

WALK/BIKE NASHVILLE, INC.
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2017

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, 2017, 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 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.

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, 2017, 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.

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 9 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, LLC

Nashville, Tennessee
June 18, 2018

WALK/BIKE NASHVILLE, INC.
STATEMENT OF ASSETS, LIABILITIES, AND NET ASSETS – MODIFIED CASH BASIS
DECEMBER 31, 2017

ASSETS

CURRENT ASSETS

Cash	\$ 163,311
Inventory	<u>3,662</u>

Total current assets	<u>166,973</u>
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COMPUTERS AND EQUIPMENT

Computers and equipment	6,360
Less accumulated depreciation	<u>(5,561)</u>

Total computers and equipment, net	<u>799</u>
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OTHER ASSETS

Lease deposit	<u>2,500</u>
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Total other assets	<u>2,500</u>
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Total assets	<u><u>\$ 170,272</u></u>
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LIABILITIES AND NET ASSETS

LIABILITIES

Sublease deposit	\$ 1,550
Other current liabilities	<u>49</u>

Total liabilities	<u>1,599</u>
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NET ASSETS

Net assets	<u>168,673</u>
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Total net assets	<u>168,673</u>
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Total liabilities and net assets	<u><u>\$ 170,272</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, 2017

UNRESTRICTED NET ASSETS

Unrestricted revenues

Grants	\$ 217,706
Contributions	37,396
Memberships	31,610
Rental income	20,030
Program revenue	90,172
Merchandise	<u>2,273</u>

Total revenues and gains	<u>399,187</u>
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EXPENSES

Program services	295,482
Management and general	49,504
Fundraising	<u>16,401</u>

Total expenses	<u>361,387</u>
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Change in net assets	37,800
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Net assets at beginning of year	<u>130,873</u>
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Net assets at end of year	<u><u>\$ 168,673</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, 2017

CASH FLOWS FROM OPERATING ACTIVITIES

Increase in net assets	\$ 37,800
Adjustments to reconcile increase in net assets to net cash flows provided by operating activities:	
Depreciation	531
(Increase) decrease in inventory	(283)
Increase (decrease in other current liabilities)	<u>49</u>

NET CASH PROVIDED BY OPERATING ACTIVITIES 38,097

NET INCREASE IN CASH 38,097

BEGINNING CASH 125,214

ENDING CASH \$ 163,311

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

WALK/BIKE NASHVILLE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

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, 2017, inventory available for sale was \$3,662.

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, 2017 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, 2017

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, 2015, 2016 and 2017 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.

Subsequent Events

Management has evaluated subsequent events through June 18, 2018, the date the financial statements were available to be issued.

NOTE 2 – CONCENTRATION OF CREDIT RISK

The Organization maintains cash balances at one bank. The balances are 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. At December 31, 2017, the Organization had no amounts in bank accounts in excess of FDIC insured limits.

The Organization received grant revenue from one source that made up 58% of total revenue.

NOTE 3 – LEASES

The Organization signed a new lease agreement, on June 1, 2016. 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, 2017, was \$30,000. Additionally, the Organization rents out storage space as necessary. Future minimum lease payments are as follows:

2018	30,000
2019	<u>12,500</u>
	<u>\$ 42,500</u>

On September 12, 2016, the Organization signed a 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, 2017

On June 26, 2017, the Organization signed a new sublease agreement with Urban Green Lab. The sublease agreement calls for monthly rent payments of \$30 per month and no maturity date is noted on the lease.

On November 1, 2017, the Organization signed a new sublease agreement with Nashville Civic Design Center. The sublease agreement calls for monthly rent payments of \$50 and no maturity date is noted on the lease.

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 expired on November 3, 2017, and is not to exceed \$600,000.

The Organization renewed a one year state contract on October 3, 2017 with the TN Department of Safety and Homeland Security for a reimbursement type grant. The grant expires on September 30, 2018, and is not to exceed \$60,999. For the year ended December 31, 2017, the grant revenue equaled \$26,692.

NOTE 5 – SUBSEQUENT EVENTS

The Organization signed a one year grant agreement with TransitCenter, Inc. on December 13, 2017. The grant did not take effect until January 1, 2018. The grant expires on December 31, 2018, and is not to exceed \$65,358 in funding. The first grant payment was received in January 2018 for \$35,000.

SUPPLEMENTARY SCHEDULE

WALK/BIKE NASHVILLE, INC.
SCHEDULE OF FUNCTIONAL EXPENSES – MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Educate</u>	<u>Engage</u>	<u>Advocate</u>	<u>Total Program Service</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Expenses</u>
Advertising	\$ 32,754	\$ 4,819	\$ 835	\$ 38,408	\$ 1,091	689	\$ 40,188
Depreciation	-	-	-	-	531	-	531
Dues and subscriptions	1,030	572	609	2,211	2,677	73	4,961
Equipment rental	471	452	-	923	35	-	958
Event expenses	-	906	2,007	2,913	226	1,090	4,229
Insurance	1,169	1,855	562	3,586	897	94	4,577
Meals and entertainment	420	6,659	739	7,818	719	786	9,323
Meeting expenses	-	-	-	-	133	-	133
Merchandise	-	-	-	-	-	1,690	1,690
Occupancy	10,800	6,900	7,200	24,900	4,043	1,200	30,143
Office expenses	3,987	319	481	4,787	1,553	1,095	7,435
Payroll taxes	2,797	3,582	4,053	10,432	2,583	1,005	14,020
Printing, publications, and postage	1,511	3,645	74	5,230	2,202	1,128	8,560
Professional fees	-	-	-	-	9,653	-	9,653
Program expenses	13,634	26,831	207	40,672	-	-	40,672
Salaries	59,959	38,802	40,905	139,666	21,595	7,150	168,411
Taxes and licenses	28	79	24	131	327	262	720
Training and development	2,275	99	3,338	5,712	415	-	6,127
Travel	245	393	4,757	5,395	401	9	5,805
Utilities	1,170	748	780	2,698	423	130	3,251
Total	<u><u>\$ 132,250</u></u>	<u><u>\$ 96,661</u></u>	<u><u>\$ 66,571</u></u>	<u><u>\$ 295,482</u></u>	<u><u>\$ 49,504</u></u>	<u><u>\$ 16,401</u></u>	<u><u>\$ 361,387</u></u>

See independent auditors' report.