

WALK/BIKE NASHVILLE, INC.
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT
DECEMBER 31, 2021 AND 2020

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Walk/Bike Nashville, Inc.
Nashville, Tennessee

OPINION

We have audited the accompanying financial statements of Walk/Bike Nashville, Inc. (the "Organization") which comprise the statements of financial position as of December 31, 2021 and 2020, the related statements of activities, cash flows and functional expenses for the years then ended and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Walk/Bike Nashville, Inc. as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

BASIS FOR OPINION

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Walk/Bike Nashville, Inc., and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

RESPONSIBILITIES OF MANAGEMENT FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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. In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Walk/Bike Nashville, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

AUDITOR'S RESPONSIBILITY FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

A handwritten signature in black ink that reads "Kraft CPAs PLLC". The signature is written in a cursive, flowing style.

Nashville, Tennessee
November 4, 2022

WALK/BIKE NASHVILLE, INC.

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 302,155	\$ 249,832
Grants receivable	46,264	40,189
Other assets	8,167	5,965
Property and equipment, net	<u>659</u>	<u>1,311</u>
TOTAL ASSETS	<u>\$ 357,245</u>	<u>\$ 297,297</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>LIABILITIES</u>		
Accounts payable	\$ 4,814	\$ 10,760
Accrued expenses	<u>42,316</u>	<u>27,232</u>
TOTAL LIABILITIES	<u>47,130</u>	<u>37,992</u>
<u>NET ASSETS</u>		
Without donor restrictions	285,115	230,305
With donor restrictions	<u>25,000</u>	<u>29,000</u>
TOTAL NET ASSETS	<u>310,115</u>	<u>259,305</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 357,245</u>	<u>\$ 297,297</u>

See accompanying notes to financial statements.

WALK/BIKE NASHVILLE, INC.

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND SUPPORT						
Contributions	\$ 23,922	\$ -	\$ 23,922	\$ 21,782	\$ -	\$ 21,782
Government and foundation grants	264,921	-	264,921	137,514	-	137,514
Paycheck Protection Program grant	45,955	-	45,955	45,000	-	45,000
Membership dues	63,692	-	63,692	50,399	-	50,399
Sponsorship	88,001	25,000	113,001	70,750	29,000	99,750
Special events	50,749	-	50,749	34,661	-	34,661
Merchandise sales	10,500	-	10,500	2,391	-	2,391
Interest income	2,845	-	2,845	747	-	747
Net assets released resulting from satisfaction of donor stipulations	<u>29,000</u>	<u>(29,000)</u>	<u>-</u>	<u>35,300</u>	<u>(35,300)</u>	<u>-</u>
TOTAL REVENUES AND SUPPORT	<u>579,585</u>	<u>(4,000)</u>	<u>575,585</u>	<u>398,544</u>	<u>(6,300)</u>	<u>392,244</u>
EXPENSES						
Program services	356,936	-	356,936	240,305	-	240,305
Supporting services:						
Management and general	140,599	-	140,599	79,769	-	79,769
Fundraising	<u>27,240</u>	<u>-</u>	<u>27,240</u>	<u>25,069</u>	<u>-</u>	<u>25,069</u>
TOTAL EXPENSES	<u>524,775</u>	<u>-</u>	<u>524,775</u>	<u>345,143</u>	<u>-</u>	<u>345,143</u>
CHANGE IN NET ASSETS	54,810	(4,000)	50,810	53,401	(6,300)	47,101
NET ASSETS - BEGINNING OF YEAR	<u>230,305</u>	<u>29,000</u>	<u>259,305</u>	<u>176,904</u>	<u>35,300</u>	<u>212,204</u>
NET ASSETS - END OF YEAR	<u>\$ 285,115</u>	<u>\$ 25,000</u>	<u>\$ 310,115</u>	<u>\$ 230,305</u>	<u>\$ 29,000</u>	<u>\$ 259,305</u>

See accompanying notes to financial statements.

WALK/BIKE NASHVILLE, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2021

	Program Services				Supporting Services			
	Educate	Engage	Advocate	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total
Advertising	\$ 5,367	\$ 1,111	\$ 5	\$ 6,484	\$ -	\$ 319	\$ 319	\$ 6,803
Consulting	-	-	-	-	19,529	-	19,529	19,529
Depreciation	-	-	-	-	857	-	857	857
Dues and subscriptions	564	129	845	1,538	5,916	709	6,626	8,163
Event expenses	1,151	95	516	1,761	1,950	9,091	11,041	12,803
Insurance	1,800	-	-	1,800	7,308	-	7,308	9,108
Meals and entertainment	363	99	148	610	1,361	-	1,361	1,970
Merchandise	1,620	5,639	-	7,259	-	1,383	1,383	8,642
Occupancy	6,050	6,050	6,050	18,150	4,840	1,210	6,050	24,200
Office expenses	1,851	-	-	1,851	3,159	564	3,723	5,573
Payroll taxes and benefits	20,593	7,104	3,175	30,872	8,103	1,466	9,569	40,441
Printing, publication and postage	983	1,110	7	2,100	327	843	1,170	3,270
Professional fees	1,567	2,663	7,692	11,922	16,490	955	17,445	29,367
Program expenses	9,229	51,673	1,512	62,414	-	-	-	62,414
Repairs and maintenance	512	-	-	512	925	-	925	1,437
Salaries	134,990	50,343	20,532	205,864	62,816	9,664	72,480	278,344
Taxes and licenses	-	-	200	200	219	637	856	1,056
Training and development	1,090	-	623	1,713	513	-	513	2,225
Travel	604	1,108	114	1,826	470	399	869	2,695
Utilities	60	-	-	60	5,816	-	5,816	5,876
TOTAL EXPENSES	\$ 188,393	\$ 127,123	\$ 41,420	\$ 356,936	\$ 140,599	\$ 27,240	\$ 167,839	\$ 524,775

See accompanying notes to financial statements.

WALK/BIKE NASHVILLE, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2020

	Program Services				Supporting Services			
	Educate	Engage	Advocate	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total
Advertising	\$ 11,620	\$ 200	\$ -	\$ 11,820	\$ -	\$ -	\$ -	\$ 11,820
Consulting	-	-	-	-	5,418	-	5,418	5,418
Depreciation	-	-	-	-	857	-	857	857
Dues and subscriptions	1,581	1,837	2,454	5,872	2,499	358	2,857	8,729
Event expenses	-	-	1,349	1,349	42	4,566	4,608	5,957
Insurance	3,380	581	587	4,548	5,252	181	5,433	9,981
Meals and entertainment	-	49	-	49	195	7	202	251
Merchandise	-	-	-	-	-	71	71	71
Occupancy	5,592	4,215	4,501	14,308	4,137	1,391	5,528	19,836
Office expenses	98	79	-	177	2,923	734	3,657	3,834
Payroll taxes and benefits	7,423	4,154	4,892	16,469	4,564	1,485	6,049	22,518
Printing, publication and postage	870	19	137	1,026	81	395	476	1,502
Professional fees	691	-	1,000	1,691	7,052	3	7,055	8,746
Program expenses	8,296	8,097	175	16,568	-	-	-	16,568
Repairs and maintenance	2,108	12	12	2,132	31	4	35	2,167
Salaries	69,315	41,265	48,599	159,179	43,612	14,753	58,365	217,544
Taxes and licenses	-	256	51	307	411	200	611	918
Training and development	-	-	66	66	1,125	-	1,125	1,191
Travel	1,190	226	-	1,416	48	603	651	2,067
Utilities	1,307	993	1,028	3,328	1,522	318	1,840	5,168
TOTAL EXPENSES	<u>\$ 113,471</u>	<u>\$ 61,983</u>	<u>\$ 64,851</u>	<u>\$ 240,305</u>	<u>\$ 79,769</u>	<u>\$ 25,069</u>	<u>\$ 104,838</u>	<u>\$ 345,143</u>

See accompanying notes to financial statements.

WALK/BIKE NASHVILLE, INC.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
OPERATING ACTIVITIES		
Change in net assets	<u>\$ 50,810</u>	<u>\$ 47,101</u>
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	857	857
(Increase) decrease in:		
Grants receivable	(6,075)	(20,559)
Other assets	(2,202)	-
Increase (decrease) in:		
Accounts payable	(5,946)	7,151
Accrued expenses	<u>15,084</u>	<u>21,523</u>
TOTAL ADJUSTMENTS	<u>1,718</u>	<u>8,972</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>52,528</u>	<u>56,073</u>
INVESTING ACTIVITIES		
Purchase of property and equipment	<u>(205)</u>	<u>-</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(205)</u>	<u>-</u>
INCREASE IN CASH AND CASH EQUIVALENTS	52,323	56,073
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>249,832</u>	<u>193,759</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 302,155</u></u>	<u><u>\$ 249,832</u></u>

See accompanying notes to financial statements.

WALK/BIKE NASHVILLE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

NOTE 1 - GENERAL

Walk/Bike Nashville, Inc. (the “Organization”) was incorporated in 2003 as a Tennessee not-for-profit corporation. The Organization’s mission is to build a more walkable, bikeable and livable Nashville. The Organization’s revenues and support come primarily from grants, contributions and memberships.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements of the Organization have been prepared in accordance with U.S. generally accepted accounting principles (“GAAP”), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

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 the board of directors.

Net assets with donor restrictions: Net assets 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. Net assets with donor restrictions for the year ended December 31, 2021, consists of sponsorship contributions for an event occurring in 2022. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. The Organization did not have any net assets that are perpetual in nature at December 31, 2021.

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 Statements of Activities.

Revenue Recognition

Contributions are recognized when cash, securities or other assets, or an unconditional promise to give are received. A contribution is conditional if an agreement includes a barrier that must be overcome and either a right of return of assets transferred or a right of release of a promisor’s obligation of transfer assets exists. The presence of both a barrier and a right of return or right of release indicates that a recipient is not entitled to the contribution until it has overcome the barrier(s) in the agreement. Conditional promises to give are not recognized until the barrier(s) in the agreement are overcome.

WALK/BIKE NASHVILLE, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2021 AND 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

Grant revenue is recognized in the period in which a liability is incurred for eligible expenditures under the terms of the grant. In addition to government grants, the Organization receives certain appropriations from government entities which are recorded as revenue when the payments are received. These revenues are reported as government support.

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

Sponsorship revenue is recognized in the time period in which the sponsor is recognized which may be for either a single event or a calendar year.

Special events revenue is generated from ticket sales and sales of items at events held during the period and revenues are recognized when the events occur, which is the completion of the Organization's performance obligation.

Merchandise sales are recognized when control of products is transferred to customers, in an amount that reflects the consideration the Organization expects to be entitled to in exchange. The nature of the Organization's business does not give rise to variable consideration.

Cash

Cash consist principally of checking account balances and money market accounts held at financial institutions.

Grants Receivable

Grants receivable consist of balances due to the Organization for foundation grants awarded when grants are unconditional and not yet received. Grants receivable for conditional government grants are recognized when grant conditions are substantially met and the grant is not yet received. No allowance for uncollectible amounts is provided based on management's estimate as of December 31, 2021, or 2020.

WALK/BIKE NASHVILLE, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2021 AND 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

Property and equipment are recorded at cost. Donated assets are capitalized at fair market value in the period received. The Organization generally capitalizes property and equipment over \$750 with a useful life in excess of one year. Depreciation of property and equipment is provided over the estimated useful lives of the respective assets on a straight-line basis as follows:

Computers and equipment	5 years
Vehicles	5 years

Advertising and Promotion

The Organization's advertising and promotion costs are expensed as incurred. Advertising and promotion expense for the year ended December 31, 2021 totaled approximately \$6,800 (\$11,800 for the year ended December 31, 2020).

Income Taxes

The Organization qualifies as a not-for-profit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, income taxes are not provided.

Management performs an evaluation of all income tax positions taken or expected to be taken in the course of preparing the Organization's income tax returns to determine whether the income tax positions meet a "more likely than not" standard of being sustained under examination by the applicable taxing authorities. Management has performed its evaluation of all income tax positions taken on all open income tax returns and has determined that there were no positions taken that do not meet the "more likely than not" standard. Accordingly, there are no provisions for income taxes, penalties or interest receivable or payable relating to uncertain income tax positions in the accompanying financial statements.

The Organization files U.S. federal Form 990 for organizations exempt from income tax.

WALK/BIKE NASHVILLE, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2021 AND 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Program and Supporting Services

The following program and supporting services are included in the accompanying financial statements:

Program Services:

The Organization seeks to promote fun, meaningful events for walking and biking with the understanding that these events can positively impact walking and bicycling activity in Nashville.

The Organization works to educate and engage Nashvillians so that they can safely access the city's streets, bikeways, greenways, and sidewalks.

The Organization serves as the premier voice in pedestrian and bicycling advocacy in Nashville, actively seeking to involve residents in decisions about their streets and efforts to make them safer and more welcoming to those on foot and bicycle.

Supporting Services:

Management and General - relates to the overall direction of the Organization. These expenses are not identifiable with a particular program or event, or with fundraising, but are indispensable to the conduct of those activities and are essential to the Organization. Specific activities include organization oversight, business management, recordkeeping, budgeting, financing and other administrative activities.

Fundraising - includes costs of activities directed toward appeals for financial support, including special events. Other activities include the creation and distribution of fundraising materials.

Allocation of Functional Expenses

Expenses that can be directly attributed to a particular function are charged to that function. Certain costs have been allocated among more than one program or activity based on objectively evaluated financial and nonfinancial data or reasonable subjective methods determined by management. The salaries and related taxes and benefits, insurance, advertising, event expenses, meals, entertainment, travel, office expense, printing, postage, repairs and maintenance, taxes and licenses, training and development, professional fees, and dues and subscriptions are allocated based on estimates of time expended on those resources. Depreciation, utilities, and occupancy are allocated based on space of the related use of the property.

WALK/BIKE NASHVILLE, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2021 AND 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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.

Recent Authoritative Accounting Guidance

In February 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in *Topic 840, Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. In July 2018, the FASB issued ASU 2018-10, *Codification Improvements to Topic 842, Leases*, which makes narrow scope improvements to the standard for specific issues. In July 2018, the FASB also issued ASU 2018-11, *Leases (Topic 842): Targeted Improvements*, which provides an optional transition method allowing the standard to be applied at the adoption date. In March 2019, the FASB issued ASU 2019-01, *Leases (Topic 842) Codification Improvements*, which exempts entities from having to provide the interim disclosures required by Accounting Standards Codification (“ASC”) 250-10-50-3 in the fiscal year in which an organization adopts the new leases standard.

A modified retrospective transition approach is required. An entity may adopt the guidance either (1) retrospectively to each prior reporting period presented in the financial statements with a cumulative-effect adjustment recognized at the beginning of the earliest comparative period presented or (2) retrospectively at the beginning of the period of adoption through a cumulative-effect adjustment. The new standard, which will be effective for the Organization January 1, 2022, provides a number of practical expedients. The Organization expects to adopt the guidance retrospectively at the beginning of the period of adoption, January 1, 2022, through a cumulative-effect adjustment.

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which requires a not-for-profit entity to present contributed nonfinancial assets in the statement of activities as a line item that is separate from contributions of cash or other financial assets. ASU 2020-07 also requires additional qualitative and quantitative disclosures about contributed nonfinancial assets received, disaggregated by category. This ASU is effective for the Organization beginning on January 1, 2022. The Organization is currently evaluating the impact of the pending adoption of the new standard on the financial statements.

WALK/BIKE NASHVILLE, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2021 AND 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reclassifications

Certain prior year balances have been reclassified to conform to the current year's presentation. The effects of such reclassifications have no effect on the change in net assets previously reported.

Events Occurring After Reporting Date

The Organization has evaluated events and transactions that occurred between December 31, 2021 and November 4, 2022, the date the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

NOTE 3 - LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following as of December 31:

	<u>2021</u>	<u>2020</u>
Cash cash equivalents	\$ 302,155	\$ 249,832
Grants receivable	<u>46,264</u>	<u>40,189</u>
Total financial assets	348,419	290,021
Less amounts not available to be used within one year:		
Restricted by donor with time or purpose restrictions	<u>(25,000)</u>	<u>(29,000)</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 323,419</u>	<u>\$ 261,021</u>

WALK/BIKE NASHVILLE, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2021 AND 2020

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31:

	<u>2021</u>	<u>2020</u>
Computers and equipment	\$ 6,564	\$ 6,359
Vehicles	<u>2,956</u>	<u>2,956</u>
	9,520	9,315
Less: accumulated depreciation	<u>(8,861)</u>	<u>(8,004)</u>
	<u>\$ 659</u>	<u>\$ 1,311</u>

NOTE 5 - PAYCHECK PROTECTION PROGRAM GRANT

On May 4, 2020, the Organization was the recipient of a \$45,000 loan under the Paycheck Protection Program ("PPP"). The PPP, established as a part of the Coronavirus Aid, Relief and Economic Security ("CARES") Act, provides for loans to small businesses to pay up to 24 weeks of payroll costs and benefits, interest on mortgages, rent and utilities. The funds are available in the form of a loan which is fully forgivable if at least 60% of the funds are used for payroll costs and other conditions are met. It was management's intention to treat the loan proceeds as a conditional grant and recognize the forgiveness of the note as the conditions were substantially met. Based on management's estimation of the forgiveness calculation, the full amount of the loan was recognized and was included as Paycheck Protection Program grant revenue as of December 31, 2020. The Organization received formal notification of forgiveness on April 23, 2021.

On February 2, 2021, the Organization received a second PPP loan in the amount of \$45,955. The second PPP loan has substantially the same terms noted above. The Organization both met the conditions and received notification of forgiveness on August 23, 2021, and therefore has recognized \$45,955 as Paycheck Protection Program grant revenue as of December 2021.

NOTE 6 - LEASES

The Organization leases its facility under an operating lease agreement that expires February 28, 2023. The lease calls for monthly rental payments of \$2,200.

WALK/BIKE NASHVILLE, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2021 AND 2020

NOTE 6 -For LEASES (CONTINUED)

Lease payments due under the terms of the lease are as follows as of December 31, 2021:

Year ended December 31,

2022	\$ 26,400
2023	<u>4,400</u>
	<u>\$ 30,800</u>

NOTE 7 - CONCENTRATIONS

The Organization maintains cash accounts at reputable financial institutions whose accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to statutory limits. The Organization's cash balances may, at times, exceed statutory limits. The Organization has not experienced any losses in such accounts and management considers this to be a normal business risk.

The Organization received significant operational and cash flow support from two entities amounting to approximately 60% of government and foundation grants for the year ending December 31, 2021 (92% at the year ended December 31, 2020). Approximately 22% of sponsorship income was received from one company and 22% of contributions came from one company for the year ending December 31, 2021 (65% and 22% respectively, at year ended December 31, 2020).

At December 31, 2021 and 2020, approximately 99% of grants receivable were from two government agencies.