

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

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INDEPENDENT AUDITOR'S REPORT

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

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Walk/Bike Nashville, Inc. (the "Organization") which comprise the statement of financial position as of December 31, 2020, 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 of 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 of 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 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 Walk/Bike Nashville, Inc. as of December 31, 2020, 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.

Kraft CPAs PLLC

Nashville, Tennessee
November 10, 2021

WALK/BIKE NASHVILLE, INC.

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2020

ASSETS

Cash and cash equivalents	\$ 249,832
Grants receivable	40,189
Other assets	5,965
Property and equipment, net	<u>1,311</u>
TOTAL ASSETS	<u>\$ 297,297</u>

LIABILITIES AND NET ASSETS

LIABILITIES	
Accounts payable	\$ 11,538
Accrued expenses	<u>26,454</u>
TOTAL LIABILITIES	<u>37,992</u>
NET ASSETS	
Without donor restrictions	230,305
With donor restrictions	<u>29,000</u>
TOTAL NET ASSETS	<u>259,305</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 297,297</u>

See accompanying notes to financial statements.

WALK/BIKE NASHVILLE, INC.

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUES AND SUPPORT			
Contributions	\$ 72,181	\$ -	\$ 72,181
Government and foundation grants	137,514	-	137,514
Paycheck Protection Program grant	45,000	-	45,000
Sponsorship	70,750	29,000	99,750
Special events	34,661	-	34,661
Merchandise	2,391	-	2,391
Interest income	747	-	747
Net assets released resulting from satisfaction of donor stipulations	<u>35,300</u>	<u>(35,300)</u>	<u>-</u>
TOTAL REVENUES AND SUPPORT	<u>398,544</u>	<u>(6,300)</u>	<u>392,244</u>
EXPENSES			
Program services	240,305	-	240,305
Supporting services:			
Management and general	79,769	-	79,769
Fundraising	<u>25,069</u>	<u>-</u>	<u>25,069</u>
TOTAL EXPENSES	<u>345,143</u>	<u>-</u>	<u>345,143</u>
CHANGE IN NET ASSETS	53,401	(6,300)	47,101
NET ASSETS - BEGINNING OF YEAR	<u>176,904</u>	<u>35,300</u>	<u>212,204</u>
NET ASSETS - END OF YEAR	<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, 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	\$ 113,471	\$ 61,983	\$ 64,851	\$ 240,305	\$ 79,769	\$ 25,069	\$ 104,838	\$ 345,143

See accompanying notes to financial statements.

WALK/BIKE NASHVILLE, INC.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2020

OPERATING ACTIVITIES

Change in net assets	<u>\$ 47,101</u>
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	857
(Increase) decrease in:	
Grants receivable	(20,559)
Increase (decrease) in:	
Accounts payable	7,151
Accrued expenses	21,523
TOTAL ADJUSTMENTS	<u>8,972</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>56,073</u>
INCREASE IN CASH AND CASH EQUIVALENTS	56,073
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>193,759</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 249,832</u>

See accompanying notes to financial statements.

WALK/BIKE NASHVILLE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 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.

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.

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, 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 and Cash Equivalents

Cash and cash equivalents 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 grants awarded when grants are unconditional and not yet received. Grants receivable for conditional 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, 2020.

WALK/BIKE NASHVILLE, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 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 primarily expensed as incurred. Advertising and promotion expense for the period ended December 31, 2020 totaled approximately \$11,800.

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, 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.

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.

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.

WALK/BIKE NASHVILLE, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 income statement. The new standard requires lessors to account for leases using an approach that is substantially equivalent to existing guidance for sales-type leases, direct financing leases and operating leases. 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 December 2018, the FASB issued ASU 2018-20, *Narrow-Scope Improvements for Lessors*. This ASU provides an election for lessors to exclude sales and related taxes from consideration in the contract, requires lessors to exclude from revenue and expense lessor costs paid directly to a third party by lessees, and clarifies lessors’ accounting for variable payments related to both lease and nonlease components. 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 is currently evaluating the impact of the pending adoption of the new standard on its financial statements.

Events Occurring After Reporting Date

The Organization has evaluated events and transactions that occurred between December 31, 2020 and November 10, 2021, the date the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

WALK/BIKE NASHVILLE, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2020

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, 2020:

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

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31, 2020:

Computers and equipment	\$ 6,359
Vehicles	<u>2,956</u>
	9,315
Less: accumulated depreciation	<u>(8,004)</u>
	<u><u>\$ 1,311</u></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. Any unforgiven funds will convert to a note with a 1.0% interest rate and payable over 24 months. It is management's intention to treat the loan proceeds as a conditional grant and recognize the forgiveness of the note as the conditions are substantially met. Based on management's preliminary estimation of the forgiveness calculation, the full amount of the loan has been recognized and included as Paycheck Protection Program grant revenue as of December 31, 2020, as the forgiveness conditions were substantially met.

Subsequent to the statement of financial position date, the Company received a second PPP loan in the amount of \$45,955.

WALK/BIKE NASHVILLE, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2020

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 per month.

Lease payments due under the terms of the lease are as follows as of December 31, 2020:

Year ended December 31,

2021	\$ 26,400
2022	26,400
2023	<u>4,400</u>
	<u>\$ 57,200</u>

NOTE 7 - CONCENTRATIONS

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

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

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.

NOTE 8 - RISKS AND UNCERTAINTIES

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus included restrictions on travel, quarantines in certain areas and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries including the geographical area in which the Organization operates. While it is unknown how long these conditions will last and what the complete financial effect will be to the Organization, the Organization's leadership team is continually evaluating the evolving situation.