

BICYCLE COLORADO

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

TOGETHER WITH INDEPENDENT AUDITORS' REPORT

BICYCLE COLORADO
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FOR THE YEAR ENDED JUNE 30, 2019

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December 10, 2019

Independent Auditors' Report

Board of Directors
Bicycle Colorado
Denver, Colorado

We have audited the accompanying financial statements of **Bicycle Colorado** (a Colorado nonprofit corporation), which comprise the statement of financial position as of June 30, 2019, 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 of America; 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 of America. 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 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 entity'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 entity'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 Bicycle Colorado as of June 30, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We previously audited Bicycle Colorado's 2018 financial statements, and expressed an unmodified opinion on those audited financial statements in our report dated October 9, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Taylor, Roth and Company, PLLC

TAYLOR, ROTH AND COMPANY, PLLC
CERTIFIED PUBLIC ACCOUNTANTS

BICYCLE COLORADO
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2019
(WITH COMPARATIVE TOTALS FOR 2018)

	<u>2019</u>	<u>2018</u>
<u>Assets</u>		
Cash and cash equivalents	\$ 258,337	\$ 308,933
Accounts receivable (Note 3)	56,062	56,668
Prepaid expenses and deposits	7,142	7,208
Property and equipment (Note 4)	-	-
Total assets	<u>\$ 321,541</u>	<u>\$ 372,809</u>
 <u>Liabilities and net assets</u>		
Accounts payable	\$ 9,658	\$ 15,342
Payroll liabilities	21,903	17,138
Deferred revenue	2,101	3,252
Commitments (Note 5)		
Total liabilities	<u>33,662</u>	<u>35,732</u>
 Net assets		
Without donor restrictions	215,263	166,177
With donor restrictions (Note 6)	<u>72,616</u>	<u>170,900</u>
Total net assets	<u>287,879</u>	<u>337,077</u>
Total liabilities and net assets	<u>\$ 321,541</u>	<u>\$ 372,809</u>

The accompanying notes are an integral part of these financial statements

BICYCLE COLORADO
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019
(WITH COMPARATIVE TOTALS FOR 2018)

	2019			2018
	Without Donor Restrictions	With Donor Restrictions	Total	Total
<u>Revenue and other support</u>				
Program contracts	\$ 343,130	\$ -	\$ 343,130	\$ 188,539
Membership dues	311,037	-	311,037	256,085
Contributions	226,116	77,210	303,326	251,130
Event revenue	197,782	-	197,782	162,379
Sales of program merchandise	47,605	-	47,605	39,811
less cost of goods sold	(23,518)	-	(23,518)	(22,787)
Licensing and royalties	9,596	-	9,596	12,700
Interest	2,720	-	2,720	1,563
Gain on sale of property and equipment	-	-	-	8,500
Other	2,537	-	2,537	130
In-kind donations (Note 7)	20,393	-	20,393	25,241
Net assets released from restrictions (Note 8)	175,494	(175,494)	-	-
Total revenue and other support	<u>1,312,892</u>	<u>(98,284)</u>	<u>1,214,608</u>	<u>923,291</u>
<u>Expense</u>				
Program	1,051,816	-	1,051,816	966,286
Supporting services				
Management and general	92,875	-	92,875	81,619
Fund-raising	119,115	-	119,115	109,614
Total expense	<u>1,263,806</u>	<u>-</u>	<u>1,263,806</u>	<u>1,157,519</u>
Change in net assets	49,086	(98,284)	(49,198)	(234,228)
Net assets, beginning of year	<u>166,177</u>	<u>170,900</u>	<u>337,077</u>	<u>571,305</u>
Net assets, end of year	<u>\$ 215,263</u>	<u>\$ 72,616</u>	<u>\$ 287,879</u>	<u>\$ 337,077</u>

The accompanying notes are an integral part of these financial statements

BICYCLE COLORADO
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019
(WITH COMPARATIVE TOTALS FOR 2018)

	2019			2018	
	<u>Supporting Services</u>			Total	Total
	Program	Management and General	Fund- raising		
Salaries	\$ 511,222	\$ 37,407	\$ 74,813	\$ 623,442	\$ 637,925
Payroll taxes and benefits	89,983	6,584	13,168	109,735	109,871
Consulting - bicycle mobility poll	157,359	-	-	157,359	58,400
Rent	54,403	12,554	2,790	69,747	61,385
Food and catering	40,197	2,258	2,710	45,165	53,429
Equipment rental	26,876	5,039	1,680	33,595	22,704
Printing	26,461	1,702	2,786	30,949	30,156
Lobbying	24,000	-	-	24,000	21,500
Marketing	19,220	926	3,011	23,157	23,166
Travel	17,636	1,619	125	19,380	8,448
Education trainers	18,500	-	-	18,500	8,894
Postage	13,272	989	2,226	16,487	17,910
Credit card fees	13,046	2,446	815	16,307	15,860
IT services	12,000	2,250	750	15,000	15,159
Professional services	-	-	12,520	12,520	19,185
Accounting	-	10,662	-	10,662	10,703
Training and conference	5,103	567	-	5,670	1,475
Insurance	1,101	3,854	551	5,506	6,394
Equipment and software	4,011	752	251	5,014	3,376
Subscriptions and dues	3,883	728	243	4,854	4,341
Utilities	3,272	646	122	4,040	3,976
Supplies	2,945	552	184	3,681	3,066
Telephone	2,597	487	162	3,246	2,740
Website	1,979	371	124	2,474	10,175
Licenses and permits	1,526	152	8	1,686	592
Internet	1,224	230	76	1,530	1,639
Legal	-	100	-	100	3,313
Other	-	-	-	-	1,737
Total	<u>\$1,051,816</u>	<u>\$ 92,875</u>	<u>\$ 119,115</u>	<u>\$ 1,263,806</u>	<u>\$1,157,519</u>

The accompanying notes are an integral part of these financial statements

BICYCLE COLORADO
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2019
(WITH COMPARATIVE TOTALS FOR 2018)

	2019	2018
<u>Cash flows from operating activities</u>		
Change in net assets	\$ (49,198)	\$ (234,228)
Adjustments to reconcile change in net assets to net cash provided(used) by operating activities		
(Gain) on sale of property and equipment	-	(8,500)
 <u>Changes in operating assets and liabilities</u>		
(Increase)decrease in accounts receivable	606	(42,440)
Decrease in grants receivable	-	205,000
Decrease in inventory	-	4,818
(Increase)decrease in prepaid expenses and deposits	66	(82)
(Decrease)increase in accounts payable	(5,684)	5,748
Increase in payroll liabilities	4,765	1,872
(Decrease) in deferred revenue	(1,151)	(51,204)
Net cash (used) by operating activities	(50,596)	(119,016)
 <u>Cash flows from investing activities</u>		
Sale of property and equipment	-	8,500
Net (decrease)increase in cash and cash equivalents	(50,596)	(110,516)
Cash and cash equivalents, beginning of year	308,933	419,449
Cash and cash equivalents, end of year	\$ 258,337	\$ 308,933

The accompanying notes are an integral part of these financial statements

BICYCLE COLORADO

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

NOTE 1 - NATURE OF ACTIVITIES

Bicycle Colorado (the Organization) was incorporated as a nonprofit corporation in the state of Colorado in 1992. The Organization's mission is to promote and encourage bicycling, improve conditions, increase safety and provide a voice for cyclists in Colorado. Program services include:

- Support and collaborate on key cycling projects
- Collaborate with local, state and national agencies
- Establish and continue mutually beneficial ties with state policy decision makers
- Serve as an effective and efficient information clearinghouse
- Strengthen lobbying efforts and raise the profile of bicycling

The Organization is primarily supported by program contracts, member dues and contributions.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES

1. Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

2. Basis of Presentation

The Organization is required to report information regarding its financial position and activities according to the following two classes of net assets:

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

Net assets with donor restrictions: Net assets that are subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated that the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

Contributions of property and equipment or cash restricted to acquisition of property and equipment are reported as net assets with donor restrictions if the donor has restricted the use of the property or equipment to a particular program. These restrictions expire when the assets are placed in service.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES (Continued)

3. Cash and Cash Equivalents

The Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

4. Capitalization and Depreciation

The Organization follows a practice of capitalizing all applicable expenditures in excess of \$2,000. The fair value of donated assets is similarly capitalized. Depreciation is provided over the estimated useful lives of the respective assets on a straight-line basis.

5. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

6. Income Taxes

The Organization has received an Internal Revenue Service exemption from federal income taxes under Section 501(c)(3). Accordingly, no provision or liability for income taxes has been provided in the accompanying financial statements.

7. Functional Reporting of Expenses

For the year ended June 30, 2019, the costs of providing the various programs and other activities 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. The allocations are determined by management on a rational and systematic basis. Salaries, taxes and employee benefits, are allocated on a time and effort basis. Rent is allocated based on square footage. All other expenses are allocated based on the program or supporting services benefited.

8. Summarized Prior-Year Information

The financial statements include certain prior-year summarized comparative information in total but not by net 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 June 30, 2018, from which the summarized information was derived.

9. Reclassifications

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform to the presentation in the current-year financial statements.

10. Subsequent Events

Management has evaluated subsequent events through December 10, 2019, the date the financial statements were available to be issued.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES (Concluded)

11. New Accounting Pronouncement

On August 18, 2016, the Financial Accounting Standards Board issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses net asset classification, information about liquidity, information provided about expenses, and consistency in reporting investment return. The Organization has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

NOTE 3 - ACCOUNTS RECEIVABLE

At year-end, accounts receivable consists almost entirely of contracts receivable. Management has evaluated the receivables and does not believe that an allowance is needed. Management expects to collect these receivables in fiscal year 2020.

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

<u>Description</u>	<u>Amount</u>
Vehicle	\$ 24,366
Less: accumulated depreciation	<u>(24,366)</u>
Net property and equipment	<u>\$ -</u>

Depreciation expense for the year was \$0.

NOTE 5 - COMMITMENTS

The Organization has entered into a lease agreement for office space in Denver, Colorado. The future minimum lease payments are as follows:

<u>Period</u>	<u>Amount</u>
July 2019 – June 2020	\$ 65,400
July 2020 – June 2021	66,600
July 2021 – June 2022	67,800
July 2022 – June 2023	<u>69,000</u>
Total	<u>\$ 268,800</u>

NOTE 6 - NET ASSETS WITH DONOR RESTRICTIONS

At year-end, net assets with donor restrictions were available for the following purposes:

<u>Description</u>	<u>Amount</u>
Education programs	\$ 57,711
Active bike corridor	<u>14,905</u>
Total	<u>\$ 72,616</u>

NOTE 7 - IN-KIND DONATIONS

Donated goods and services are reflected in the accompanying financial statements at their estimated value at date of receipt. In-kind donations reflected in the financial statements for the year consisted of:

<u>Description</u>	<u>Amount</u>
Membership database services	\$ 15,000
Photography	1,800
Printing	1,718
Beer for Gala and Summit	1,000
Ground transportation	750
Legal	100
Web hosting	<u>25</u>
Total	<u>\$ 20,393</u>

NOTE 8 - NET ASSETS RELEASED FROM DONOR RESTRICTIONS

During the year, expenditures were made satisfying donor restrictions as follows:

<u>Description</u>	<u>Amount</u>
Pedals project	\$ 129,700
Denver work	40,000
Education programs	3,489
Active bike corridor	<u>2,305</u>
Total	<u>\$ 175,494</u>

NOTE 9 - EMPLOYEE RETIREMENT PLAN

The Organization has a SIMPLE-IRA retirement plan (the Plan). The Plan covers all eligible employees. Employees may elect to make contributions to the plan up to the maximum amount permitted. The Organization matches the first 3% contributed by each employee. Plan expense for the year was \$14,794.

NOTE 10 - CONCENTRATION OF CREDIT RISK

The Organization places all of its operating cash with one financial institution. Amounts in excess of \$250,000 are not insured by the FDIC or a related entity. At year-end, the Organization's checking and savings account balances total approximately \$271,450. Management has evaluated its banking needs and the strength of the financial institution and believes that it is in the best long-term interest of the Organization to continue its existing relationship.

NOTE 11 - AVAILABILITY AND LIQUIDITY

The following represents the Organization's financial assets available for general operating expenditures within one year at June 30, 2019:

Financial assets at year-end:

Cash and cash equivalents	\$ 258,337
Accounts receivable	<u>56,062</u>

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

\$ 314,399

The Organization's goal is generally to maintain financial assets to meet three months of operating expenses. Management considers donor restricted contributions that will be used within one year as part of its ordinary operations, as being available for general expenditures.