

**CENTER FOR TRANSPORTATION
AND THE ENVIRONMENT, INC.**

**CONSOLIDATED FINANCIAL
STATEMENTS**

DECEMBER 31, 2024

With Independent Auditor's Report Thereon

CENTER FOR TRANSPORTATION AND THE ENVIRONMENT, INC.
DECEMBER 31, 2024
TABLE OF CONTENTS

Independent Auditor's Report	1-2
Consolidated Financial Statements	
Consolidated Statement of Financial Position	3
Consolidated Statement of Activities	4
Consolidated Statement of Functional Expenses	5
Consolidated Statement of Cash Flows	6
Notes to the Financial Statements	7-15
Single Audit Section	
Schedule of Expenditures of Federal Awards	17
Notes to Schedule of Expenditures of Federal Awards	18
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	19-20
Independent Auditor's Report on Compliance For Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	21-23
Schedules of Findings and Questioned Costs	24-25

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Officers of
Center for Transportation and the Environment, Inc.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying financial statements of Center for Transportation and the Environment, Inc. ("CTE") (a nonprofit organization), which comprise the consolidated statement of financial position as of December 31, 2024, and the related consolidated statement of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of CTE as of December 31, 2024, 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 Consolidated Financial Statements section of our report. We are required to be independent of the CTE 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 opinions.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the CTE's ability to continue as a going concern within one year after the date that the consolidated 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 consolidated 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 consolidated 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.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 CTE'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the CTE'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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 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 schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the consolidated 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 May 5, 2025 on our consideration of the CTE'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 CTE'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 CTE's internal control over financial reporting and compliance.

Morrow, Georgia
May 5, 2025

CENTER FOR TRANSPORTATION AND THE ENVIRONMENT, INC.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2024

ASSETS

CURRENT ASSETS

Cash	\$ 2,181,768
Accounts receivable, net of allowance for credit losses	2,325,468
Unbilled receivables	1,462,708
Prepays	<u>115,092</u>

TOTAL CURRENT ASSETS	6,085,036
----------------------	-----------

PROPERTY AND EQUIPMENT, NET	47,282
-----------------------------	--------

OPERATING RIGHT-OF-USE ASSET	702,961
------------------------------	---------

DEPOSITS	<u>26,895</u>
----------	---------------

TOTAL ASSETS	<u>\$ 6,862,174</u>
--------------	---------------------

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 232,436
Due to subcontractors/subrecipients	818,944
Payroll liabilities	144,236
Unearned membership dues	354,362
Deferred project revenue	1,557,297
Operating lease liability – short-term	<u>419,048</u>

TOTAL CURRENT LIABILITIES	3,526,323
---------------------------	-----------

LONG-TERM OPERATING LEASE LIABILITY	<u>157,321</u>
-------------------------------------	----------------

TOTAL LIABILITIES	3,683,644
-------------------	-----------

NET ASSETS

Without donor restrictions	<u>3,178,530</u>
----------------------------	------------------

TOTAL LIABILITIES AND NET ASSETS	<u>\$ 6,862,174</u>
----------------------------------	---------------------

The accompanying notes are an integral part of these financial statements.

CENTER FOR TRANSPORTATION AND THE ENVIRONMENT, INC.
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2024

	<u>Without Donor Restrictions</u>
REVENUES AND OTHER SUPPORT	
Research and development projects:	
Project management	\$ 9,429,312
Passed through to subcontractors/subrecipients	<u>8,097,833</u>
Total research and development projects	17,527,145
Membership dues	1,096,373
Event revenue	906,646
Contributions	2,251
Other revenue	<u>76,543</u>
TOTAL REVENUES AND OTHER SUPPORT	19,608,958
EXPENSES	
Program activities	15,391,936
Management and general	<u>4,026,601</u>
TOTAL EXPENSES	<u>19,418,537</u>
INCREASE IN NET ASSETS	190,421
NET ASSETS AT BEGINNING OF YEAR	<u>2,988,109</u>
NET ASSETS AT END OF YEAR	\$ <u>3,178,530</u>

The accompanying notes are an integral part of these financial statements.

CENTER FOR TRANSPORTATION AND THE ENVIRONMENT, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2024

	<u>Program activities</u>	<u>Management and general</u>	<u>Total</u>
Personnel costs	\$ 5,461,149	\$ 2,677,084	\$ 8,138,233
Subcontractors/subrecipients	8,097,833	-	8,097,833
Special programs	518,216	-	518,216
Professional services	12,927	499,327	512,254
Travel	277,904	153,495	431,399
Office rental and parking	257,571	138,691	396,262
Convention and meeting	275,905	101,690	377,595
Office expenses	208,140	143,886	352,026
Advocacy/lobbying expenses	175,999	-	175,999
Credit loss expense	-	146,814	146,814
Insurance	-	111,801	111,801
Association dues	54,473	25,927	80,400
Telephone	38,427	20,674	59,101
Depreciation	<u>13,392</u>	<u>7,212</u>	<u>20,604</u>
 TOTAL EXPENSES	 \$ <u>15,391,936</u>	 \$ <u>4,026,601</u>	 \$ <u>19,418,537</u>

The accompanying notes are an integral part of these financial statements.

CENTER FOR TRANSPORTATION AND THE ENVIRONMENT, INC.
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2024

CASH FLOWS FROM OPERATING ACTIVITIES	
Increase in net assets	\$ 190,421
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation	20,603
Amortization of operating right-of-use asset	284,549
Provision for credit losses	13,230
Changes in assets and liabilities:	
Decrease in accounts receivable	438,220
Decrease in government grant receivable	398,103
Decrease in unbilled receivables	3,037,543
Decrease in prepaids	42,342
Increase in accounts payable	30,566
Decrease in due to subcontractors/subrecipients	(5,812,041)
Decrease in payroll liabilities	(30,846)
Increase in unearned membership dues	107,488
Increase in deferred project revenue	676,748
Decrease in operating lease liability	<u>(408,053)</u>
NET CASH USED IN OPERATING ACTIVITIES	(1,011,127)
NET CASH PROVIDED BY INVESTING ACTIVITIES	-
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>-</u>
NET CHANGE IN CASH	(1,011,127)
CASH AT BEGINNING OF YEAR	<u>3,192,895</u>
CASH AT END OF YEAR	<u>\$ 2,181,768</u>

The accompanying notes are an integral part of these financial statements.

CENTER FOR TRANSPORTATION AND THE ENVIRONMENT, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

1. ORGANIZATION

Center for Transportation and the Environment, Inc. (CTE), formerly the Southern Coalition for Advanced Transportation (SCAT), is a 501(c)(3) organization founded in 1993 and based in Atlanta Georgia. CTE has facilitated funds from the Departments of Defense, Energy, Interior, and Transportation, and the U.S. Army. CTE continues to focus on being a leader in facilitating rapid development, commercialization, public understanding, and acceptance of advanced transportation technologies.

As a member-based non-profit, non-governmental organization, CTE seeks to bring people together to advance clean, sustainable, innovative transportation and energy technologies. For over 30 years, CTE has connected US technology providers with federal and state partners in a comprehensive, community-based effort aimed at introducing advanced transportation and energy technologies into the global marketplace.

Formed in 2015, ZEBRA is a national professional association to share lessons learned about zero emission buses (ZEB). CTE provides administrative and technical support to ZEBRA members.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows.

Principles of consolidation

The financial statements consolidate the accounts of Center for Transportation and the Environment, Inc. and ZEBRA (hereafter, collectively referred to as CTE). Any interorganizational accounts and transactions have been eliminated in the consolidation.

Basis of accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP").

CTE classifies its net assets and revenues and expenses, gains and losses based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of CTE and changes therein are classified and reported as follows:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objective of the organization. These net assets may be used at the discretion of CTE's management and the board of directors.

CENTER FOR TRANSPORTATION AND THE ENVIRONMENT, INC.
NOTES TO FINANCIAL STATEMENTS – Continued

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Basis of accounting - continued

Net assets with donor restrictions - Net assets subject to stipulations imposed by donors, and grantors. All donor restrictions are temporary in nature; those restrictions will be met by actions of the organization or by the passage of time.

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions. CTE has no net assets with donor restrictions.

Cash and cash equivalents

CTE considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. For the year ended December 31, 2024, CTE had no cash equivalents.

Financial instruments

The financial instruments shown as assets and liabilities in the consolidated statements of financial position are traditional in nature. The carrying value of cash and cash equivalents and all other financial instruments, including receivables and payables, approximate their fair value.

Receivables and credit policies

Accounts receivable consist primarily of noninterest-bearing amounts due for research and development projects and membership dues. CTE determines the allowance for credit losses based on historical experience, an assessment of economic conditions and their effect on future collections, and a review of subsequent collections. Accounts receivables are written off when deemed uncollectable. At December 31, 2024, the allowance for credit losses was \$113,952. The receivables at January 1, 2024 and December 31, 2024, were \$2,776,918 and \$2,325,468, respectively.

Property and equipment

Property and equipment are carried at cost if purchased, or if donated, at fair value on the date of donation. Property and equipment are capitalized if the cost of an asset is greater than or equal to \$2,500 and the useful life is greater than one year. Depreciation is provided using the straight-line method over the estimated useful lives of three to ten years.

CENTER FOR TRANSPORTATION AND THE ENVIRONMENT, INC.
NOTES TO FINANCIAL STATEMENTS – Continued

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Revenue recognition

CTE recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met.

Research and development projects

Performance obligations related to CTE's research and development projects are transferred to the customer over time. The principal terms of revenue recognition are ratably over the term of the contract as CTE satisfies the promised obligations. Payment terms vary from payments due up front, to payments due per agreed upon payment schedule; therefore, contract assets and contract liabilities may exist at year end.

Contract terms vary, therefore, CTE may exercise judgment based on individual contract terms whether it has satisfied its performance obligations and revenue recognition. CTE's contracts for project management do not contain variable consideration and contract modifications are generally minimal. There is no contingent revenue.

A portion of CTE's research and development projects are paid based upon milestones. Milestone revenue is recognized based on progress towards completion of the performance obligation using the input method or more specifically the cost-to-cost measure of progress for contracts because it best depicts the transfer of control to the customer. Under the cost-to-cost measure of progress, the extent of progress towards completion is measured based on the ratio of costs incurred to date to the total estimated costs at completion of the performance obligation.

The underlying basis for estimating contract revenues are direct expenses, such as labor, subcontractor costs, materials and other direct costs, plus allocated indirect costs, plus a pro-rata allocation of expected fee.

The timing of revenue recognition may not align with the right to invoice the customer. CTE records accounts receivable when it has the unconditional right to issue an invoice and receive payment, regardless of whether revenue has been recognized. If revenue has not yet been recognized, a contract liability is also recorded. Contract liabilities are shown on the consolidated statement of financial position as deferred project revenues. If revenue is recognized in advance of the right to invoice, a contract asset is recorded.

Revisions in estimates between accounting periods to reflect changing facts and circumstances have not had a material impact on CTE's operating results, and future changes in these estimates are not expected to be material. The cumulative impact of any revisions to estimates and the full impact of anticipated losses on any type of contract are recognized in the period in which they become known.

CENTER FOR TRANSPORTATION AND THE ENVIRONMENT, INC.
NOTES TO FINANCIAL STATEMENTS – Continued

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Revenue recognition - continued

Research and development projects - continued

A portion of CTE's research and development projects are derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. CTE exercises judgment regarding what constitutes a reimbursable cost per compliance with federal regulations. Amounts received are recognized as revenue when CTE has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as deferred project revenue in the consolidated statement of financial position. CTE received \$1,557,297 in advance payments for the year ended December 31, 2024.

Membership dues

Performance obligations related to membership revenue is transferred to the customer over time. The principal terms of revenue recognition is the term of the membership, which is typically one year with memberships beginning at various points during the calendar year. Payment is due in full at the beginning of the membership; therefore, contract liabilities may exist at year end. Contract liabilities are shown on the consolidated statement of financial position as unearned membership dues.

The contract terms are straightforward and do not involve significant judgment in the timing or amount of revenue recognized. CTE's contracts for memberships do not contain variable consideration and contract modifications are generally minimal. There is no contingent revenue.

Event revenue

Event revenue consists primarily of sponsorships and exhibitor fees. Performance obligations related to events are transferred to the customer at a point in time, and is recognized at the beginning of the event. Payment is generally due in full prior to the event; therefore, contract liabilities may exist at year end.

The contract terms are straightforward and do not involve significant judgment in the timing or amount of revenue recognized. CTE's contracts for events do not contain variable consideration and contract modifications are generally minimal. There is no contingent revenue.

Contract assets

Contract assets are shown on the consolidated statement of financial position as unbilled receivables. In services contracts, CTE performs the services prior to billing the client. Billings usually occur in the month after the company performs the services or in accordance with specific contractual provisions. The amounts may not exceed their estimated net

CENTER FOR TRANSPORTATION AND THE ENVIRONMENT, INC.
NOTES TO FINANCIAL STATEMENTS – Continued

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Revenue recognition - continued

Contract assets - continued

realizable value. Unbilled receivables are classified as current based on our contract operating cycle. The unbilled receivables at January 1, 2024 and December 31, 2024 were \$4,500,251 and \$1,462,708, respectively.

Disaggregation of Revenue

	<u>2024</u>
Over time:	
Research and development projects	\$ 17,527,145
Membership dues	<u>1,096,373</u>
	\$ 18,623,518
Point in time:	
Event revenue	<u>\$ 906,646</u>
	\$ 906,646

Functional expenses

The consolidated financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of CTE. Those expenses including building and occupancy which are allocated on a square footage basis, as well as salaries and wages, payroll taxes, office expenses, and insurance, which are allocated on the basis of estimates of time and effort.

Estimates

Management of CTE makes estimates and assumptions related to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities to prepare the consolidated financial statements in conformity with GAAP. Actual results could differ from these estimates.

Income taxes

CTE qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, accordingly, is only subject to federal or state income taxes on specific types of income from activities that are unrelated to its exempt purpose. CTE had no income from unrelated activities and has no income taxes due as of December 31, 2024.

CTE's application of ASC 740 regarding uncertain tax positions had no effect on its financial position as management believes CTE has no material unrecognized income tax benefits, including any potential risk of loss of its not-for-profit tax status. CTE would account for any potential interest or penalties related to possible future liabilities for unrecognized income tax benefits as income tax expense. CTE is no longer subject to examination by federal, state or local tax authorities for periods before 2021.

CENTER FOR TRANSPORTATION AND THE ENVIRONMENT, INC.
NOTES TO FINANCIAL STATEMENTS – Continued

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Subsequent events

Subsequent events have been evaluated through May 5, 2025, which is the date the consolidated financial statements were available to be issued.

3. LINE OF CREDIT

CTE has a revolving demand master borrowing loan agreement whereby CTE may borrow up to \$1,200,000 at lender's prime rate plus 1.40% per annum. The agreement is collateralized by various assets of CTE. There was no outstanding balance on this loan at December 31, 2024. There was no interest expense related to the line of credit for the year ended December 31, 2024.

4. AVAILABILITY AND LIQUIDITY

The following represents CTE's financial assets at December 31, 2024, reduced by amounts not available for expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year.

Financial assets:

Cash	\$ 2,181,768
Accounts receivable, net	2,325,468
Unbilled receivables	<u>1,462,708</u>

Financial assets available to meet cash needs for
general expenditures within one year

\$ 5,969,944

Center for Transportation and the Environment, Inc.'s goal is to maintain financial assets sufficient to meet at least 60 days in operating expenses. It seeks to prudently allocate these funds among cash and longer-term investments. CTE has an additional \$1,200,000 available on their committed line of credit which could be drawn upon in the event of an unanticipated need.

5. RESEARCH AND DEVELOPMENT PROJECT REVENUES

CTE administers various federal, state and private grants and contracts that require performing managerial and technical functions, as well as coordinating program efforts with subcontractors and subrecipients. Under most agreements, CTE has ultimate responsibility for the programs' financial performance, operations and technical results. Therefore, all revenues from grants and contracts including any revenues passed to subcontractors and subrecipients are reported as revenue on CTE's financial statements.

CENTER FOR TRANSPORTATION AND THE ENVIRONMENT, INC.
NOTES TO FINANCIAL STATEMENTS – Continued

5. RESEARCH AND DEVELOPMENT PROJECT REVENUES (continued)

Certain program funds are paid to subcontractors and subrecipients who operate under various participation agreements or program guidelines and complete the applicable requirements under those agreements or guidelines. Approved requests for reimbursement from subcontractors or subrecipients are recorded as “Due to subcontractors/subrecipients” and are classified as current on the consolidated statement of financial position.

6. BENEFIT PLAN

CTE has a 401(k) for full-time employees. Pursuant to the Plan, CTE will match an employee’s contribution 2 for 1 up to 4% for the benefit of its employees. Expense for the 401(k) match was \$476,313 in 2024, and the 401(k) fee was \$6,683 in 2024.

7. ACCRUED VACATION

CTE provides vacation and sick pay for its employees. Accrued vacation is payable upon termination. Total accrued vacation hours were 2,229, representing \$123,007 in payroll liabilities at December 31, 2024.

8. CONCENTRATION OF RISK

Concentration of Cash Balances

CTE maintains its funds with a financial institution that insures cash balances up to \$250,000 as of December 31, 2024, through the Federal Deposit Insurance Corporation. As of December 31, 2024, CTE held funds of \$1,932,640 that exceeded the insured limits. CTE performs on-going evaluations of the financial institution to limit its concentration of credit risk exposure. CTE has not experienced any losses in such accounts and management believes that CTE is not exposed to any significant credit risk related to cash.

Concentration of Accounts Receivable

The financial instruments which potentially subject CTE to credit risk are primarily accounts receivables. The primary accounts receivable balance outstanding at December 31, 2024 consists of government contracts receivable due from other nonprofit, state and federal granting agencies. For the year ended December 31, 2024, one state government agency accounted for 14% of receivables.

Concentration of Revenues

CTE’s revenue is received from federal and state government agencies as well as private organizations, primarily under cost reimbursement or fixed price contracts. For the year ended December 31, 2024, one state government agency and one regional government agency accounted for 29% of revenues.

CENTER FOR TRANSPORTATION AND THE ENVIRONMENT, INC.
NOTES TO FINANCIAL STATEMENTS – Continued

8. CONCENTRATION OF RISK (continued)

Concentration of Vendors

For the year ended December 31, 2024, CTE had significant concentrations with one vendor. The vendor accounted for approximately 19% of total expenses. CTE is reliant on vendors for goods and services. While management believes that alternative vendors could be identified, a disruption in the availability or terms of service from these vendors could adversely affect operations. The organization continues to monitor and manage vendor relationships to mitigate potential risk from overconcentration.

9. PROPERTY AND EQUIPMENT, NET

Property and equipment at December 31, 2024 consisted of the following:

Automobile	\$ 78,353
Furniture and equipment	62,554
Computers	63,974
Software	41,513
Leasehold improvements	24,849
Less accumulated depreciation	<u>(223,961)</u>
	<u>\$ 47,282</u>

10. LEASING ACTIVITIES

CTE leases office space under various operating leases expiring at various dates through March 2027. They assess whether an arrangement qualifies as a lease (i.e., conveys the right to control the use of an identified asset for a period of time in exchange for consideration) at inception and only reassesses its determination if the terms and conditions of the arrangement are changed.

For operating office leases, CTE applies a portfolio approach to effectively account for the operating lease ROU assets and liabilities. Leases with an initial term of 12 months or less are not recorded on the statement of financial position. Lease expense is recognized for these leases on a straight-line basis over the lease term.

Operating lease right-of-use asset and liability are recognized based on the present value of the future minimum lease payments over the lease term at commencement date. Since CTE's lease did not provide an implicit rate, to determine the present value of lease payments, management used CTE's incremental borrowing rate based on the information available at lease commencement. The operating lease right-of-use asset is adjusted for any prepaid or accrued lease payments.

CENTER FOR TRANSPORTATION AND THE ENVIRONMENT, INC.
NOTES TO FINANCIAL STATEMENTS – Continued

10. LEASING ACTIVITIES (continued)

The following summarizes the line items in the statement of financial position which include amounts for operating leases as of December 31, 2024:

Operating Leases

Right-of-use asset – operating lease	<u>\$ 702,961</u>
Operating lease liabilities – short term	\$ 419,048
Operating lease liabilities – long term	<u>157,321</u>
Total operating lease liabilities	<u>\$ 576,369</u>

Supplemental Cash Flows Information for the year ended December 31, 2024:

Cash paid for amounts included in the measurement of lease liabilities:

Operating cash flows from operating leases	\$ 446,065
--	------------

Weighted Average Remaining Lease Term

Operating leases	27 months
------------------	-----------

Weighted Average Discount Rate

Operating leases	4.75%
------------------	-------

Future minimum lease payments under non-cancellable leases as of December 31, 2024 were as follows:

Year Ending December 31,	
2025	\$ 437,053
2026	137,914
2027	<u>24,199</u>
Total lease payments	599,166
Less: imputed interest	<u>(22,797)</u>
Present value of lease liabilities	<u>\$ 576,369</u>

11. RISKS AND UNCERTAINTIES

CTE receives funding from various sources, including individual and corporate donations, sponsorships, and government grants. Federal grant funding represents approximately 8% of total revenues and is subject to annual budget appropriations by the U.S. government. While management does not anticipate significant changes to this funding, future federal budget decisions could impact the availability of such grants. However, due to the limited percentage of total revenue derived from federal grants, management does not expect any material effect on the Organization's financial position or operations.

SINGLE AUDIT SECTION

CENTER FOR TRANSPORTATION AND THE ENVIRONMENT, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
DECEMBER 31, 2024

<u>Federal Grantor/Pass-through Grantor/ Program or Cluster Title</u>	<u>Pass-through Entity Identifying Number</u>	<u>Federal ALN #</u>	<u>Passed through to Subrecipients</u>	<u>Revenue / Expenditures</u>
Research and Development Cluster				
Department of Transportation -				
<i>Direct Federal</i>				
Public Transportation Innovation	N/A	20.530	\$ 85,889	\$ 622,250
<i>Passed Through National Academy of Sciences</i>				
Public Transportation Innovation	H-61	20.530	49,925	161,342
Department of Energy -				
<i>Passed Through American Lung Association</i>				
Conservation Research and Development	N/A	81.086	-	44,019
<i>Direct Federal</i>				
Renewable Energy Research and Development	N/A	81.087	271,619	409,498
<i>Passed Through ARCHES H2 LLC</i>				
Clean Energy Demonstrations	21	81.255	-	147,162
Total Research and Development Cluster			407,433	\$ 1,384,271
Federal Transit Cluster				
Department of Transportation -				
<i>Passed Through Hawaii DOT</i>				
Bus and Bus Facilities Formula Program	69523	20.526	-	120,650
Total Federal Transit Cluster			-	120,650
Department of Transportation -				
<i>Passed through University of Utah</i>				
Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research	10062676-CTE	20.505	-	3,834
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 407,433	\$ 1,508,755

CENTER FOR TRANSPORTATION AND THE ENVIRONMENT, INC.
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
DECEMBER 31, 2024

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal grant activity of Center for Transportation and the Environment, Inc. under programs of the federal government for the year ended December 31, 2024. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized, as applicable, by following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3 - Indirect Costs

Center for Transportation and the Environment, Inc. has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

To the Board of Directors
Center for Transportation and the Environment, Inc.

We have audited, in accordance with the 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, the financial statements of Center for Transportation and the Environment, Inc. ("CTE") (a nonprofit organization), which comprise the statement of financial position as of December 31, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 5, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered CTE's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of CTE's internal control. Accordingly, we do not express an opinion on the effectiveness of CTE's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether CTE's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in blue ink, appearing to read "Julia Zankell".

Morrow, Georgia
May 5, 2025

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE
UNIFORM GUIDANCE

To the Board of Directors
Center for Transportation and the Environment, Inc.

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Center for Transportation and the Environment, Inc.'s ("CTE") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of CTE's major federal programs for the year ended December 31, 2024. CTE's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, CTE complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of CTE and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of CTE's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to CTE's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on CTE's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about CTE's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 CTE's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of CTE's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of CTE's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on

a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in blue ink, appearing to read "Julian K. K. K. K. K.", is positioned above the date and location.

Morrow, Georgia
May 5, 2025

CENTER FOR TRANSPORTATION AND THE ENVIRONMENT, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2024

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: **Unmodified**

Internal control over financial reporting:

	<u>Yes</u>	<u>No</u>	<u>None Reported</u>
• Material weakness(es) identified?	<u> </u>	<u> X </u>	
• Significant deficiencies identified that are not considered to be material weaknesses?	<u> </u>	<u> </u>	<u> X </u>
Noncompliance material to financial statements noted?	<u> </u>	<u> X </u>	

Federal Awards

Internal control over major programs:

• Material weakness(es) identified?	<u> </u>	<u> X </u>	
• Significant deficiencies identified that are not considered to be material weaknesses?	<u> </u>	<u> </u>	<u> X </u>

Type of auditor’s report issued on compliance for
Major programs: **Unmodified**

Any audit findings disclosed that are required to
be reported in accordance with 2 CFR section 200.516(a)
of the Uniform Guidance?

 X

Identification of Major Programs:

CFDA Number(s), Program Title, and Cluster
Research and Development Cluster
20.530 Public Transportation Innovation
81.086 Conservation Research and Development
81.087 Renewable Energy Research and Development
81.255 Clean Energy Demonstrations

CENTER FOR TRANSPORTATION AND THE ENVIRONMENT, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2024

Section I – Summary of Auditor’s Results – Continued

Dollar threshold used to distinguish between
type A and type B programs:

\$750,000

Yes

No

Auditee qualified as low-risk auditee?

X

Section II – Financial Statement Findings

None reported.

Section III – Federal Award Findings and Questioned Costs

None reported.