

BICYCLE TRANSPORTATION ALLIANCE

FINANCIAL STATEMENTS

August 31, 2010

With

Independent Auditors' Report

**BICYCLE TRANSPORTATION ALLIANCE
AUGUST 31, 2010**

CONTENTS

	<u>Page</u>
INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS:	
Statement of Financial Position	2
Statement of Activities	3
Statement of Functional Expenses	4
Statement of Cash Flows	5
Notes to Financial Statements	6-12

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Bicycle Transportation Alliance
Portland, Oregon

We have audited the accompanying statement of financial position of Bicycle Transportation Alliance (a not-for-profit organization) as of August 31, 2010, and the related statements of activities, functional expenses, and cash flows for the eight months then ended. These financial statements are the responsibility of Bicycle Transportation Alliance's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior period summarized comparative information has been derived from the financial statements of Bicycle Transportation Alliance as of December 31, 2009, and in our report dated May 27, 2010, we expressed an unqualified opinion on those statements.

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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Bicycle Transportation Alliance as of August 31, 2010, and the changes in its net assets and its cash flows for the eight months then ended in conformity with accounting principles generally accepted in the United States of America.

James E. Richman, CPA, PC

November 23, 2010

BICYCLE TRANSPORTATION ALLIANCE
STATEMENT OF FINANCIAL POSITION
August 31, 2010
(with comparative amounts as of December 31, 2009)

	2010	2009
<u>ASSETS</u>		
Cash and equivalents	\$ 360,881	\$ 287,681
Contracts and other receivables	48,252	135,967
Unconditional promises to give	37,640	68,882
Prepaid expenses and deposits	21,142	17,064
Inventories	2,018	2,224
Furniture and equipment	37,406	39,280
TOTAL ASSETS	\$ 507,339	\$ 551,098
<u>LIABILITIES AND NET ASSETS</u>		
LIABILITIES:		
Accounts payable	\$ 16,241	\$ 21,505
Accrued payroll and vacation	64,249	18,499
Total liabilities	80,490	40,004
NET ASSETS:		
Unrestricted:		
Available for general operations	279,538	326,632
Invested in property and equipment	37,406	39,280
Total unrestricted	316,944	365,912
Temporarily restricted	109,905	145,182
Total net assets	426,849	511,094
 TOTAL LIABILITES AND NET ASSETS	 \$ 507,339	 \$ 551,098

See accompanying notes to financial statements.

BICYCLE TRANSPORTATION ALLIANCE
STATEMENT OF ACTIVITIES
For the Eight Months Ended August 31, 2010

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
SUPPORT AND REVENUES:			
Government contracts	\$ 261,127	\$ -	\$ 261,127
Private grants and contributions	268,766	52,144	320,910
In-kind donations	36,453	-	36,453
Fees for service	19,785	-	19,785
Special events admissions and fees	35,450	-	35,450
Merchandise sales	23,370	-	23,370
Less: cost of merchandise sold	(2,488)	-	(2,488)
Other	10,648	-	10,648
	<u>653,111</u>	<u>52,144</u>	<u>705,255</u>
Net assets released from restrictions	87,421	(87,421)	-
Total support and revenues	<u>740,532</u>	<u>(35,277)</u>	<u>705,255</u>
EXPENSES:			
Program services	510,721	-	510,721
Administration	94,683	-	94,683
Fund-raising	184,096	-	184,096
	<u>789,500</u>	<u>-</u>	<u>789,500</u>
CHANGE IN NET ASSETS	(48,968)	(35,277)	(84,245)
NET ASSETS, BEGINNING OF PERIOD	<u>365,912</u>	<u>145,182</u>	<u>511,094</u>
NET ASSETS, END OF PERIOD	<u>\$ 316,944</u>	<u>\$ 109,905</u>	<u>\$ 426,849</u>

See accompanying notes to financial statements.

**BICYCLE TRANSPORTATION ALLIANCE
STATEMENT OF FUNCTIONAL EXPENSES
For the Eight Months Ended August 31, 2010**

	Advocacy	Education	Encouragement	Total Program Services	Admini- stration	Fund- Raising	Total Expenses
Salaries	\$ 68,982	\$ 127,067	\$ 98,368	\$ 294,417	\$ 47,603	\$ 45,803	\$ 387,823
Payroll taxes	7,262	13,520	10,007	30,789	4,917	4,595	40,301
Employee benefits	8,769	16,077	12,848	37,694	7,033	9,744	54,471
Professional fees	3,387	11,612	13,991	28,990	9,817	35,152	73,959
Grant disbursements	-	16,607	-	16,607	-	-	16,607
Occupancy	6,022	11,040	6,022	23,084	2,759	6,691	32,534
Technology services	352	715	2,210	3,277	178	4,555	8,010
Telephone & internet	592	1,085	612	2,289	408	675	3,372
Supplies	158	17,673	566	18,397	553	654	19,604
Printing & publications	298	404	2,193	2,895	68	2,419	5,382
Postage & delivery	106	982	5,369	6,457	231	218	6,906
Facility & equipment rental	1,152	2,457	1,180	4,789	832	44,549	50,170
Repairs & maintenance	43	1,184	43	1,270	27	548	1,845
Travel	5,256	2,687	149	8,092	3,184	146	11,422
Training & conferences	2,220	856	211	3,287	99	50	3,436
Mbsbns. & subscriptions	1,638	33	37	1,708	115	58	1,881
Insurance	694	1,273	694	2,661	-	642	3,303
Meals & meetings	305	1,104	5,116	6,525	335	21,341	28,201
Marketing & advertising	30	-	-	30	-	500	530
Depreciation	1,700	3,116	1,700	6,516	1,039	1,889	9,444
Other	1,542	5,574	3,831	10,947	15,485	3,867	30,299
	<u>\$ 110,508</u>	<u>\$ 235,066</u>	<u>\$ 165,147</u>	<u>\$ 510,721</u>	<u>\$ 94,683</u>	<u>\$ 184,096</u>	<u>\$ 789,500</u>

See accompanying notes to financial statements.

BICYCLE TRANSPORTATION ALLIANCE
STATEMENT OF CASH FLOWS
For the Eight Months Ended August 31, 2010

CASH FLOWS FROM OPERATING ACTIVITIES:

Cash received from governmental agencies	\$ 348,842
Cash received from donors and others	438,581
Interest and dividends received	336
Cash paid to employees	(351,338)
Cash paid to vendors and others	<u>(355,651)</u>
Net cash provided by operating activities	80,770

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchases of furniture and equipment	<u>(7,570)</u>
Net cash used in investing activities	<u>(7,570)</u>

NET INCREASE IN CASH AND EQUIVALENTS 73,200

CASH AND EQUIVALENTS AT BEGINNING OF PERIOD 287,681

CASH AND EQUIVALENTS AT END OF PERIOD \$ 360,881

See accompanying notes to financial statements.

BICYCLE TRANSPORTATION ALLIANCE
NOTES TO FINANCIAL STATEMENTS
August 31, 2010

NOTE 1 – THE ORGANIZATION

General

The Bicycle Transportation Alliance (BTA) is a private nonprofit organization working to create healthier, sustainable communities by making bicycling safe, convenient and accessible in the state of Oregon. Bicycling transforms communities by reinventing transportation and offering solutions to the universal challenges of health, livability, and the environment. The BTA's funding is principally from membership and individual contributions, corporate contributions, government contracts, and fundraising events.

Fiscal Year Change

Effective the fiscal year beginning September 1, 2010, the BTA will change from a fiscal year end of December 31 to August 31, to more closely match its operating cycle. An eight-month fiscal transition from January 1, 2010 through August 31, 2010 precedes the start of the new fiscal-year cycle.

Nature of Activities

Advocacy: The BTA advocates for bicycling infrastructure and programs at the local and state level and engages community members in our advocacy activities.

Education: The BTA educates children, youth and families to use safe, active transportation to get to and from school or work and throughout their communities.

Encouragement: The BTA engages members and the community in our advocacy, education, and volunteer programs throughout the year.

NOTE 2 –SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

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

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 BTA and changes therein are classified and reported as follows:

Unrestricted net assets are net assets that are not subject to donor-imposed stipulations. Unrestricted net assets include net assets for which the Board of Directors has imposed various internal stipulations as to usage.

Temporarily restricted net assets are net assets subject to donor-imposed stipulations that may or will be met, either by actions of BTA or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Expenses are reported as decreases in unrestricted net assets. 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.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires that management make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. In the opinion of the BTA's management, such differences would not be significant.

Grants and Contributions

Grants and contributions are recognized as revenues in the period the commitment is received. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value.

All grants and contributions are considered available for unrestricted use unless specifically restricted by a donor. Grants and contributions that are received with donor stipulations that limit their use for specific purposes or future use are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restriction. When restrictions are met in the year received, such amounts are reported as unrestricted support in the statement of activities. Membership payments are considered equivalent to unrestricted contributions and are recognized as revenue in the period the commitment is received.

Government Contracts

Government contracts are recognized as revenues when the related expenses have been incurred. Cash received on contracts in excess of related amounts expended is reported as deferred revenues. Receivables are established to the extent that expenses incurred exceed the amount received, up to the amounts stated in the related contract.

Contributions of Long-Lived Assets

Contributions of property and equipment without donor stipulations concerning the use of such long-lived assets are reported as revenues of the unrestricted net asset class. Contributions of cash or other assets to be used to acquire property and equipment with such donor stipulations are reported as revenues of the temporarily restricted net assets class; the restrictions are considered to be released at the time of acquisition of such long-lived assets.

In-Kind Contributions

Significant services received, which create or enhance a nonfinancial asset or require specialized skills that the Organization would have purchased if not donated are recognized in the statement of activities. In-kind contributions of equipment and other materials are recorded where there is an objective basis upon which to value these contributions and where the contributions are an essential part of the Organization's activities. During the eight months ended August 31, 2010, the BTA recorded contributed professional services valued at \$19,390, contributed program supplies valued at \$8,560, and contributed equipment rental valued at \$8,503. The total in-kind recorded was \$36,453.

Cash and Equivalents

For purposes of the statement of cash flows, the BTA considers all cash and other liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Allowance for Doubtful Accounts

The allowance for doubtful accounts reflects the amounts management considers appropriate in relation to the receivables outstanding based on collection experience, economic conditions, and credit risk quality. Management believes the receivables are collectible in full and that no allowance for uncollectible receivables is necessary.

Concentration of Credit Risk

Financial instruments that are exposed to concentrations of credit risk consist of cash, contracts and other receivables, and unconditional promises to give. The BTA deposits its cash in high credit quality institutions. At times such cash deposits may be in excess of the FDIC insurance limits. Contracts, other receivables, and unconditional promises to give are due principally from

governmental entities, foundations, other private entities and various individuals. Realization of these items is dependent on various individual economic conditions. The BTA has ongoing communication with and invoicing of these parties and requires no collateral from them. Amounts are past due when not paid by the end of the month following invoicing or when the donor has not adhered to the agreed upon payment schedule. Receivables are carried at estimated net realizable values. As of August 31, 2010, the BTA had no significant concentrations of credit risk.

Inventories

Inventories are valued at the lower of cost (first-in, first-out method) or market, and consist of promotional merchandise held for resale.

Fixed Assets and Depreciation

Equipment and furniture are carried at cost, and at market value when acquired by gift. Depreciation is provided on a straight-line basis over the estimated useful lives of the respective assets, which is generally five years. The BTA follows the practice of capitalizing all expenditures for equipment and furniture in excess of \$1,000.

Income Taxes

Bicycle Transportation Alliance is exempt from federal and state income taxes under Sections 501(c)(3) of the Internal Revenue Code and comparable state law, and therefore the Organization has made no provision for income taxes in the accompanying financial statements. In addition, BTA has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a) of the Internal Revenue Code. There was no unrelated business income for the 8 months ended August 31, 2010.

The Organization files Form 990 in the U.S. federal jurisdiction. The Organization is no longer subject to U.S. federal tax examinations by tax authorities for years before 2003.

Advertising Expenses

Advertising costs are charged to expense as they are paid.

Functional Allocation of Expenses

The costs of providing the various programs and supporting activities of the BTA have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited in accordance with the BTA's cost allocation plan.

Fair Value of Financial Instruments

Unless otherwise disclosed, the carrying amounts of financial instruments, including cash equivalents, receivables, accounts payable, and accrued payroll and other expenses approximate fair value because of relatively short terms on these instruments.

Summarized Financial Information for 2009

The accompanying financial information as of December 31, 2009 is presented for comparative purposes only and is not intended to represent a complete financial statement presentation. Certain reclassifications have been made to 2009 amounts to conform to the 2010 presentation.

Other Significant Accounting Policies

Other significant accounting policies are set forth in the financial statements and the following notes.

NOTE 3 – CASH EQUIVALENTS

As of August 31, 2010, cash equivalents amounting to \$154,255 are included in the balance of cash and equivalents on the statement of financial position. The cash equivalents consist of investments in money funds that invest in high-quality money market instruments, including primarily short-term debt securities of U.S. and foreign issuers. These short term investments are all categorized as Level 1 investments under SFAS No. 157, and valuation is based on quoted prices (unadjusted) in active markets for identical assets. The investments are not FDIC insured.

NOTE 4 – PROMISES TO GIVE

Unconditional promises to give amounted to \$37,640 as of August 31, 2010, all of which is due within one year. Management believes the receivables are collectible in full and that no allowance for uncollectible pledges and grants is necessary.

NOTE 5 – FURNITURE AND EQUIPMENT

Furniture and equipment consists of the following as of August 31, 2010:

Bicycles	\$ 67,836
Computers and software	47,755
Office furniture and equipment	23,312
	<hr/>
	138,903
Less accumulated depreciation	101,497
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	\$ 37,406
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NOTE 6 – RESTRICTIONS AND LIMITATIONS ON NET ASSET BALANCES

Temporarily restricted net assets as of August 31, 2010 amount to \$109,905, and consist of unexpended grants and contributions received with donor stipulations on their time and manner of use.

NOTE 7 – NET ASSETS RELEASED FROM RESTRICTIONS

During the eight months ended August 31, 2010, net assets amounting to \$87,421 were released from restrictions by incurring expenses which satisfied the specific programmatic and time restrictions imposed on the Organization by donors.

NOTE 8 – RETIREMENT PLAN

The BTA has adopted a 401(k) plan covering substantially all employees. The plan provides for voluntary employee contributions, and employer contributions are made at the discretion of the Board of Directors. During the eight months ended August 31, 2010, the Board did not approve any employer contribution to the plan.

NOTE 9 – LEASING ARRANGEMENTS

The BTA leases its office facilities on an operating lease that expires in June 2011.

The BTA rents a copier under a non-cancellable operating lease for a term of 60 months that began February 2009.

The following is a schedule by years of future minimum payments required under these operating leases:

<u>Year Ending August 31,</u>	
2011	\$ 42,268
2012	8,268
2013	8,268
2014	4,823
Total minimum lease payments	<u>\$ 63,627</u>

The Organization also rents facilities and equipment for various events held during the period on a short term basis.

Total rental expense amounted to \$82,704 during the eight months ended August 31, 2010.

NOTE 10 - CONTINGENCIES

Certain amounts received or receivable under the BTA's revenue contracts are subject to audit and judgment by the contracting agencies. Any expenditures or claims disallowed as a result of such audits would become a liability of the BTA's general operating fund. In the opinion of the BTA's management, any adjustments that might result from such audits would not be material to the BTA's overall financial statements.

NOTE 11- SUBSEQUENT EVENTS

Subsequent events were evaluated through November 23, 2010, which is the date the financial statements were available to be issued.

NOTE 12- STATEMENT OF CASH FLOWS RECONCILIATION

The following presents a reconciliation of the change in net assets (as reported on the statement of activities) to net cash provided by operating activities (as reported on the statement of cash flows):

Change in net assets	\$ (84,245)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation and amortization	9,444
(Increase) decrease in:	
Contracts and other receivables	87,215
Unconditional promises to give	31,742
Prepaid expenses and deposits	(4,078)
Inventories	206
Increase (decrease) in:	
Accounts payable and other accrued liabilities	(13,158)
Accrued payroll and vacation expense	53,644
Total adjustments	<u>165,015</u>
Net cash provided by operating activities	<u>\$ 80,770</u>