WALK/BIKE NASHVILLE, INC.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

DECEMBER 31, 2018

WALK/BIKE NASHVILLE, INC.

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CPA CONSULTING GROUP, PLLC
CERTIFIED PUBLIC ACCOUNTANTS

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 the statement of assets, liabilities, and net assets–modified cash basis as of December 31, 2018, and the related statements of revenues, expenses, and changes in net assets—modified cash basis, functional expenses–modified cash basis, and 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 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 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.

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INDEPENDENT AUDITORS' REPORT (CONTINUED)

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, 2018, 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.

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.

CPA Consulting Group, PLLC

Nashville, Tennessee
August 2, 2019

WALK/BIKE NASHVILLE, INC.
STATEMENT OF ASSETS, LIABILITIES, AND NET ASSETS – MODIFIED CASH BASIS
DECEMBER 31, 2018

ASSETS

CURRENT ASSETS	
Cash	$ 206,655
Inventory	2,708
Total current assets	209,363
COMPUTERS AND EQUIPMENT	
Fixed assets	9,315
Less accumulated depreciation	(6,290)
Total computers and equipment, net	3,025
OTHER ASSETS	
Lease deposit	2,500
Total other assets	2,500
Total assets	$ 214,888

LIABILITIES AND NET ASSETS

LIABILITIES	
Sublease deposit	$ 1,550
Other current liabilities	2,181
Total liabilities	3,731
NET ASSETS	
Net assets without donor restrictions	211,157
Total net assets	211,157
Total liabilities and net assets	$ 214,888

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, 2018

UNRESTRICTED NET ASSETS	
Unrestricted revenues	
Contributions	21,453
Grants	158,772
Memberships	32,210
Program revenue	130,811
Rental income	20,800
Special events, net of direct costs	13,284
Merchandise	3,281
Total revenues and gains	380,611
EXPENSES	
Program services	256,520
Management and general	65,430
Fundraising	16,177
Total expenses	338,127
Change in net assets	42,484
Net assets at beginning of year	168,673
Net assets at end of year	$ 211,157

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

WALK/BIKE NASHVILLE, INC.
STATEMENT OF FUNCTIONAL EXPENSES – MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018

	Educate	Engage	Advocate	Total Program Service	Management and General	Fundraising	Total Expenses
Advertising	$ 22,978	$ 3,955	$ 116	$ 27,049	$ 276	306	$ 27,631
Depreciation	-	-	-	-	728	-	728
Dues and subscriptions	1,338	930	1,090	3,358	2,786	134	6,278
Equipment rental	339	587	103	1,029	-	-	1,029
Event expenses	-	561	419	980	-	1,045	2,025
Insurance	3,200	2,242	878	6,320	1,498	183	8,001
Meals and entertainment	497	6,408	1,491	8,396	714	40	9,150
Meeting expenses	-	-	-	-	826	-	826
Merchandise	-	-	-	-	-	1,868	1,868
Occupancy	10,724	5,730	5,196	21,650	7,017	1,084	29,751
Office expenses	757	476	383	1,616	2,131	1,031	4,778
Payroll taxes	4,776	2,841	2,690	10,307	2,732	588	13,627
Printing, publications, and postage	1,682	3,857	1,904	7,443	2,718	2,007	12,168
Professional fees	-	-	-	-	10,323	-	10,323
Program expenses	10,798	22,096	148	33,042	-	-	33,042
Repairs and maintenance	44	-	-	44	102	-	146
Salaries	58,385	34,268	33,240	125,893	32,210	7,228	165,331
Supplies	11	606	158	775	-	-	775
Taxes and licenses	-	-	-	-	182	352	534
Training and development	660	-	1,695	2,355	311	109	2,775
Travel	296	296	2,984	3,576	198	67	3,841
Utilities	1,331	711	645	2,687	678	135	3,500
Total	$ 117,816	$ 85,564	$ 53,140	$ 256,520	$ 65,430	$ 16,177	$ 338,127

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, 2018

CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	$	42,484
Adjustments to reconcile increase in net assets to net cash flows provided by operating activities:		
Depreciation		728
Donation of asset		(2,955)
(Increase) decrease in inventory		955
Increase (decrease) in other current liabilities		2,132
NET CASH PROVIDED BY OPERATING ACTIVITIES		43,344
NET INCREASE IN CASH		43,344
BEGINNING CASH		163,311
ENDING CASH	$	206,655
SUPPLEMENTAL DISCLOSURE OF NONCASH OPERATING ACTIVITIES		
Donation of fixed asset		2,955

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

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 accompanying financial statements have been prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under the modified cash basis of accounting, certain revenues and the related assets are recognized when received rather than when earned, and certain expenses are recognized when paid rather than when the obligation is incurred. Consequently, the Organization has not recognized accounts receivable from any party or accounts payable to vendors, nor their related effects on earnings in the accompanying financial statements.

Cash and Cash Equivalents

For purposes of the Statement 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 jerseys 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, 2018, inventory available for sale was $2,707.

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, 2018 was $728.

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.

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, 2016, 2017 and 2018 generally for a period of three years after a return is filed. Management has evaluated the Organization's tax positions and concluded that they have taken no uncertain tax positions that require additional adjustment or disclosure to the accompanying financial statements.

Adoption of Accounting Pronouncement

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. ASU 2016-14 requires significant changes to the financial reporting model of organizations who follow the not-for-profit reporting model. The changes include reducing the classes of net assets from three to two: net assets with donor restrictions and net assets without donor restrictions. The ASU will also require changes in the way certain information is aggregated and reported by the Organization, including required disclosures about liquidity and availability of resources and increased disclosures on functional expenses. The new standard is effective for the Organization's year ending December 31, 2018 and thereafter and must be applied on a retrospective basis. The Organization adopted the ASU effective January 1, 2018. Adoption of the ASU did not result in any reclassifications or restatements to net assets or changes in net assets.

Subsequent Events

Management has evaluated subsequent events through August 2, 2019, the date the financial statements were available to be issued. See Note 5 for further details.

NOTE 2 – CONCENTRATION OF CREDIT RISK

The Organization maintains cash balances at two banks. Renasant's bank balance is insured by the Federal Deposit Insurance Corporation up to $250,000 at this institution. Cash in bank deposit accounts, at times during the year, may exceed federally insured limits. PayPal is not insured by the Federal Deposit Insurance Corporation. At December 31, 2018, the Organization had $8,696 in bank accounts in excess of FDIC insured limits.

The Organization received grant revenue from two sources that made up 36% of total revenue.

NOTE 3 – LEASES

The Organization's lease agreement was ended on February 28, 2019, an earlier date than the original maturity date of May 31, 2019. This early termination came at no additional cost to the Organization. The Organization signed a new lease on March 1, 2019, through February 28, 2023. Under the terms of the new lease, monthly rent payments of $2,200 are to be made by the Organization. The Organization paid a security deposit of $2,200 on the lease. Rent expense for the year ended December 31, 2018, was $29,751. Following the commencement of the new lease agreement, all subleases will be terminated. Additionally, the Organization rents out storage space as necessary. Future minimum lease payments are as follows:

2019	27,000
2020	26,400
2021	26,400
2022	26,400
2023	4,400
	$ 110,600

On May 1, 2018 the Organization renewed a sublease agreement with Relik Vintage. The sublease agreement calls for monthly rent payments of $1,550 and matures on May 1, 2019. The Organization received a security deposit of $1,550 on the sublease.

NOTE 4 – GRANTS

The Organization signed a new lease on July 11, 2018 with the Metropolitan Government of Nashville for a reimbursement type grant. The grant expires on June 30, 2019 and cannot exceed $50,000. For the year ended December 31, 2017, the grant revenue equaled $26,692.

NOTE 5 – SUBSEQUENT EVENTS

The Organization signed a new lease agreement on March 1, 2019. See note 3 for more details.

The Organization signed a new grant agreement with Zendrive, Inc. on June 9, 2019 for $25,000. Per the grant agreement, it will be classified as a net asset with donor restriction.

NOTE 6 – LIQUIDITY OF ORGANIZATION

At December 31, 2018, the Organization had $206,655 cash and equivalents available to meet needs for general expenditures. Accordingly, all funds without restrictions are available to meet the cash needs of the Organization for the next 12 months.

NOTE 6 – LIQUIDITY OF ORGANIZATION (CONTINUED)

As of the date of this report, the Organization does not have a specific policy for how much cash needs to be in reserve at any given point, nor does it have a policy as to what can be done with any surplus funds. The Organization manages its liquidity by developing and adopting annual operating budgets that provide sufficient funds for general expenditures in meeting its liabilities and other obligations as they become due. Cash needs of the Organization are expected to be met on a monthly basis from its various sources of support as reported on its statement of activities.