

Bicycle Transportation Alliance

Financial Statements and Other Information
as of and for the Year Ended August 31, 2014
and Report of Independent Accountants



Gary McGee & Co. LLP
CERTIFIED PUBLIC ACCOUNTANTS

REPORT OF INDEPENDENT ACCOUNTANTS

*The Board of Directors
Bicycle Transportation Alliance:*

We have audited the accompanying financial statements of the Bicycle Transportation Alliance, which comprise the statement of financial position as of August 31, 2014, and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.


We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Bicycle Transportation Alliance as of August 31, 2014, 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.

Summarized Comparative Information

We have previously audited the Bicycle Transportation Alliance 2013 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 3, 2013. In our opinion, the summarized comparative information presented herein as of and for the year ended August 31, 2013 is consistent, in all material respects, with the audited financial statements from which it has been derived.

 + CO. LLP

December 3, 2014

BICYCLE TRANSPORTATION ALLIANCE

STATEMENT OF FINANCIAL POSITION

AUGUST 31, 2014

(WITH COMPARATIVE AMOUNTS FOR 2013)

	2014	2013
Assets:		
Cash and cash equivalents	\$ 566,663	471,849
Accounts receivable (note 4)	15,577	10,267
Contributions receivable (note 5)	23,538	25,956
Prepaid expenses and deposits	25,832	28,329
Inventories	7,249	10,817
Property and equipment (note 6)	28,133	29,765
Total assets	\$ 666,992	576,983
Liabilities:		
Accounts payable and accrued expenses	32,092	29,355
Accrued payroll and related expenses	77,793	63,544
Total liabilities	109,885	92,899
Net assets:		
Unrestricted:		
Available for programs and general operations	235,959	227,775
Designated by Board for operating reserve (note 7)	150,000	150,000
Net investment in capital assets	28,133	29,765
Total unrestricted	414,092	407,540
Temporarily restricted (note.7)	143,015	76,544
Total net assets	557,107	484,084
Commitments and contingencies (notes 5, 12, 13, and 14)		
Total liabilities and net assets	\$ 666,992	576,983

See accompanying notes to financial statements.

BICYCLE TRANSPORTATION ALLIANCE

STATEMENT OF ACTIVITIES

YEAR ENDED AUGUST 31, 2014
(WITH COMPARATIVE TOTALS FOR 2013)

	2014			2013
	Unrestricted	Temporarily restricted	Total	
Revenues, gains, and other support:				
Government grants and contracts	\$ 376,277	—	376,277	423,526
Private grants and contributions	300,559	182,601	483,160	431,442
In-kind contributions	16,889	—	16,889	55,393
Program events and fees (note 8)	108,518	—	108,518	12,185
Special events, net of direct costs of \$59,300 in 2014 and \$50,102 in 2013	185,407	—	185,407	186,673
Sale of merchandise, net of cost of sales of \$23,283 in 2014 and \$20,555 in 2013	2,330	—	2,330	8,642
Other	15,534	—	15,534	14,349
Total revenues and gains	1,005,514	182,601	1,188,115	1,132,210
Net assets released from restrictions (note 10)	116,130	(116,130)	—	—
Total revenues, gains, and other support	1,121,644	66,471	1,188,115	1,132,210
Expenses (note 11):				
Program services:				
Advocacy	339,690	—	339,690	293,458
Education	245,180	—	245,180	337,327
Encouragement	163,715	—	163,715	131,233
Total program expenses	748,585	—	748,585	762,018
Supporting services:				
Management and general	158,644	—	158,644	152,847
Fundraising	207,863	—	207,863	180,432
Total supporting expenses	366,507	—	366,507	333,279
Total expenses	1,115,092	—	1,115,092	1,095,297
Increase in net assets	6,552	66,471	73,023	36,913
Net assets at beginning of year	407,540	76,544	484,084	447,171
Net assets at end of year	\$ 414,092	143,015	557,107	484,084

See accompanying notes to financial statements.

BICYCLE TRANSPORTATION ALLIANCE

STATEMENT OF CASH FLOWS

YEAR ENDED AUGUST 31, 2014

(WITH COMPARATIVE TOTALS FOR 2013)

	2014	2013
Cash flows from operating activities:		
Cash received from grantors, members, and others	\$ 870,009	720,362
Cash received from governmental agencies	380,272	442,670
Interest income	636	630
Cash paid to employees, suppliers, grantees, and others	(1,150,942)	(1,076,177)
Net cash provided by operating activities	99,975	87,485
Cash flows from investing activities:		
Capital expenditures	(5,161)	(2,874)
Net cash used in investing activities	(5,161)	(2,874)
Net increase in cash and cash equivalents	94,814	84,611
Cash and cash equivalents at beginning of year	471,849	387,238
Cash and cash equivalents at end of year	\$ 566,663	471,849

See accompanying notes to financial statements.

BICYCLE TRANSPORTATION ALLIANCE

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED AUGUST 31, 2014
(WITH COMPARATIVE TOTALS FOR 2013)

	2014				Management and general
	Program services			Total	
	Advocacy	Education	Encour- agement	Total	
Salaries and related expenses	\$ 232,901	194,069	91,445	518,415	122,547
Professional services	19,997	7,689	20,062	47,748	16,548
Grant awards	-	-	-	-	-
Occupancy	14,365	11,971	5,267	31,603	7,661
Technology services	513	365	3,805	4,683	731
Telephone and data	1,508	1,257	553	3,318	804
Office supplies and related expenses	3,688	9,407	5,808	18,903	418
Printing and publications	1,464	480	8,073	10,017	72
Postage and delivery	70	3,061	5,862	8,993	30
Facility and equipment rental	40,516	4,964	3,081	48,561	788
Travel	6,636	1,920	1,247	9,803	164
Training and conferences	4,223	190	525	4,938	651
Memberships and dues	2,700	-	-	2,700	-
Insurance	2,135	1,779	782	4,696	1,138
Meals and meetings	1,020	1,378	416	2,814	2,240
Marketing and advertising	-	-	8,596	8,596	24
Bank fees	4,948	3,704	7,092	15,744	3,143
Depreciation	2,805	2,336	1,028	6,169	1,497
Miscellaneous	201	610	73	884	188
Total expenses	\$ 339,690	245,180	163,715	748,585	158,644

See accompanying notes to financial statements.

Supporting services

Fundraising	Total	Total	2013
138,299	260,846	779,261	718,251
16,852	33,400	81,148	85,782
-	-	-	54,177
8,619	16,280	47,883	48,863
263	994	5,677	5,535
905	1,709	5,027	4,383
6,534	6,952	25,855	52,441
7,681	7,753	17,770	20,173
5,294	5,324	14,317	15,558
1,459	2,247	50,808	12,820
2,677	2,841	12,644	10,838
1,648	2,299	7,237	5,323
-	-	2,700	3,737
1,281	2,419	7,115	6,802
1,136	3,376	6,190	4,723
1,000	1,024	9,620	1,980
12,412	15,555	31,299	33,663
1,683	3,180	9,349	9,292
120	308	1,192	956
<hr/> 207,863	<hr/> 366,507	<hr/> 1,115,092	<hr/> 1,095,297

BICYCLE TRANSPORTATION ALLIANCE

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED AUGUST 31, 2014

1. Organization

The Bicycle Transportation Alliance (“BTA”) works to promote bicycling and improve bicycling conditions in Oregon. Since 1990, BTA has partnered with citizens, businesses, community groups, governmental agencies, and elected officials to create communities in which people can meet their daily transportation needs on a bike.

BTA addresses needs, such as increased safety in larger transportation corridors and thoroughfares; repairing aging infrastructures that accommodate safer cycling; increasing the number of low-stress, neighborhood greenways; and building inspiring trails that connect Oregon’s communities. Through a robust trinity of education, advocacy, and community encouragement, BTA seeks to transform communities by reinventing transportation while offering solutions to universal challenges, such as health, livability, and the environment.

2. Program Services

During the year ended August 31, 2014, BTA incurred program service expenses in the following major areas:

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

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

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

3. Summary of Significant Accounting Policies

The significant accounting policies followed by the organization are described below to enhance the usefulness of the financial statements to the reader.

Basis of Accounting – The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles 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 – BTA has adopted the provisions of Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) No. 958-605, *Revenue Recognition*, and FASB ASC No. 958-205, *Presentation of Financial Statements*. Under these provisions, 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* – Net assets not subject to donor-imposed stipulations.
- *Temporarily restricted net assets* – Net assets subject to donor-imposed stipulations that will be met either by actions of BTA and/or the passage of time.

Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

Use of Estimates – The preparation of financial statements in conformity with generally accepted accounting principles 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 management, such differences, if any, would not be significant.

Contributions – Contributions, which include unconditional promises to give (pledges), 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.

Unconditional promises to give, with payments due to BTA in future periods, are recorded as increases in temporarily restricted net assets at the estimated present value of future cash flows, net of an allowance for estimated uncollectible promises. Restricted contributions received and expended in the same period are reported as unrestricted contributions.

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 asset class; the restrictions are considered to be released at the time of acquisition of such long-lived assets.

In-Kind Contributions – BTA receives contributed services from a large number of volunteers who assist in fundraising and other efforts through their participation in a range of activities. In accordance with FASB ASC No. 958-605, *Revenue Recognition*, the value of such services, which BTA considers generally not practicable to estimate, has not been recognized in the accompanying financial statements. Significant services received which create or enhance a non-financial asset or require specialized skills that the organization would have purchased if not donated are recognized in the accompanying financial statements.

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 integral part of the organization's activities.

During the year ended August 31, 2014, the following in-kind contributions were recorded by the organization:

Supplies and materials	\$	13,333
Capital assets		2,556
Professional services		1,000
	\$	16,889

Cash Equivalents – For purposes of the financial statements, the organization considers all liquid investments having initial maturities of three months or less to be cash equivalents. Cash and cash equivalents include money market funds.

Capital Assets and Depreciation – Property and equipment are carried at cost, and initially at fair value when acquired by gift. Capital assets having a unit cost exceeding \$1,000 and an estimated useful life of more than one year are capitalized. Depreciation is provided on a straight-line basis over the estimated useful lives of the respective assets, which is generally five to ten years for computers and software, five years for bicycles, five years for furniture and equipment, and five years for leasehold improvements (or the length of the lease term, if less).

Revenue Recognition – All contributions and grants are considered available for unrestricted use unless specifically restricted by the donor. Service revenues are recognized at the time services are provided and the revenues are earned. Merchandise sales are recognized at the time the transaction occurs and the revenues are earned. Membership payments are considered equivalent to unrestricted contributions and are recognized as revenue when received.

Grants – Grant awards are recorded when unconditional, approved by the Board of Directors, and announced to the grantee.

Advertising and Promotional Expenses – Advertising and promotional costs are charged to expense as they are incurred. For the year ended August 31, 2014, these expenses totaled \$9,620.

Concentrations of Credit Risk – BTA's financial instruments consist primarily of cash equivalents and money market funds, which may subject the organization to concentrations of credit risk as, from time to time, for example, cash balances may exceed amounts insured by the Federal Deposit Insurance Corporation ("FDIC").

All checking and savings accounts, money market deposit accounts, and certificates of deposit are insured by the FDIC for up to \$250,000 for each depositor, for each insured bank, for each account ownership category. At August 31, 2014, BTA had \$84,582 in cash in excess of these limits. In addition, cash and cash equivalents include \$129,756 in money market funds that are not insured by the FDIC.

Certain receivables may also, from time to time, subject the organization to concentrations of credit risk. To minimize its exposure to significant losses from customer or donor insolvencies, the organization's management evaluates the financial condition of its customers and donors, and monitors concentrations of credit risk arising from similar geographic regions, activities, or economic characteristics. When necessary, receivables are reported net of an allowance for uncollectible accounts.

Benefits Provided to Donors at Special Events – BTA conducts special fundraising events in which a portion of the gross proceeds paid by the participants represents payment for the direct costs of the benefits received. Unless a verifiable, objective means exists to demonstrate otherwise, the fair value of meals and entertainment provided at special events is measured at the actual cost to BTA.

Inventories – Inventories consist of promotional merchandise held for resale. Inventories are valued at the lower of cost or fair value on a first-in, first-out basis.

Income Taxes – BTA is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and comparable state law. In addition, the organization has been recognized as a public charity under Section 509(a)(2) of the Internal Revenue Code. For tax purposes, the organization's open audit periods are for the years ended August 31, 2011 through 2013.

BTA has adopted the recognition requirements for uncertain income tax positions as required by FASB ASC No. 740-10, *Income Taxes*. Under this standard, income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return only when it is determined that the income tax position will more-likely-than-not be sustained upon examination by taxing authorities.

Subsequent Events – As required by FASB ASC No. 855-10, *Subsequent Events*, subsequent events have been evaluated by management through December 3, 2014, which is the date the financial statements were available to be issued.

Summarized Financial Information for 2013 –

The accompanying financial information as of and for the year ended August 31, 2013 is presented for comparative purposes only and is not intended to represent a complete financial statement presentation.

Other Significant Accounting Policies – Other significant accounting policies are set forth in the financial statements and the following notes.

4. Accounts Receivable

Accounts receivable are summarized as follows at August 31, 2014:

Government grants and contracts	\$	6,132
Other		9,445
	\$	<u>15,577</u>

5. Contributions Receivable

Contributions receivable represent unconditional promises to be collected in less than one year totaling \$23,538 at August 31, 2014.

As of August 31, 2014, BTA held a conditional gift in the amount of \$44,704 that is conditioned upon making satisfactory progress in the implementation of the program outlined in the grant application and approved by the funder.

In addition, BTA has been awarded a multi-year grant totaling \$87,137 that is conditioned upon incurring allowable expenses and obtaining programmatic and expenditure approval by the grantor during the year ended August 31, 2014. Of the total award, BTA recognized \$57,319 in grant revenue under this agreement through the year ended August 31, 2014. The remaining \$29,818 of this grant had not been approved by the funder as of August 31, 2014.

These conditional grants at August 31, 2014, totaling \$74,522, have not been included in the accompanying financial statements because the associated conditions have not been satisfied as of August 31, 2014.

6. Property and Equipment

A summary of property and equipment at August 31, 2014 is as follows:

Computers and software	\$	58,392
Bicycles		46,843
Furniture and equipment		20,893
Leasehold improvements		6,482
		<u>132,610</u>
Less accumulated depreciation		<u>(104,477)</u>
	\$	<u>28,133</u>

7. Restrictions and Limitations on Net Asset Balances

Board-Designated Net Assets

At August 31, 2014, \$150,000 of BTA's unrestricted net assets were designated by the Board of Directors for an operating reserve.

Temporarily Restricted Net Assets

Temporarily restricted net assets at August 31, 2014 consist of contributions, grants, and other unexpended gifts restricted by donors as to time or purpose, as follows:

Blueprint for Better Biking	\$	56,583
Bicycle Safety Program		4,490
Encouragement		3,458
Safe Routes to Schools		29,946
Statewide advocacy		35,000
Unrestricted purposes for future periods		13,538
	\$	<u>143,015</u>

8. Program Events and Fees

Program events and fees consisted of the following revenue sources for the year ended August 31, 2014:

Active Transportation Summit	\$	75,990
Program contract fees		32,528
	\$	108,518

This was the first year BTA sponsored the Active Transportation Summit. The summit is an annual conference that educates transportation professionals and policy makers on best practices for creating walkable, bikeable communities. During the year ended August 31, 2014, BTA recorded \$75,990 in revenues and \$56,165 in direct expenses related to the summit.

9. Concentrations

BTA receives a substantial portion of its funding through government grants and contracts from the Oregon Department of Transportation, City of Portland, and Metro. During the year ended August 31, 2014, BTA recognized contract revenues from the City of Portland totaling \$266,400, which represented 22% of the organization's total revenues.

10. Net Assets Released from Restrictions

During the year ended August 31, 2014, net assets totaling \$116,130 were released from temporary donor restrictions by incurring expenses in satisfaction of the restricted purpose, or by the occurrence of other events specified by donors.

11. Expenses

The costs of providing the various programs and other activities of the organization 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.

Expenses by natural classification are presented in the statement of functional expenses.

12. Contingencies

Amounts received or receivable under BTA's contracts with the City of Portland, Oregon Department of Transportation, and others are subject to audit and adjustment by the contracting agencies, the State of Oregon, and by various governmental agencies. Any expenditures or claims disallowed as a result of such audits would become a liability of BTA's unrestricted net assets. In the opinion of management, any adjustments that might result from such audits would not be material to BTA's overall financial statements.

13. Operating Lease Commitments

BTA leases its administrative offices under an agreement expiring in June of 2016. The organization also leases certain office equipment under a noncancellable operating lease that expires in February of 2018.

Future minimum lease commitments under these agreements are as follows:

<i>Years ending August 31,</i>	
2015	\$ 57,164
2016	49,485
2017	4,548
2018	2,274
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	\$ 113,471

Lease expense for these leases during the year ended August 31, 2014 totaled \$50,664.

14. Retirement Plan

BTA provides employees with a qualified profit-sharing retirement plan, as described under Section 401(k) of the Internal Revenue Code. Employees are eligible to participate in the plan after six months of service. Employee contributions to the plan may be made on a pre-tax basis. Employer contributions are made at the discretion of the Board. Both employer and employee contributions are 100% vested as contributed. During the year ended August 31, 2014, the Board did not approve any employer contributions to the plan. On January 6, 2014, the Board approved a resolution to terminate the Plan as soon as is administratively feasible. The Plan was terminated and all Plan assets were distributed during the year ended August 31, 2014.

Effective May 1, 2014, BTA adopted an employer-funded Simplified Employee Pension plan for all eligible employees. During the year ended August 31, 2014, BTA contributed \$4,667 to this plan.

15. Reclassification of 2013 Comparative Totals

Certain 2013 amounts presented herein have been reclassified to conform to the 2014 presentation.

16. Statement of Cash Flows Reconciliation

The following presents a reconciliation of the increase 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):

Increase in net assets	\$ 73,023
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<i>Adjustments to reconcile increase in net assets to net cash provided by operating activities:</i>	
Depreciation	9,349
In-kind contribution of capital asset	(2,556)
<i>Net changes in:</i>	
Accounts receivable	(5,310)
Contributions receivable	2,418
Prepaid expenses and deposits	2,497
Inventories	3,568
Accounts payable and accrued expenses	2,737
Accrued payroll and related expenses	14,249
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Total adjustments	26,952
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Net cash provided by operating activities	\$ 99,975

BICYCLE TRANSPORTATION ALLIANCE
GOVERNING BOARD, MANAGEMENT, AND STAFF

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Chair

Austin Ramsland
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BICYCLE TRANSPORTATION ALLIANCE

INQUIRIES AND OTHER INFORMATION

Administrative offices

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