

BICYCLE TRANSPORTATION ALLIANCE

FINANCIAL STATEMENTS

August 31, 2012

With

Independent Auditors' Report

**BICYCLE TRANSPORTATION ALLIANCE
AUGUST 31, 2011**

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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, 2012, and the related statements of activities, functional expenses, and cash flows for the year 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 August 31, 2011, and in our report dated November 29, 2011, 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, 2012, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

December 7, 2012

BICYCLE TRANSPORTATION ALLIANCE
STATEMENT OF FINANCIAL POSITION
August 31, 2012
(with comparative amounts as of August 31, 2011)

	2012	2011
<u>ASSETS</u>		
Cash and equivalents	\$ 387,238	\$ 419,328
Contracts and other receivables	31,411	38,305
Unconditional promises to give	21,000	2,500
Prepaid expenses and deposits	21,923	19,868
Inventories	8,661	1,646
Furniture and equipment	36,183	39,962
TOTAL ASSETS	\$ 506,416	\$ 521,609
 <u>LIABILITIES AND NET ASSETS</u>		
LIABILITIES:		
Accounts payable and accrued liabilities	\$ 44,498	\$ 21,560
Accrued payroll and vacation	14,747	74,739
Total liabilities	59,245	96,299
 NET ASSETS:		
Unrestricted:		
Available for general operations	226,051	196,410
Board-designated operating reserve	150,000	150,000
Invested in property and equipment	36,183	39,962
Total unrestricted	412,234	386,372
Temporarily restricted	34,937	38,938
Total net assets	447,171	425,310
TOTAL LIABILITES AND NET ASSETS	\$ 506,416	\$ 521,609

See accompanying notes to financial statements.

BICYCLE TRANSPORTATION ALLIANCE
STATEMENT OF ACTIVITIES
For the Year Ended August 31, 2012
(with comparative amounts as of August 31, 2011)

	2012			2011
	Unrestricted	Temporarily Restricted	Total	
SUPPORT AND REVENUES:				
Government grants and contracts	\$ 440,115	\$ -	\$ 440,115	\$ 518,381
Private grants and contributions	336,666	31,309	367,975	358,834
In-kind donations	28,974	-	28,974	163,112
Fees for service	26,651	-	26,651	58,520
Special events	256,145	-	256,145	175,822
Less: cost of direct benefits to donors	(47,517)	-	(47,517)	(47,215)
Merchandise sales	22,877	-	22,877	22,344
Less: cost of merchandise sold	(7,951)	-	(7,951)	(6,474)
Other	575	-	575	8,628
	<u>1,056,535</u>	<u>31,309</u>	<u>1,087,844</u>	<u>1,251,952</u>
Net assets released from restrictions	<u>35,310</u>	<u>(35,310)</u>	<u>-</u>	<u>-</u>
Total support and revenues	<u>1,091,845</u>	<u>(4,001)</u>	<u>1,087,844</u>	<u>1,251,952</u>
EXPENSES:				
Program services	784,858	-	784,858	935,131
Administration	120,684	-	120,684	135,115
Fund-raising	160,441	-	160,441	183,245
Total expenses	<u>1,065,983</u>	<u>-</u>	<u>1,065,983</u>	<u>1,253,491</u>
CHANGE IN NET ASSETS	25,862	(4,001)	21,861	(1,539)
NET ASSETS, BEGINNING OF YEAR	<u>386,372</u>	<u>38,938</u>	<u>425,310</u>	<u>426,849</u>
NET ASSETS, END OF YEAR	<u>\$ 412,234</u>	<u>\$ 34,937</u>	<u>\$ 447,171</u>	<u>\$ 425,310</u>

See accompanying notes to financial statements.

BICYCLE TRANSPORTATION ALLIANCE
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended August 31, 2012
(with comparative amounts as of August 31, 2011)

	2012							2011
	Program Services				Admini- stration	Fund- Raising	Total	
	Advocacy	Education	Encourage- ment	Total				
Salaries	\$ 163,599	\$ 182,875	\$ 95,467	\$ 441,941	\$ 75,748	\$ 72,115	\$ 589,804	\$ 620,322
Payroll taxes	17,066	19,980	10,725	47,771	6,660	7,574	62,005	64,846
Employee benefits	16,391	20,208	-	36,599	7,989	14,500	59,088	65,301
Professional fees	9,573	4,389	30,821	44,783	11,563	19,714	76,060	191,841
Grant disbursements	-	64,550	-	64,550	-	-	64,550	59,496
Occupancy	13,086	16,134	-	29,220	6,378	11,577	47,175	46,870
Technology services	480	554	2,879	3,913	245	319	4,477	5,492
Telephone and internet	1,969	2,428	1,742	6,139	960	-	7,099	6,852
Supplies	1,055	34,507	5,138	40,700	1,011	4,822	46,533	89,202
Printing and publications	438	1,835	1,861	4,134	794	3,579	8,507	15,942
Postage and delivery	108	3,412	3,556	7,076	55	2,399	9,530	12,209
Facility and equipment rental	2,294	5,978	1,430	9,702	1,184	3,239	14,125	10,850
Repairs and maintenance	56	429	-	485	27	50	562	370
Travel	4,376	3,245	766	8,387	5	548	8,940	11,526
Training and conferences	1,603	367	35	2,005	25	297	2,327	3,990
Memberships and subscriptions	2,355	-	134	2,489	-	-	2,489	3,425
Insurance	1,812	2,233	-	4,045	883	1,603	6,531	5,819
Meals and meetings	1,382	880	3,002	5,264	1,513	1,558	8,335	7,424
Marketing and advertising	-	-	4,256	4,256	-	3,110	7,366	2,532
Depreciation	2,711	3,343	-	6,054	1,321	2,398	9,773	10,598
Other	5,222	6,811	3,312	15,345	4,323	11,039	30,707	18,584
	<u>\$ 245,576</u>	<u>\$ 374,158</u>	<u>\$ 165,124</u>	<u>\$ 784,858</u>	<u>\$ 120,684</u>	<u>\$ 160,441</u>	<u>\$ 1,065,983</u>	<u>\$ 1,253,491</u>

See accompanying notes to financial statements.

BICYCLE TRANSPORTATION ALLIANCE
STATEMENT OF CASH FLOWS
For the Year Ended August 31, 2012
(with comparative amounts as of August 31, 2011)

	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from governmental agencies	\$ 447,009	\$ 528,328
Cash received from donors and others	647,155	646,360
Interest and dividends received	617	394
Cash paid to employees	(629,861)	(614,455)
Cash paid to vendors and others	(491,016)	(489,804)
Net cash provided by (used in) operating activities	(26,096)	70,823
 CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of furniture and equipment	(5,994)	(12,376)
Net cash used in investing activities	(5,994)	(12,376)
 NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS	(32,090)	58,447
 CASH AND EQUIVALENTS AT BEGINNING OF YEAR	419,328	360,881
 CASH AND EQUIVALENTS AT END OF YEAR	\$ 387,238	\$ 419,328

See accompanying notes to financial statements.

BICYCLE TRANSPORTATION ALLIANCE
NOTES TO FINANCIAL STATEMENTS
August 31, 2012

NOTE 1 – THE ORGANIZATION

General

The Bicycle Transportation Alliance (the BTA or the Organization) 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.

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 and the principles of fund accounting. Fund accounting is the procedure by which resources for various purposes are classified for accounting purposes in accordance with activities or objectives specified by donors.

Basis of Presentation

The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets or permanently restricted net assets.

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 year ended August 31, 2012, the BTA

recorded contributed professional services valued at \$12,958, contributed program supplies valued at \$12,327, and other contributed supplies valued at \$3,689.

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, money market funds, 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 unsecured and 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, 2012, 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 Section 501(c)(3) of the Internal Revenue Code and comparable state law. Accordingly, no provision for income taxes is included in the accompanying financial statements. There was no unrelated business income for the year ended August 31, 2012.

Under generally accepted accounting principles, the Organization must evaluate its tax positions and provide for a liability for any positions that would not be considered “more likely than not” to be upheld under a tax authority examination. Management has evaluated its tax positions and has concluded that a provision for a tax liability is not necessary at August 31, 2012.

The Organization files Form 990 in the U.S. federal jurisdiction. The Organization is subject to examination by U.S. federal tax authorities generally for three years from the filing of a tax return.

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 2011

The financial statements include certain prior-year summarized comparative information in total but not by asset class. 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 August 31, 2011, from which the summarized information was derived.

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, 2012, cash equivalents amounting to \$129,593 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 based on the hierarchy defined by FASB ASC No. 820, *Fair Value Measurements and Disclosures*. The hierarchy gives the highest ranking to fair values determined using unadjusted quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest ranking to fair values determined using methodologies and models with unobservable inputs (Level 3). The investments are not FDIC insured.

NOTE 4 – PROMISES TO GIVE

Unconditional promises to give amounted to \$21,000 as of August 31, 2012, 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, 2012:

Bicycles	\$ 46,843
Leasehold improvements	6,482
Computers and software	50,358
Office furniture and equipment	18,337
	<hr/>
	122,020
Less accumulated depreciation	85,837
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	<u>\$ 36,183</u>

NOTE 6 – RESTRICTIONS AND LIMITATIONS ON NET ASSET BALANCES

Temporarily restricted net assets as of August 31, 2012 amount to \$34,937, and consist of unexpended grants and contributions received with donor stipulations on their time and manner of use. In addition, unrestricted net assets as of August 31, 2012 include a board-designated operating reserve amounting to \$150,000.

NOTE 7 – NET ASSETS RELEASED FROM RESTRICTIONS

During the year ended August 31, 2012, net assets amounting to \$35,310 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 year ended August 31, 2012, 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 2016.

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>	<u>Office</u>	<u>Copier</u>	<u>Total</u>
2013	\$ 49,860	\$ 8,268	\$ 58,128
2014	51,084	4,823	55,907
2015	52,616	-	52,616
2016	44,937	-	44,937
Total minimum lease payments	<u>\$ 198,497</u>	<u>\$ 13,091</u>	<u>\$ 211,588</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 \$51,360 during the year ended August 31, 2012.

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 December 7, 2012, 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 used in operating activities (as reported on the statement of cash flows):

Change in net assets	\$ 21,861
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	9,773
(Increase) decrease in:	
Contracts and other receivables	6,894
Unconditional promises to give	(18,500)
Prepaid expenses and deposits	(2,055)
Inventories	(7,015)
Increase (decrease) in:	
Accounts payable and other accrued liabilities	22,938
Accrued payroll and vacation expense	(59,992)
Total adjustments	<u>(47,957)</u>
Net cash used in operating activities	<u>\$ (26,096)</u>