

WALK/BIKE NASHVILLE, INC.  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
DECEMBER 31, 2016

# WALK/BIKE NASHVILLE, INC.

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
**Walk/Bike Nashville, Inc.**  
Nashville, Tennessee

We have audited the accompanying financial statements of Walk/Bike Nashville, Inc., which comprise of the statement of assets, liabilities, and net assets—modified cash basis as of December 31, 2016, and the related statement of revenues, expenses, and changes in net assets—modified cash basis, and statement of cash flows—modified cash basis 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 the modified cash basis of accounting as described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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.

### ***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 the modified cash basis of accounting. 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 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 assets, liabilities, and net assets of Walk/Bike Nashville, Inc. as of December 31, 2016, and its support, revenue, and expenses for the year then ended in accordance with the modified cash basis of accounting as described in Note 1.

## INDEPENDENT AUDITORS' REPORT (CONTINUED)

### ***Basis of Accounting***

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

### ***Other Matter***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses on page 8 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with the modified cash basis of accounting. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*CPA Consulting Group, PLLC*

Nashville, Tennessee  
June 26, 2017

**WALK/BIKE NASHVILLE, INC.**  
**STATEMENT OF ASSETS, LIABILITIES, AND NET ASSETS – MODIFIED CASH BASIS**  
**DECEMBER 31, 2016**

**ASSETS**

**CURRENT ASSETS**

Cash	\$ 125,210
Inventory	<u>3,381</u>

<b>Total current assets</b>	<u>128,591</u>
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**COMPUTERS AND EQUIPMENT**

Computers and equipment	6,360
Less accumulated depreciation	<u>(5,028)</u>

<b>Total computers and equipment, net</b>	<u>1,332</u>
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**OTHER ASSETS**

Lease deposit	<u>2,500</u>
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<b>Total other assets</b>	<u>1,332</u>
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<b>Total assets</b>	<u><u>\$ 132,423</u></u>
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**LIABILITIES AND NET ASSETS**

**LIABILITIES**

Sublease deposit	\$ <u>1,550</u>
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<b>Total liabilities</b>	<u>1,550</u>
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**NET ASSETS**

Net assets	<u>130,873</u>
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<b>Total net assets</b>	<u>130,873</u>
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<b>Total liabilities and net assets</b>	<u><u>\$ 132,423</u></u>
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See accompanying notes to financial statements and independent auditors' report.

**WALK/BIKE NASHVILLE, INC.**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS – MODIFIED CASH BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

**UNRESTRICTED NET ASSETS**

**Unrestricted revenues**

Grants	\$ 168,668
Contributions	29,206
Memberships	25,532
Program revenue	94,059
Rental Income	5,800
Merchandise	<u>4,436</u>

<b>Total revenues and gains</b>	<u>327,701</u>
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**EXPENSES**

Program services	204,101
Management and general	43,301
Fundraising	<u>18,545</u>

<b>Total expenses</b>	<u>265,947</u>
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<b>Change in net assets</b>	61,754
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<b>Net assets at beginning of year</b>	<u>69,119</u>
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<b>Net assets at end year</b>	<u><u>\$ 130,873</u></u>
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See accompanying notes to financial statements and independent auditors' report.

WALK/BIKE NASHVILLE, INC.  
STATEMENT OF CASH FLOWS – MODIFIED CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2016

**CASH FLOWS FROM OPERATING ACTIVITIES**

Increase in net assets	\$ 61,754
Adjustments to reconcile increase in net assets to net cash flows provided by operating activities:	
Depreciation	532
(Increase) decrease in inventory:	(3,381)
(Increase) decrease in lease deposit:	(2,500)
Increase (decrease) in sublease deposit:	<u>1,550</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>57,955</u>
 <b>NET INCREASE IN CASH</b>	 57,955
 <b>BEGINNING CASH</b>	 <u>67,255</u>
 <b>ENDING CASH</b>	 <u><u>\$ 125,210</u></u>

See accompanying notes to financial statements and independent auditors' report.



**WALK/BIKE NASHVILLE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Activities**

Walk/Bike Nashville, Inc. (the "Organization") was incorporated under the laws of the State of Tennessee as a nonprofit organization in 2003. The Organization's mission is to build a more walkable, bikeable, and livable Nashville. The Organization's revenue and support comes primarily from grants, contributions, and memberships.

**Basis of Presentation**

The financial statements of the Organization have been prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Modifications to the cash basis of accounting include recording property and equipment and its related depreciation and accruing for payroll taxes. Accordingly, revenue is recorded when received rather than when earned and expenses are recorded when paid rather than when the obligation is incurred.

**Cash and Cash Equivalents**

For purposes of the Statements of Cash Flows, the Organization considers all cash funds, cash bank accounts and highly liquid debt instruments, with an original maturity when purchased of three months or less, to be cash and cash equivalents.

**Inventory**

Inventory consists of jersey's and shirts procured and stored for sale as part of fundraising. The inventory is valued at the lower of cost or market recorded under the first-in, first-out (FIFO) method. As of December 31, 2016, inventory available for sale was \$3,381.

**Computers and Equipment**

Computers and equipment are recorded at cost to the Organization, or, if donated, at the estimated fair market value at the date of donation. All depreciation is computed using the straight-line method based on the estimated useful life of the asset. Estimated useful lives are 10-39 years, 7 years, and 5 years for leasehold improvements, furniture, and computers and equipment, respectively. The Organization's capitalization policy is to capitalize any expenditure over \$2,500. Expenditures for repairs and maintenance are charged to operations when incurred. Depreciation expense for the year ended December 31, 2016, was \$532.

**Expense Allocation**

The costs of providing program services and supporting services have been summarized on a functional basis in the schedule of functional expenses. Accordingly, certain costs have been allocated among program and supporting services based on actual or estimated time employees spend on each function.



WALK/BIKE NASHVILLE, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Income Taxes**

The Organization is a nonprofit organization exempt from income taxes under section 501(c)(3) of the Internal Revenue Code, and is classified as an organization that is not a private foundation as defined in Section 509(a) of the Internal Revenue Code. The Organization's federal and state income tax and regulatory filings are subject to examination by the applicable taxing or regulatory authority for the years ending December, 31, 2014, 2015 and 2016 generally for a period of three years after a return is filed.

**Subsequent Events**

Management has evaluated subsequent events through June 26, 2017, the date the financial statements were available to be issued.

**NOTE 2 – CONCENTRATION OF CREDIT RISK**

The Organization maintains its cash balances at four bank. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000 at each institution. Cash in bank deposit accounts, at times during the year, may exceed federally insured limits. At December 31, 2016, the Organization had no amounts in excess of FDIC insured limits. The Organization received grant revenue from one source that made up 50% of total revenue.

**NOTE 3 – LEASES**

The Organization signed a new lease agreement, on June 1, 2016, and terminated the fixed term lease agreement signed on July 1, 2013. The new lease agreement calls for monthly rent payments of \$2,500 and matures on May 31, 2019. The organization paid a security deposit of \$2,500 on the lease. Rent expense for the year ended December 31, 2016, was \$22,962. Additionally, the Organization rents out storage space as necessary. Future minimum lease payments are as follows:

2017	\$	30,000
2018		30,000
2019		<u>12,500</u>
	\$	<u>72,500</u>

On September 12, 2016, the Organization signed a new sublease agreement with Set Free Church. The sublease agreement calls for monthly rent payments of \$1,550 and matures on September 30, 2018. The organization received a security deposit of \$1,550 on the sublease.

**WALK/BIKE NASHVILLE, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**NOTE 4 – GRANTS**

The Organization signed a four year state contract on November 3, 2013, with the Metro Transit Authority for a reimbursement type grant. The grant expires on November 3, 2017, and is not to exceed \$600,000. As of December 31, 2016, total grant revenue to date equaled \$409,719.

## **SUPPLEMENTARY SCHEDULE**

WALK/BIKE NASHVILLE, INC.  
SCHEDULE OF FUNCTIONAL EXPENSES – MODIFIED CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2016

	Educate	Engage	Advocate	Total Program Service	Management and General	Fundraising	Total Expenses
	\$	\$	\$	\$	\$		\$
Advertising	664	6,185	10	6,859	1,129	445	8,433
Depreciation	-	-	-	-	532	-	532
Dues and subscriptions	115	212	75	402	1,474	101	1,977
Equipment rental	561	121	-	682	105	-	787
Event expenses	6,484	220	1,910	8,614	28	36	8,678
Health insurance	974	844	482	2,300	302	243	2,845
Insurance	1,424	2,121	439	3,984	386	263	4,633
Meals and entertainment	966	6,351	479	7,796	1,555	53	9,404
Meeting expenses	-	-	-	-	771	-	771
Merchandise	-	187	-	187	-	658	845
Occupancy	5,474	7,177	3,167	15,818	2,744	1,900	20,462
Office expenses	328	551	149	1,028	6,605	101	7,734
Payroll taxes	4,969	4,305	2,460	11,734	1,540	1,241	14,515
Printing, publications, and postage	141	2,059	-	2,200	736	1,564	4,500
Professional Fees	-	-	-	-	9,626	-	9,626
Program Expenses	1,400	18,039	-	19,439	-	-	19,439
Salaries	45,979	39,831	22,758	108,568	14,249	11,478	134,295
Taxes and licenses	29	68	18	115	1,043	326	1,484
Training and development	2,910	401	3,359	6,670	111	-	6,781
Travel	818	1,551	4,360	6,729	202	23	6,954
Utilities	363	425	188	976	163	113	1,252
<b>Total</b>	<b>\$ 73,599</b>	<b>\$ 90,648</b>	<b>\$ 39,854</b>	<b>\$ 204,101</b>	<b>\$ 43,301</b>	<b>\$ 18,545</b>	<b>\$ 265,947</b>

See independent auditors' report.