



Montemayor Hill & Company, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

**TEXAS BICYCLE COALITION
d/b/a BIKETEXAS**

**INDEPENDENT AUDITOR'S REPORT
AND
CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE TWO YEARS ENDED
DECEMBER 31, 2010**



Montemayor Hill & Company, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
Texas Bicycle Coalition

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying consolidated statement of financial position of the Texas Bicycle Coalition d/b/a BikeTexas as of December 31, 2010, and the related consolidated statements of activities and cash flows for the 2 years then ended. These consolidated financial statements are the responsibility of BikeTexas' management. Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of BikeTexas as of December 31, 2010, and the changes in its net assets and its cash flows for the 2 years then ended in conformity with accounting principles generally accepted in the United States of America.

Montemayor Hill & Company, P.C.

2 August 2011
Austin, Texas

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TEXAS BICYCLE COALITION
d/b/a BIKETEXAS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2010

ASSETS

CURRENT ASSETS

Cash	\$8,536
Grants receivable	162,560
License plate inventory	8,422
Deposits	<u>11,581</u>
	<u>191,099</u>

FIXED ASSETS

Furniture and equipment	36,336
Leasehold improvements	15,310
Vehicles	58,133
Accumulated depreciation	<u>(92,139)</u>
	<u>17,640</u>
	<u><u>\$208,739</u></u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$106,809
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NET ASSETS

101,930

\$208,739

The accompanying notes are an integral part of this financial statement presentation.

TEXAS BICYCLE COALITION d.b.a. BIKETEXAS
CONSOLIDATED STATEMENT OF ACTIVITIES
TWO YEARS ENDED DECEMBER 31, 2010

REVENUE	Unrestricted	Temporarily Restricted	Total
Grants	\$535,991	\$0	\$535,991
License Plate Fees	497,401	0	497,401
Memberships and contributions, including contributed goods and services of \$108,041	360,116	0	360,116
Special Projects	30,955	0	30,955
Other	67,807	0	67,807
Net assets released	<u>6,139</u>	<u>(6,139)</u>	<u>0</u>
	<u>1,498,409</u>	<u>(6,139)</u>	<u>1,492,270</u>
EXPENSES			
Contract services	716,114	0	716,114
Contributed services	101,001	0	101,001
Rent	92,645	0	92,645
Fringe	90,526	0	90,526
Printing	82,179	0	82,179
Travel	71,590	0	71,590
Postage	27,383	0	27,383
Supplies	25,809	0	25,809
Depreciation	23,211	0	23,211
Professional Fees	18,803	0	18,803
Telephone	16,686	0	16,686
Special events	13,606	0	13,606
Bad debts	12,990	0	12,990
Insurance	12,751	0	12,751
Conferences and meetings	12,417	0	12,417
Promotions	12,209	0	12,209
Other	<u>84,145</u>	<u>0</u>	<u>84,145</u>
	<u>1,414,065</u>	<u>0</u>	<u>1,414,065</u>
Change in net assets	<u>84,344</u>	<u>(6,139)</u>	<u>78,205</u>
Beginning net assets, as previously reported	5,786	6,139	11,925
Prior period adjustment	<u>11,800</u>	<u>0</u>	<u>11,800</u>
Beginning net assets, as restated	<u>17,586</u>	<u>6,139</u>	<u>23,725</u>
Ending net assets	<u>\$101,930</u>	<u>\$0</u>	<u>\$101,930</u>

The accompanying notes are an integral part of this financial statement presentation.

TEXAS BICYCLE COALITION
d.b.a. BIKETEXAS

CONSOLIDATED STATEMENT OF CASH FLOWS

TWO YEARS ENDED DECEMBER 31, 2010

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$78,205
Depreciation	23,211
Change in receivables	(55,791)
Change in other assets	3,545
Change in payables	52,125
	101,295

CASH FLOWS FROM FINANCING ACTIVITIES

Payments on note payable	(13,000)
Payments on line of credit	<u>(98,380)</u>
	(111,380)

CASH FLOWS FROM INVESTING ACTIVITY

Purchases of fixed assets	(6,904)
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NET CHANGE IN CASH	(16,989)
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BEGINNING CASH	<u>25,525</u>
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ENDING CASH	<u>\$8,536</u>
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SUPPLEMENTARY INFORMATION

Interest cost incurred, charged to expense and paid	<u>\$9,157</u>
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The accompanying notes are an integral part of this financial statement presentation.

TEXAS BICYCLE COALITION
d.b.a. BIKETEXAS

NOTES TO FINANCIAL STATEMENTS

NOTE 1: ORGANIZATION

The Texas Bicycle Coalition is a section 501c(4) of the Internal Revenue Code nonprofit membership association organized in December 1990. The mission of Texas Bicycle Coalition is to promote bicycle access, safety and education. The purpose of the Texas Bicycle Coalition is to encourage bicycling as a daily activity for increased fitness, to use the bicycle as a form of transportation, recreation, sport and therapy, and to increase awareness between cyclists and motorists alike to foster respect and safe interaction on our roadways. The entity operates under the d/b/a of BikeTexas.

The Texas Bicycle Coalition Education Fund (EF) is a separate section 501c(3) of the Internal Revenue Code nonprofit education and charity organization created on April 1991. The EF's purpose is to support the educational and safety activities of the Texas Bicycle Coalition. This purpose is accomplished by educational and training sessions for teachers and children throughout the State of Texas. The entity operates under the d/b/a of BikeTexas EF.

The financial statements of Texas Bicycle Coalition and EF have been consolidated. Inter-company transactions have been eliminated in the presentation of the consolidated financial statements. The entities are collectively referred to as "BikeTexas."

Program Descriptions:

Membership - To provide members with monthly newsletters and help bicycle event directors to hold safe and enjoyable events.

Advocacy - To work with state and local transportation professionals and elected officials to improve bicycle access and safety.

Safe Routes to School, SuperCollege, SafeCyclist, ParentsPlus, Share the Road, and KidsKup - To develop and evaluate educational material and promote bicycle safety.

BikeTexas' revenue sources consist of State and Federal Grants, member and general contributions, license plate commissions from the general public, as well as other special projects.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING

Texas Bicycle Coalition uses the accrual basis method of accounting. Contributions and grants are recorded as revenue as the funds are considered earned. Cost reimbursement grant contracts are recorded as revenue when the costs are incurred and unconditional contributions (including certain grants) are recorded as support when the funds are pledged. Revenue from conditional promises to give is recognized when the conditions on which they depend are substantially met. Expenses are recognized when incurred.

TEXAS BICYCLE COALITION
d.b.a. BIKETEXAS

NOTES TO FINANCIAL STATEMENTS

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING

Texas Bicycle Coalition has adopted Statement of Financial Accounting Standard (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, Texas Bicycle Coalition is required to report information regarding its consolidated financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Texas Bicycle Coalition currently has no permanently restricted net assets. In addition, Texas Bicycle Coalition is required to present a consolidated statement of cash flows.

FINANCIAL STATEMENT PRESENTATION

Unrestricted Net Assets

Unrestricted net assets result from cost reimbursement grant revenue, operating revenues, unrestricted contributions, and unrestricted interest income, reduced by program operating expenses, management and general expenses and fundraising expenses.

Temporarily Restricted Net Assets

Support restricted by the donor is recorded as an increase in temporarily restricted net assets. When a restriction is satisfied, temporarily restricted net assets are reclassified to unrestricted net assets. There were no temporarily restricted net assets at December 31, 2010.

INVENTORY

License plate inventories are stated at the lower of cost or market. Cost is determined using the first-in, first-out method.

GRANTS RECEIVABLE

Grants receivable balances include amounts due from cost reimbursement grant contracts. Texas Bicycle Coalition considers all grants receivable to be fully collectible. Accordingly, no allowance for doubtful accounts is required.

FIXED ASSETS

Fixed assets purchased for \$1,000 or greater are capitalized at cost. Donations of property and equipment with a fair value of \$1,000 or greater are capitalized at fair value and recorded as contribution revenue. Depreciation expense on fixed assets is provided by the straight-line method and is based on estimated useful lives of three to five years.

TEXAS BICYCLE COALITION
d.b.a. BIKETEXAS

NOTES TO FINANCIAL STATEMENTS

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

INCOME TAXES

Texas Bicycle Coalition and the Education Fund are tax-exempt organizations under IRS Code Section 501c(4) and 501c(3), respectively, and are classified as publicly supported organizations. Therefore, no provision has been made for Federal income taxes in the accompanying consolidated financial statements.

CONTRIBUTIONS

Texas Bicycle Coalition has adopted SFAS No. 116, *Accounting for Contributions Received and Contributions Made*. In accordance with SFAS No. 116, contributions received are recorded at fair value on the date of donation as unrestricted, temporarily restricted, and permanently restricted support depending on the existence and/or nature of any donor restrictions. Under SFAS No. 116, temporarily restricted contributions are required to be reported as temporarily restricted support and are then reclassified to unrestricted net assets upon expiration of the time restriction.

ESTIMATES

The preparation of financial statements in conformity with U.S. generally accepted accounting principles 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.

SUBSEQUENT EVENTS

BikeTexas has evaluated subsequent events as of August 2, 2011, the date the consolidated financial statements were available to be issued.

NOTE 3: CONCENTRATIONS

Texas Bicycle Coalition received 36% of its total revenue under federal grants from two government agencies. These grant contracts are subject to review by the grantor agencies. Such review could result in disallowed expenditures which would require reimbursement to the grantor for disallowed expenditures, if any. The entire grants receivable balance of \$162,560 is due from one government agency. Additionally, about 33% of the total revenue is derived from Texas Specialty License Plate fees. The remaining 24% of total revenues is derived from membership fees and contributions.

TEXAS BICYCLE COALITION
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NOTES TO FINANCIAL STATEMENTS

NOTE 4: CONTRIBUTED SERVICES

Contributed services consisted of teacher and youth worker participation at training and project volunteers for the Texas Department of Transportation SuperCollege Grant, which teaches the SuperCyclist curriculum; ParentsPlus Grant, which provides bicycle safety education. The total amount of revenue recognized for these contributed services is \$101,001, which represents 7% of total revenue. Other contributed goods received amounted to \$7,040 and were used for the Bicycle Safety programs.

NOTE 5: LEASES

Texas Bicycle Coalition is obligated under an operating lease agreement for office space and office equipment. Total expense under these agreements amounted to approximately \$61,050. Future minimum payments under these agreements are \$40,260 for 2011 and \$20,790 for 2012.

NOTE 6: FUNCTIONAL EXPENSES

Program services	\$1,192,894
Administration	157,631
Fundraising	<u>63,540</u>
	<u>\$1,414,065</u>

NOTE 7: PRIOR PERIOD ADJUSTMENT

Accounts payable and the related expenses as of and for the 2 years ended December 31, 2008 were overstated by \$11,800. As a result, such financial statements have been restated. Unrestricted net assets and the change in net assets were understated for the 2 year period ended December 31, 2008.