



Bicycle Transportation Alliance

Financial Statements and Other Information
as of and for the Year Ended August 31, 2016
and Report of Independent Accountants

BICYCLE TRANSPORTATION ALLIANCE

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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, 2016, and the related statements of activities, functional expenses, and cash flows 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, 2016, 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's 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 4, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended August 31, 2015 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Ernst & Young LLP

December 5, 2016

BICYCLE TRANSPORTATION ALLIANCE

STATEMENT OF FINANCIAL POSITION

AUGUST 31, 2016

(WITH COMPARATIVE AMOUNTS FOR 2015)

	2016	2015
Assets:		
Cash and cash equivalents	\$ 358,063	469,156
Accounts receivable <i>(note 4)</i>	21,713	29,709
Contributions receivable <i>(note 5)</i>	28,650	63,600
Prepaid expenses, deposits, and inventories	29,671	17,819
Property and equipment <i>(note 6)</i>	24,687	24,982
Total assets	\$ 462,784	605,266
Liabilities:		
Accounts payable and accrued expenses	6,773	7,378
Accrued payroll and related expenses	72,217	87,410
Deferred revenue	15,534	–
Total liabilities	94,524	94,788
Net assets:		
Unrestricted:		
Available for programs and general operations	154,923	222,820
Designated by Board for operating reserve <i>(note 7)</i>	150,000	150,000
Net investment in capital assets	24,687	24,982
Total unrestricted	329,610	397,802
Temporarily restricted <i>(note 7)</i>	38,650	112,676
Total net assets	368,260	510,478
Commitments and contingencies <i>(notes 4, 5, 12, 13, and 14)</i>		
Total liabilities and net assets	\$ 462,784	605,266

See accompanying notes to financial statements.

BICYCLE TRANSPORTATION ALLIANCE

STATEMENT OF ACTIVITIES

YEAR ENDED AUGUST 31, 2016
(WITH COMPARATIVE TOTALS FOR 2015)

	2016			2015
	Unrestricted	Temporarily restricted	Total	
Revenues, gains, and other support:				
Government grants and contracts	\$ 541,204	–	541,204	397,991
Private grants and contributions	380,210	38,650	418,860	505,100
In-kind contributions	13,849	–	13,849	78,489
Program events and fees (<i>note 8</i>)	86,140	–	86,140	103,355
Special events, net of direct costs of \$22,332 in 2016 and \$42,282 in 2015	47,897 ^[A]	–	47,897	178,754
Sale of merchandise, net of cost of sales of \$22,148 in 2016 and \$12,077 in 2015	(1,625)	–	(1,625)	3,436
Other	13,990	–	13,990	20,272
Total revenues and gains	1,081,665	38,650	1,120,315	1,287,397
Net assets released from restrictions (<i>note 10</i>)	112,676	(112,676)	–	–
Total revenues, gains, and other support	1,194,341	(74,026)	1,120,315	1,287,397
Expenses (<i>note 11</i>):				
Program services	841,906	–	841,906	932,638
Management and general	190,731	–	190,731	166,634
Fundraising	229,896	–	229,896	234,754
Total expenses	1,262,533	–	1,262,533	1,334,026
Decrease in net assets	(68,192)	(74,026)	(142,218)	(46,629)
Net assets at beginning of year	397,802	112,676	510,478	557,107
Net assets at end of year	\$ 329,610	38,650	368,260	510,478

See accompanying notes to financial statements.

[A] The annual gala occurred in 2015 but not in 2016. And the Bicycle Challenge occurred twice in 2016, but only once in 2015.

BICYCLE TRANSPORTATION ALLIANCE

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED AUGUST 31, 2016
(WITH COMPARATIVE TOTALS FOR 2015)

	2016				2015
	Program services	Management and general	Fundraising	Total	
Salaries and related expenses	\$ 604,314	116,756	181,056	902,126	865,834
Professional services	72,819	40,458	8,037	121,314	127,840
Grant awards	—	—	—	—	4,200
Occupancy	29,155	5,855	8,649	43,659	52,229
Technology services	401	3,194	119	3,714	6,491
Telephone and data	3,809	1,227	1,130	6,166	5,846
Office supplies and related expenses	27,960	2,418	5,425	35,803	44,123
Printing and publications	5,100	424	9,923	15,447	17,287
Postage and delivery	3,035	631	4,021	7,687	9,563
Facility and equipment rental	50,629	645	953	52,227	55,906
Travel	12,333	3,510	449	16,292	18,546
Training and conferences	2,944	621	39	3,604	3,238
Memberships and dues	2,744	6,129	2,061	10,934	5,443
Insurance	4,583	921	1,359	6,863	6,582
Meals and meetings	1,399	1,048	1,621	4,068	5,811
Marketing and advertising	995	9	213	1,217	58,117
Bank fees	10,645	5,574	1,923	18,142	31,782
Depreciation and amortization	6,360	1,277	1,886	9,523	10,328
Miscellaneous	2,681	34	1,032	3,747	4,860
Total expenses	\$ 841,906	190,731	229,896	1,262,533	1,334,026

See accompanying notes to financial statements.

BICYCLE TRANSPORTATION ALLIANCE

STATEMENT OF CASH FLOWS

YEAR ENDED AUGUST 31, 2016
(WITH COMPARATIVE TOTALS FOR 2015)

	2016	2015
Cash flows from operating activities:		
Cash received from grantors, members, and others	\$ 646,632	828,896
Cash received from governmental agencies	545,608	379,391
Interest income	2,007	786
Cash paid to employees, suppliers, grantees, and others	(1,296,112)	(1,299,403)
Net cash used in operating activities	(101,865)	(90,330)
Cash flows from investing activities:		
Capital expenditures	(9,228)	(7,177)
Net cash used in investing activities	(9,228)	(7,177)
Net decrease in cash and cash equivalents	(111,093)	(97,507)
Cash and cash equivalents at beginning of year	469,156	566,663
Cash and cash equivalents at end of year	\$ 358,063	469,156

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED AUGUST 31, 2016

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, 2016, BTA incurred program service expenses in the following major areas:

Advocacy – As advocates for bicycling, walking and transit infrastructure and programs at the local and state levels, BTA engages community members in its 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 – By engaging members and the community, BTA promotes 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, 2016, the following in-kind contributions were recorded by the organization:

Professional services	\$ 8,250
Supplies and materials	5,599
	<hr/> 13,849
Special events	15,179
	<hr/> \$ 29,028

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, 2016, these expenses totaled \$1,217.

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, 2016, BTA had \$130,169 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. BTA derives its public charity status as an organization described in Section 509(a)(2) of the Internal Revenue Code.

Subsequent Events – As required by FASB ASC No. 855-10, *Subsequent Events*, subsequent events have been evaluated by management through December 5, 2016, which is the date the financial statements were available to be issued.

Summarized Financial Information for 2015 – The accompanying financial information as of and for the year ended August 31, 2015 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, 2016:

Government grants and contracts	\$	20,328
Other		1,385
		<hr/>
	\$	21,713

BTA also has been awarded a multi-year government grant totaling \$155,040, which is conditioned upon incurring allowable expenses and obtaining programmatic and expenditure approval by the grantor. As of August 31, 2016, \$106,399 of allowable expenses had been submitted for approval by the funder and recognized as revenue in the accompanying statements. Remaining awards associated with this grant have not been included in the accompanying financial statements because the associated conditions have not been satisfied as of August 31, 2016.

5. Contributions Receivable

Contributions receivable represent unconditional promises to be collected in less than one year totaling \$28,650 at August 31, 2016.

In addition, BTA has been awarded grants totaling \$25,000, which is conditioned upon the grantor receiving grant funds. As of August 31, 2016, grant funds have not been received by the grantor and therefore have not been included in the accompanying financial statements.

6. Property and Equipment

A summary of property and equipment at August 31, 2016 is as follows:

Computers and software	\$	66,460
Bicycles		54,632
Furniture and equipment		21,442
Leasehold improvements		6,482
		<hr/>
		149,016
Less accumulated depreciation and amortization		(124,329)
		<hr/>
	\$	24,687

7. Restrictions and Limitations on Net Asset Balances

Board-Designated Net Assets

At August 31, 2016, \$150,000 of BTA's unrestricted net assets were designated by the Board of Directors as an operating reserve.

Temporarily Restricted Net Assets

Temporarily restricted net assets at August 31, 2016 consist of contributions, grants, and other unexpended gifts restricted by donors as to time or purpose, as follows:

Encore fellowships	\$	22,500
Unrestricted purposes for future periods		16,150
		<hr/>
	\$	38,650

8. Program Events and Fees

Program events and fees consisted of the following revenue sources for the year ended August 31, 2016:

Active Transportation Summit	\$	74,461
Program contract fees		11,679
	\$	86,140

The Active Transportation Summit is an annual conference that educates transportation professionals and policy-makers on best practices for creating walkable and bikeable communities. During the year ended August 31, 2016, BTA recorded \$74,461 in revenues and \$52,585 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, 2016, BTA recognized contract revenues from the City of Portland totaling \$356,636, which represented 31.7% of the organization's total revenues.

10. Net Assets Released from Restrictions

During the year ended August 31, 2016, net assets totaling \$112,676 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 2021. As part of the lease agreement for its administrative offices, BTA has a tenant improvement allowance available totaling \$20,041. The organization also leases certain office equipment under a noncancelable operating lease that expires in February of 2018.

Future minimum lease commitments under these agreements are as follows:

<i>Years ending August 31,</i>	
2017	\$ 67,708
2018	67,239
2019	67,006
2020	69,016
2021	58,944
	<hr/>
	\$ 329,913

Lease expense for these leases during the year ended August 31, 2016 totaled \$48,866.

14. Retirement Plan

Effective May 1, 2014, BTA adopted an employer-funded Simplified Employee Pension plan for all eligible employees. Employees are eligible to participate in the plan if they are reasonably expected to receive at least \$5,000 in compensation in a calendar year. Employee contributions to the plan may be made on a pre-tax basis. BTA makes matching contributions to the plan up to 3% of employee's annual compensation. Both employer and employee contributions are 100% vested as contributed. During the year ended August 31, 2016, BTA contributed \$18,168 to the plan.

15. Reclassification of 2015 Comparative Totals

Certain 2015 amounts presented herein have been reclassified to conform to the 2016 presentation.

16. Statement of Cash Flows Reconciliation

The following presents a reconciliation of the decrease 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):

Decrease in net assets	\$ (142,218)
<hr/>	
<i>Adjustments to reconcile decrease in net assets to net cash used in operating activities:</i>	
Depreciation and amortization	9,523
<i>Net changes in:</i>	
Accounts receivable	7,996
Contributions receivable	34,950
Prepaid expenses, deposits and inventories	(11,852)
Accounts payable and accrued expenses	(605)
Accrued payroll and related expenses	(15,193)
Deferred revenue	15,534
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Total adjustments	40,353
<hr/>	
Net cash used in operating activities	\$ (101,865)

BICYCLE TRANSPORTATION ALLIANCE

GOVERNING BOARD, MANAGEMENT, AND STAFF

Board of Directors

Justin Yuen, *Chair*
Leslie Carlson, *Vice Chair*
Randy Miller, *Vice Chair*
David Forman, *Secretary*
Susan Marks, *Treasurer*
Chris Achterman, M.D.
Jude Grace
Diane Goodwin
Hau Hagedorn
Val Hoyle
Adnan Kadir
Dwayne King
Peter Koonce
Ben McKinley
Stewart Yaguda

Management and Staff

Robert Sadowsky
Executive Director

Brittani Garner
Development Director

Gerik Kransky
Advocacy Director

Anne Lee
Director of Operations

Sheilagh Griffin
Education Director

BICYCLE TRANSPORTATION ALLIANCE

INQUIRIES AND OTHER INFORMATION

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