

FORTH AND AFFILIATE
CONSOLIDATED FINANCIAL STATEMENTS
AND OTHER FINANCIAL INFORMATION

Year Ended December 31, 2022



KERN ▲ THOMPSON
CERTIFIED PUBLIC ACCOUNTANTS

FORTH AND AFFILIATE
CONSOLIDATED FINANCIAL STATEMENTS
Year Ended December 31, 2022

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Forth and Affiliate
Portland, Oregon

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Forth and Affiliate (a nonprofit organization), which comprise the consolidated statement of financial position as of December 31, 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Forth and Affiliate as of December 31, 2022, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 the Forth and Affiliate and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. 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 Consolidated 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 the Forth and Affiliate's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Consolidated 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 generally accepted auditing standards and *Government Auditing Standards* 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 generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

To the Board of Directors
Forth and Affiliate

- 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 the Forth and Affiliate'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 the Forth and Affiliate'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.

Report on Consolidating Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information as listed in the table of contents is presented for purposes of additional analysis and is 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 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 4, 2024 on our consideration of the Forth and Affiliate's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Forth and Affiliate's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Forth and Affiliate's internal control over financial reporting and compliance.

Report on Summarized Comparative Information

We have previously audited the Forth and Affiliate's 2021 consolidated financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 13, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Portland, Oregon
March 4, 2024

FORTH AND AFFILIATE
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

December 31, 2022
(With Comparative Totals as of December 31, 2021)

ASSETS

	2022	2021
Cash and cash equivalents	\$ 1,890,063	\$ 1,662,263
Grants and contracts receivable, net (Note C)	4,580,345	533,802
Prepaid expense	61,852	67,728
Equipment, net (Note E)	163,583	131,989
Operating lease right-of-use (Note F)	212,856	-
Total assets	\$ 6,908,699	\$ 2,395,782

LIABILITIES AND NET ASSETS

Accounts payable and accrued liabilities	\$ 198,272	\$ 127,301
Contract payable (Note L)	3,576,262	-
Accrued compensation	260,443	69,218
Deferred rent	-	59,708
Deferred revenue (Note G)	41,125	52,000
Refundable advances (Note G)	417,874	145,940
Note payable (Note H)	511,215	510,338
Operating lease liabilities (Note F)	216,523	-
Total liabilities	5,221,714	964,505
Net assets		
Without donor restrictions	221,390	421,559
With donor restrictions (Note I)	1,465,595	1,009,718
Total net assets	1,686,985	1,431,277
Total liabilities and net assets	\$ 6,908,699	\$ 2,395,782

See notes to consolidated financial statements.

FORTH AND AFFILIATE

CONSOLIDATED STATEMENT OF ACTIVITIES

Year Ended December 31, 2022

(With Comparative Totals for the Year Ended December 31, 2021)

	Without Donor Restrictions	With Donor Restrictions	2022	2021
Revenues and other support				
Foundation grants	\$ 190,100	\$ 1,917,700	\$ 2,107,800	\$ 1,075,505
Clean fuels program	-	25,951	25,951	82,500
Government contracts	1,374,707	4,430,967	5,805,674	1,089,178
Paycheck Protection Program grant	3,335	-	3,335	357,103
Membership contributions	278,050	-	278,050	214,132
Program fees	677,312	374,931	1,052,243	646,140
Event income	355,747	-	355,747	98,504
Sponsorship	423,355	110,000	533,355	319,581
Other income	37,764	-	37,764	2,459
Interest income	5,828	-	5,828	1,296
	<u>3,346,198</u>	<u>6,859,549</u>	<u>10,205,747</u>	<u>3,886,398</u>
Net assets released from restriction	<u>6,403,672</u>	<u>(6,403,672)</u>	<u>-</u>	<u>-</u>
Total revenues and other support	<u>9,749,870</u>	<u>455,877</u>	<u>10,205,747</u>	<u>3,886,398</u>
Expenses				
Program services	8,905,165	-	8,905,165	3,295,843
Supporting services				
Management	658,791	-	658,791	584,996
Fundraising	386,083	-	386,083	270,589
Total expenses	<u>9,950,039</u>	<u>-</u>	<u>9,950,039</u>	<u>4,151,428</u>
Change in net assets	(200,169)	455,877	255,708	(265,030)
Net assets, beginning of year	<u>421,559</u>	<u>1,009,718</u>	<u>1,431,277</u>	<u>1,696,307</u>
Net assets, end of year	<u>\$ 221,390</u>	<u>\$ 1,465,595</u>	<u>\$ 1,686,985</u>	<u>\$ 1,431,277</u>

See notes to consolidated financial statements.

FORTH AND AFFILIATE

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2022

(With Comparative Totals for the Year Ended December 31, 2021)

	PROGRAM SERVICES						SUPPORTING SERVICES		Total	
	Increase Access to Emerging Modes	Increase Access to Cars	Increase Access to Charging	Strengthen Policy Capacity	Elevate Partnerships Profile & Revenue	Total Program	Management	Fundraising	2022	2021
Personnel	\$ 816,258	\$ 806,357	\$ 474,523	\$ 528,025	\$ 207,044	\$ 2,832,207	\$ 362,254	\$ 313,590	\$ 3,508,051	\$ 2,278,637
Contract and professional services	279,405	219,949	135,056	404,679	189,486	1,228,575	122,220	19,305	1,370,100	1,435,493
WSDOT ZEVIP subcontracts	-	-	3,576,262	-	-	3,576,262	-	-	3,576,262	-
Occupancy and telecommunications	55,921	35,371	7,479	18,828	6,540	124,139	14,515	10,772	149,426	148,962
Supplies and materials	106,012	70,845	33,608	32,322	33,742	276,529	37,931	17,899	332,359	74,842
Travel and meetings	14,489	49,178	21,888	49,502	14,460	149,517	8,520	6,958	164,995	32,153
Event expense	13,137	27,224	14,602	47,964	379,551	482,478	13,489	11,926	507,893	43,362
Equipment rental and maintenance	5,687	118,009	3	-	26	123,725	-	-	123,725	38,181
Insurance	43,591	25,687	4,509	4,966	7,255	86,008	3,142	2,668	91,818	70,422
Depreciation	11,808	2,076	1,127	1,242	516	16,769	786	667	18,222	13,649
Miscellaneous expense	3,444	2,189	1,165	1,642	516	8,956	33,773	2,298	45,027	15,727
Bad debt expense	-	-	-	-	-	-	62,161	-	62,161	-
	<u>\$ 1,349,752</u>	<u>\$ 1,356,885</u>	<u>\$ 4,270,222</u>	<u>\$ 1,089,170</u>	<u>\$ 839,136</u>	<u>\$ 8,905,165</u>	<u>\$ 658,791</u>	<u>\$ 386,083</u>	<u>\$ 9,950,039</u>	<u>\$ 4,151,428</u>

See notes to consolidated financial statements.

FORTH AND AFFILIATE

CONSOLIDATED STATEMENT OF CASH FLOWS

Year Ended December 31, 2022

(With Comparative Totals for the Year Ended December 31, 2021)

	2022	2021
Cash flows from operating activities:		
Change in net assets	\$ 255,708	\$ (265,030)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	18,222	13,649
Change in measurement of lease	3,667	-
Changes in assets and liabilities:		
Grants and contracts receivable	(4,046,543)	(242,444)
Prepaid expenses	5,876	(33,556)
Accounts payable	70,971	(39,234)
Contract payable	3,576,262	-
Accrued compensation	191,225	2,978
Deferred rent	(59,708)	(16,380)
Deferred revenue	(10,875)	102,940
Refundable advances	271,934	-
Net cash provided by (used in) operating activities	276,739	(477,077)
Cash flows from investing activities:		
Purchases of property and equipment	(49,816)	(91,685)
Net cash provided by (used in) investing activities	(49,816)	(91,685)
Cash flows from financing activities:		
Receipt of loan proceeds	877	350,000
Net cash provided by (used in) financing activities	877	350,000
Change in cash and cash equivalents	227,800	(218,762)
Cash and cash equivalents, beginning of year	1,662,263	1,881,025
Cash and cash equivalents, end of year	\$ 1,890,063	\$ 1,662,263
Supplemental Disclosure of Cash Flow Information		
Cash paid for interest	\$ 14,136	-

See notes to consolidated financial statements.

FORTH AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2022

NOTE A – DESCRIPTION OF ORGANIZATION

Forth is a nonprofit 501(c)(6) public-private partnership dedicated to accelerating the use of smart transportation to move people and goods in a more efficient and cleaner way. Forth has nearly 170 organizational members from across the industry.

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

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

Increase Access to Emerging Modes – The Organization strives to stay at the forefront of clean, equitable transportation and is constantly seeking new opportunities to advance this work. During 2022, the Organization removed barriers to make electric micromobility accessible in historically underserved populations, promoted electrifying America’s farms and school buses, and elevated building a transportation finance system that encourages clean and equitable mobility.

Increase Access to Cars – The Organization builds programs around drivers who have traditionally faced the most barriers to electric transportation. During 2022, the Organization increased access to EVs, through the design and implementation of affordable EV carsharing programs, engaged in community-centered outreach and education, and developed models and financial tools to reduce cost barriers for EV adoption.

Increase Access to Charging – Access to charging is a major barrier to electrification, especially for historically underserved communities. The Organization builds programs around drivers who have traditionally faced the most barriers to electrification, working to make it as easy to charge a car as it is to park. The Organization works to ensure public investments in charging are efficient, effective, and grounded in equity. During 2022, the Organization worked on programs focused on increasing access to charging at the workplace, in multi-family dwellings, and in infrastructure for underserved communities.

Strengthen Policy Capacity – The Organization builds influence and bridges between equity, environmental, and multimodal organizations to promote transportation electrification at the national, state, and local levels. The Organization works to build the foundation for public and private investment and to maximize the equitable impacts of those investments. During 2022, the Organization co-created and participated in a number of national coalitions working to promote equitable transportation electrification, and helped inform major legislation and investments that are steering billions of dollars into electric mobility.

Elevate Partnerships Profile & Revenue – The Organization convenes diverse stakeholders who collaborate to advance equitable transportation systems, helping them find common ground and ways to work together. The Organization helps connect partner organizations, policymakers, and stakeholders to reach new markets and support sector growth to advance equitable electric transportation. During 2022, the Organization planned outstanding events that engaged key audiences, provided key networking opportunities, and sparked partnerships.

FORTH AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2022

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Adoption of New Accounting Pronouncements

The Organization adopted *Accounting Standards Update No. 2016-02, Leases Topic 842* (“ASC 842”). The new standard establishes a right-of-use (“ROU”) model that requires a lessee to record a ROU asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement.

The Organization elected to adopt ASC 842, effective January 1, 2021 and elected the optional transitional method to apply the transition provisions from the date of adoption, which requires the Organization to report the cumulative effect of the adoption of the standard on the date of adoption with no changes to the prior period balances. Pursuant to the practical expedients, the Organization elected not to reassess: (i) whether expired or existing contracts are or contain leases, (ii) the lease classification for any expired or existing leases, or (iii) initial direct cost for any existing leases.

Operating and financing lease ROU assets and related lease liabilities are recognized at the present value of the future lease payments over the base noncancelable lease term, at the lease commencement date for each lease. The Organization elected the practical expedient allowing use of the risk free rate as the interest rate for determining the present value of the future lease payments.

Financial Statement Presentation

The Organization reports information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. Accordingly, the net assets of the Organization and changes therein are classified and reported as follows:

- **Net Assets Without Donor Restrictions** – Net assets that are not subject to donor-imposed stipulations. The Board of Directors may designate net assets without donor restrictions for specific purposes.
- **Net Assets With Donor Restrictions** – Net assets either subject to donor-imposed stipulations that will be met either by actions of the Organization and/or the passage of time, or net assets with donor restrictions that are not subject to appropriation or expenditure.

Expenses are reported as a decrease in net assets without donor restrictions. Gains and losses are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expiration of net assets with donor restrictions (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.

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 Forth Mobility Fund. In accordance with generally accepted accounting principles, consolidation is required. All material inter-organizational transactions have been eliminated.

FORTH AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2022

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

Revenue streams applicable to the Organization that qualify as exchange transactions with "customers" (primarily service fees) are recognized at a single point upon receipt when all risks and rewards transfer. Amounts received from customers in advance, such as deposits for reserved future services and events, are recorded as deferred revenue until the Organization's performance obligations are satisfied.

Contributions

All contributions are considered available for Forth's general programs unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor are reported as restricted support and increase net assets with donor restrictions. Contributions received with donor-imposed conditions and restrictions that are met in the same reporting period are reported as support without donor restrictions and increase net assets without donor restrictions. Investment income that is limited to specific uses by donor restrictions is reported as increases in net assets without donor restrictions if the restrictions are met in the same reporting period as the income is recognized.

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

Functional Allocation of Expenses

The costs of providing the programs and supporting services have been summarized in the statement of activities. Directly identifiable expenses are charged to programs and supporting services when incurred. Certain costs, including office expense, occupancy, leases and utilities have been allocated among the programs and supporting services benefited based primarily on estimates of time and effort.

FORTH AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2022

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

Acquisitions of property and equipment in excess of \$5,000 are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed on a straight-line basis over the useful lives of the assets generally as follows:

Building and improvements	40 years
Furniture, fixtures, and equipment	5 to 7 years
Computer software	3 years
Vehicles	5 years
Tractors	10 years

Leases

The Organization determines if an arrangement is a lease or contains a lease at inception of a contract. A contract is determined to be or contain a lease if the contract conveys the right to control the use of identified property, plant, or equipment (an identified asset) in exchange for consideration. The Organization determines these assets are leased because the Organization has the right to obtain substantially all of the economic benefit from and the right to direct the use of the identified asset. Assets in which the supplier or lessor has the practical ability and right to substitute alternative assets for the identified asset and would benefit economically for the exercise of the right to substitute the asset are not considered to be or contain a lease because the Organization determines it does not have the right to contract and direct the use of the identified asset.

In evaluating its contracts, the Organization separately identifies lease and nonlease components, such as fixed common area and other fixed maintenance costs, in calculating the ROU assets and lease liabilities for its office buildings and vehicles. Non-lease components, which primarily include payments for maintenance and utilities, are excluded from lease payments in calculating the ROU balances.

Leases result in the recognition of ROU assets and lease liabilities on the statement of financial position. ROU assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from the lease, measured on a discounted basis.

The Organization determines lease classification as operating or finance at the lease commencement date.

At lease inception, the lease liability is measured at the present value of the lease payments over the lease term.

The ROU asset equals the lease liability adjusted for any initial direct costs, prepaid or deferred rent, and lease incentives. The Organization uses the implicit rate when readily determinable. As most leases do not provide an implicit rate, the Organization uses a risk free discount rate for the leased office space.

Lease expense is generally recognized on a straight-line basis over the lease term.

FORTH AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2022

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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, 2021, from which the summarized information was derived.

NOTE C – GRANTS AND CONTRACTS RECEIVABLE

Grants and contracts receivable consist of cost reimbursement contracts and other agreements. Receivables are uncollateralized and are as follows as of December 31, 2022:

Government contracts receivable	\$ 3,956,207
Other service contracts	<u>634,928</u>
Less allowance for uncollectable	<u>(10,790)</u>
	<u>\$ 4,580,345</u>

NOTE D – CONDITIONAL PROMISES TO GIVE

A portion of the Organization's revenue is derived from cost-reimbursable federal and state contracts and other grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions.

Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position.

FORTH AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2022

NOTE D – CONDITIONAL PROMISES TO GIVE (CONTINUED)

As of December 31, 2022, the Organization has conditional grants as follows:

Program	Amount Remaining
Affordable Mobility Platform (AMP)	\$ 84,750
Bonneville Environmental Foundation Zero Emission Vehicle Innovation	40,000
Clean Rural Shared Electric Mobility (CRuSE)	241,286
Electric School Buses	155,090
Electrify Way to Work	28,582
Empowered	11,500
E-Tractor	198,195
National Charging Support	199,771
ODOT Charging Rebate	206,456
Pac EV EV Ride & Drive	44,207
Pac Power GoForth (Medford)	126,000
PCEFGEM	3,769,471
St. Louis Vehicle Electrification Ride for Seniors (SiLVERS)	200,716
TEEM (Towards Equitable Electric Mobility)	748,630
WSDOT Zero-emissions Access Program	468,306
WestSmart @Scale	44,213
WSDOT Zero-Emission Vehicle Infrastructure Partnerships	<u>10,267,597</u>
	<u>\$ 16,834,770</u>

NOTE E – PROPERTY AND EQUIPMENT

Property and equipment are as follows as of December 31, 2022:

Electric vehicles	\$ 87,218
Electric tractors	<u>100,976</u>
	188,194
Less accumulated depreciation	<u>(24,611)</u>
	<u>\$ 163,583</u>

Depreciation and amortization expense for the year ended December 31, 2022 was \$18,222.

NOTE F – OPERATING ROU LEASE ASSET AND LIABILITY

Operating Facilities Lease

The Organization has a lease for office space that expires in June 2024. This lease generally requires the Organization to pay all executory costs (property taxes, maintenance and insurance), and includes an escalating fee schedule, which is approximately a 7% percent increase each year.

FORTH AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2022

NOTE F – OPERATING ROU LEASE ASSET AND LIABILITY (CONTINUED)

	2022
Annual Lease Cost	\$ <u>144,254</u>
Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from leases	\$ <u>140,971</u>
Right-of-use asset obtained in exchange for new operating lease liability	\$ <u>354,760</u>
Weighted-average remaining lease term	1 1/2 years
Weighted-average discount rate	1.04%

Future minimum lease payments and reconciliation to the statement of financial position at December 31, 2022, are as follows:

Other Required Information – All Operating Lease

Year Ending June 30,	Operating Lease
2023	\$ 145,540
2024	<u>72,770</u>
Total future undiscounted lease payments	218,310
Less present value discount	<u>(1,787)</u>
Lease liability	\$ <u>216,523</u>

NOTE G – DEFERRED REVENUE AND REFUNDABLE ADVANCES

Membership dues revenue is recognized over the period of membership. Sponsorship revenue is recorded when the associated event occurs, which fulfills the sponsorship agreement. Advances on contracts occurs when a funder remits payment prior to performance of associated deliverables. Deferred membership revenue for the year ended December 31, 2022 was \$41,125.

Refundable advances consist primarily of conditional grant payments received prior to the incurrence of allowable grant expenditures and are refundable to the grantor if not used for grant purposes. For the year end ended December 31, 2023, the Organization had refundable advances totaling \$511,235.

FORTH AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2022

NOTE H – NOTE PAYABLE

In July 2021, Forth obtained a loan from the U.S. Small Business Administration in the amount of \$500,000, pursuant to the Economic Injury Disaster Loan program, which is designed to provide economic relief to nonprofit organizations and businesses that are currently experiencing a temporary loss of revenue due to COVID-19.

The note bears interest at 2.75% and required monthly payments of \$2,210 beginning in July of 2022, to be applied initially to accrued interest, and interest and principal thereafter. Final payment of interest and principal is due in June of 2050. The note is secured by all assets of the Organization. Interest expense accrued as of December 31, 2022 is \$24,475. All payments made during 2022 will be applied to deferred interest.

Future minimum loan payments as of December 31, 2022 are as follows:

Year Ending December 31,	
2023	\$ 12,620
2024	12,971
2025	13,333
2026	13,704
Thereafter	<u>458,587</u>
Total	<u>\$ 511,215</u>

NOTE I – RESTRICTIONS ON NET ASSETS

The Organization's net assets with donor restrictions are subject to the following purpose or timing restrictions as of December 31, 2022:

Towards Equitable Electric Mobility	\$ 599,113
Cascadia Mobility	328,532
National Charging Support	232,175
Agricultural Electrification	153,800
Oregon/Washington Policy Work	70,715
Clean Fuels Program	25,951
Diversity, Equity, Inclusion	25,000
Yellow Cab & Electrify Ways to work	21,279
HR/Admin Support	4,030
Encore Fellow Program	<u>5,000</u>
	<u>\$ 1,465,595</u>

FORTH AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2022

NOTE J – 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, 2022, the Organization held cash covered by FDIC limits.

NOTE K – RETIREMENT PLAN

The Organization offers a tax-deferred 401(k) plan for all eligible employees. Forth provides a contribution of 3% of employee compensation after six months of employment. Employer contributions to the Plan for the year ended December 31, 2022 were \$63,886.

NOTE L – CONTRACT PAYABLE

The Organization is lead agency for a contract with Washington DOT. At December 31, 2022 the Organization had a requirement to reimburse a number of its subrecipients under the contract that allow the Organization to first be paid by the government agency and then pay the subcontractor for the purpose of acquisition, construction and operation of EV stations in Washington. At December 31, 2022 this totaled \$3,576,262

NOTE M – LIQUIDITY

The following chart represents the Organization's financial assets available to meet cash needs for general expenditures within one year of December 31, 2022:

Financial assets at year-end	
Cash and cash equivalents	\$ 1,890,063
Grants and contracts receivable	<u>4,580,345</u>
Total financial assets	<u>6,470,408</u>
Less those unavailable for general expenditure within one year due to:	
Contractual or donor-imposed restrictions	(1,426,796)
Contract payable	<u>(3,756,262)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,287,350</u>

As part of its liquidity management, the Organization's policy is to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due. In addition, the Organization invests cash in excess of current requirements in short-term investments.

FORTH AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2022

NOTE N – SUBSEQUENT EVENTS

Subsequent events have been evaluated through March 4, 2024, 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, 2022

ASSETS

	Forth	Forth Mobility Fund	Eliminations	Consolidated
Cash and cash equivalents	\$ 237,645	\$ 1,652,418	\$ -	\$ 1,890,063
Grants and contracts receivable	4,733,337	4,231,207	(4,384,199)	4,580,345
Prepaid expense	61,852	-	-	61,852
Equipment, net	163,583	-	-	163,583
Operating lease right of use	212,856	-	-	212,856
Total assets	\$ 5,409,273	\$ 5,883,625	\$ (4,384,199)	\$ 6,908,699

LIABILITIES AND NET ASSETS

Accounts payable	\$ 473,773	\$ 4,108,698	\$ (4,384,199)	\$ 198,272
Contract payable	3,576,262	-	-	3,576,262
Accrued compensation	260,443	-	-	260,443
Deferred revenue	41,125	-	-	41,125
Refundable advances	417,874	-	-	417,874
Note payable	511,215	-	-	511,215
Operating lease liability	216,523	-	-	216,523
Total liabilities	5,497,215	4,108,698	(4,384,199)	5,221,714
Net assets				
Without donor restrictions	(87,942)	309,332	-	221,390
With donor restrictions	-	1,465,595	-	1,465,595
Total net assets	(87,942)	1,774,927	-	1,686,985
Total liabilities and net assets	\$ 5,409,273	\$ 5,883,625	\$ (4,384,199)	\$ 6,908,699

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, 2022

	Forth	Forth Mobility Fund	Eliminations	Consolidated
Revenues and other support				
Foundation grants	\$ 4,621,192	\$ 2,152,700	\$ (4,666,092)	\$ 2,107,800
Clean fuels program	82,500	25,951	(82,500)	25,951
Government contracts	1,370,614	4,496,984	(61,924)	5,805,674
Paycheck Protection Program grant	-	3,335	-	3,335
Membership contributions	278,050	-	-	278,050
Program fees	2,377,312	249,931	(1,575,000)	1,052,243
Event income	355,747	-	-	355,747
Sponsorship	421,355	120,500	(8,500)	533,355
Other income	37,764	-	-	37,764
Interest income	464	5,364	-	5,828
Total revenues and other support	9,544,998	7,054,765	(6,394,016)	10,205,747
Expenses				
Program services	8,905,165	6,394,016	(6,394,016)	8,905,165
Supporting services				
Management	658,791	-	-	658,791
Fundraising	386,083	-	-	386,083
Total expenses	9,950,039	6,394,016	(6,394,016)	9,950,039
Change in net assets	(405,041)	660,749	-	255,708
Net assets, beginning of year	317,099	1,114,178	-	1,431,277
Net assets, end of year	\$ (87,942)	\$ 1,774,927	\$ -	\$ 1,686,985

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