8,591)	2,067
Accounts payable	32,016	23,011
Accrued compensation	9,856	5,636
Deferred revenue	7,500	-
Net cash provided by (used in) operating activities	(442,532)	151,876
Cash flows from investing activities:		
Purchase of property and equipment	(10,322)	-
Change in cash and cash equivalents	(452,854)	151,876
Cash and cash equivalents, beginning of year	1,222,319	1,070,443
Cash and cash equivalents, end of year	\$ 769,465	\$ 1,222,319

See notes to consolidated financial statements.

FORTH AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2017

NOTE A – DESCRIPTION OF ORGANIZATION

Forth (formerly known as Drive Oregon) is a nonprofit 501(c)(6) public-private partnership dedicated to accelerating the growth of the electric and “smart” mobility industry and promoting greater adoption of these technologies in the Pacific Northwest and beyond. Forth has over 100 member companies from across the industry in the Pacific Northwest and beyond.

Forth is affiliated with Forth Mobility Fund, a 501(c)(3) philanthropic organization that supports research, public education, and other programming on how electric and “smart” transportation choices can strengthen Oregon’s economy.

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

Engage Consumers – The Organization engages consumers and develops innovative new strategies to promote the broad range of electric and advanced mobility solutions. Working with diverse partners in an “ecosystem” approach, the organization ensures the Pacific Northwest remains a leading national market. During 2017, 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.

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 also produces a major annual “roadmap” conference on electric and smart mobility, which attracts a growing international audience to the region. In 2017, the organization expanded their monthly events and quarterly member workshops to Washington state.

Demonstrate New Mobility Options – The Organization brings companies and communities together to test new electric and “smart” mobility technologies and business models in real communities, particularly in the “living laboratory” of the Pacific Northwest. During 2017, 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.

Secure Policy Changes – New mobility technologies require new policy frameworks and incentives to promote their rapid adoption. The Organization gives a voice to the electric and “smart” mobility industry in local, state, regional, and federal policy discussions. During 2017, the organization secured an electric vehicle purchase incentive in Oregon.

FORTH AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2017

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.

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.

FORTH AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2017

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2016, from which the summarized information was derived.

NOTE C – SIGNIFICANT SOURCES OF REVENUE AND LIMITATIONS THEREON

About 15% of the Organization's revenue was 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. The Organization received its last payments under this grant in 2017.

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, 2017, the Organization held cash of \$117,210 in excess of FDIC coverage.

FORTH AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2017

NOTE E – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets as of December 31, 2017 total \$74,427 and represent funding to support electric vehicle mobility outreach.

NOTE F – OPERATING LEASE COMMITMENTS

The Organization leases property and vehicles under non-cancelable operating leases, which expire in various years through 2020.

At December 31, 2017, minimum rental commitments are as follows:

<u>Year ending December 31,</u>	<u>Vehicles</u>	<u>Showcase</u>	<u>Total</u>
2018	\$ 15,600	\$ 12,780	\$ 28,380
2019	10,842	12,780	23,622
2020	<u>-</u>	<u>3,195</u>	<u>3,195</u>
	<u>\$ 26,442</u>	<u>\$ 28,755</u>	<u>\$ 55,197</u>

NOTE G – SUBSEQUENT EVENTS

Subsequent events have been evaluated through September 19, 2018, 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, 2017

ASSETS

	Forth	Forth Mobility Fund	Eliminations	Consolidated
Cash and cash equivalents	\$ 606,033	\$ 163,432	\$ -	\$ 769,465
Grants and contracts receivable	181,718	-	(80,186)	101,532
Prepaid expense	8,591	-	-	8,591
Fixed assets (net of accumulated depreciation)	8,946	-	-	8,946
Total assets	\$ 805,288	\$ 163,432	\$ (80,186)	\$ 888,534

LIABILITIES AND NET ASSETS

Accounts payable	\$ 92,442	\$ 80,870	\$ (80,186)	\$ 93,126
Accrued compensation	17,240	-	-	17,240
Deferred revenue	7,500	-	-	7,500
Total liabilities	117,182	80,870	(80,186)	117,866
Net assets				
Unrestricted	688,106	8,135	-	696,241
Temporarily restricted	-	74,427	-	74,427
Total net assets	688,106	82,562	-	770,668
Total liabilities and net assets	\$ 805,288	\$ 163,432	\$ (80,186)	\$ 888,534

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, 2017

	<u>Forth</u>	<u>Forth Mobility Fund</u>	<u>Eliminations</u>	<u>Consolidated</u>
Unrestricted revenues and other support				
Business Oregon	\$ 187,500	\$ -	\$ -	\$ 187,500
Foundation grants	428,959	-	(422,603)	6,356
Government contracts	425,470	33,000	-	458,470
Membership dues	124,490	-	-	124,490
Program fees	63,217	-	-	63,217
Event income	168,126	-	-	168,126
Sponsorship	160,427	-	-	160,427
Other income	233	1,499	-	1,732
Interest income	4,728	-	-	4,728
Total revenues and other support	<u>1,563,150</u>	<u>34,499</u>	<u>(422,603)</u>	<u>1,175,046</u>
Expenses				
Program services	1,667,144	427,618	(422,603)	1,672,159
Supporting services				
Management	137,055	-	-	137,055
Fundraising	41,583	-	-	41,583
Total expenses	<u>1,845,782</u>	<u>427,618</u>	<u>(422,603)</u>	<u>1,850,797</u>
Change in net assets	(282,632)	(393,119)	-	(675,751)
Net assets, beginning of year	<u>970,738</u>	<u>475,681</u>	<u>-</u>	<u>1,446,419</u>
Net assets, end of year	<u>\$ 688,106</u>	<u>\$ 82,562</u>	<u>\$ -</u>	<u>\$ 770,668</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, 2017

	Forth	Forth Mobility Fund	Eliminations	Consolidated
Cash flows from operating activities:				
Change in net assets	\$ (282,632)	\$ (393,119)	\$ -	\$ (675,751)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:				
Changes in assets and liabilities:				
Depreciation	2,472	-	-	2,472
Grants and contracts receivable	(110,220)	220,000	80,186	189,966
Prepaid expenses	(8,591)	-	-	(8,591)
Accounts payable	64,985	47,217	(80,186)	32,016
Accrued compensation	9,856	-	-	9,856
Deferred revenue	7,500	-	-	7,500
Net cash provided by (used in) operating activities	(316,630)	(125,902)	-	(442,532)
Cash flows from investing activities:				
Purchase of property and equipment	(10,322)	-	-	(10,322)
Change in cash and cash equivalents	(326,952)	(125,902)	-	(452,854)
Cash and cash equivalents, beginning of year	932,985	289,334	-	1,222,319
Cash and cash equivalents, end of year	\$ 606,033	\$ 163,432	\$ -	\$ 769,465

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