



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

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

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





## Montemayor Hill & Company, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors  
Texas Bicycle Coalition d/b/a Bike Texas

### INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying consolidated statement of financial position of the Texas Bicycle Coalition d/b/a (Bike Texas) as of December 31, 2011, and the related consolidated statements of activities and cash flows for the year then ended. These consolidated financial statements are the responsibility of Bike Texas' 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 statement referred to above present fairly, in all material respects, the financial position of Bike Texas as of December 31, 2011, and the change in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

*Montemayor Hill & Company, P.C.*

24 September 2012  
Austin, Texas

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TEXAS BICYCLE COALITION d/b/a BIKE TEXAS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2011

ASSETS

CURRENT ASSETS

Cash	\$31,630
Grants receivable	<u>87,960</u>
	<u>119,590</u>

FIXED ASSETS

Vehicles and bicycles	73,253
Furniture and equipment	36,336
Leasehold improvements	15,471
Accumulated depreciation	<u>(102,423)</u>
	<u>22,637</u>

DEPOSITS

10,760

\$152,987

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$8,839
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NET ASSETS

144,148

\$152,987

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



TEXAS BICYCLE COALITION d/b/a BIKE TEXAS

CONSOLIDATED STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2011

REVENUE

Grants	\$470,940
License plate fees	288,101
Memberships and contributions, including contributed goods and services of \$85,915	235,322
Other	<u>40,626</u>
	<u>1,034,989</u>

EXPENSES

Contract labor	409,341
Contract services	71,899
Public information and education	71,300
Contributed services	70,635
Fringe	65,854
Rent	50,983
Equipment rental and maintenance	45,538
Travel	45,290
Supplies	26,620
Printing	25,631
Conferences and meetings	15,843
Postage	12,799
Special events	10,736
Depreciation	10,284
Promotions	9,582
Other	<u>50,436</u>
	<u>992,771</u>
Change in net assets	42,218
Beginning net assets	<u>101,930</u>
Ending net assets	<u>\$144,148</u>

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



TEXAS BICYCLE COALITION d/b/a BIKE TEXAS

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2011

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$42,218
Depreciation	10,284
Noncash donation of fixed assets	(15,280)
Change in grant receivables	74,600
Change in deposits	9,242
Change in accounts payables	(97,970)
	<u>23,094</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Draws on line of credit	70,000
Payments on line of credit	(70,000)
	<u>0</u>

NET CHANGE IN CASH	23,094
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BEGINNING CASH	<u>8,536</u>
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ENDING CASH	<u>\$31,630</u>
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The accompanying notes are an integral part of this financial statement presentation.



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

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1: ORGANIZATION**

The Texas Bicycle Coalition is a section 501(c)(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 Bike Texas.

The Texas Bicycle Coalition Education Fund (EF) is a separate section 501(c)(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 Bike Texas 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 "Bike Texas."

**Programs:**

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.

Bike Texas' 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**

Bike Texas 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 BIKE TEXAS**

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**FINANCIAL STATEMENT PRESENTATION**

Bike Texas 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. Bike Texas currently has no temporarily or permanently restricted net assets.

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.

**GRANTS RECEIVABLE**

Bike Texas considers all grants receivable to be fully collectible. Accordingly, no allowance for doubtful accounts is required.

**FIXED ASSETS**

Acquisitions of fixed assets in excess of \$1,000 are capitalized. Purchases are stated at cost and donated items are recorded at fair value on the date of donation. Effective January 1, 2011, computers are capitalized if cost or fair value exceeds or equals \$2,600. Depreciation expense on fixed assets is provided by the straight-line method and is based on estimated useful lives of three to five years.

**INCOME TAXES**

Texas Bicycle Coalition and the EF are tax-exempt organizations under IRS Code Section 501(c)(4) and 501(c)(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.

**SUBSEQUENT EVENTS**

Bike Texas has evaluated subsequent events as of September 24, 2012, the date the consolidated financial statements were available to be issued.



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

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**CONTRIBUTIONS**

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. 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.

**NOTE 3: CONCENTRATIONS**

Texas Bicycle Coalition received 46% of its total revenue under federal grants from one government agency and 96% of grants receivable balance is due from one government agency. Additionally, 28% of the total revenue is derived from Texas Specialty License Plate fees. The remaining 23% of total revenues is derived from membership fees and contributions.

**NOTE 4: CONTRIBUTED GOODS AND 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 \$70,635. Other contributed goods (fixed assets) received amounted to \$15,280 and were used for the Bicycle Safety programs.

**NOTE 5: COMMITMENTS AND CONTINGENCIES**

Bike Texas continues to participate in federally-assisted programs for bicycle safety and education. Under the terms of these agreements, Bike Texas is subject to compliance audits by the grantor or its representatives. Accordingly, Bike Texas' noncompliance with grant requirements could be established at a future date. If future program compliance audits result in disallowed costs, reimbursements would have to be made to the grantor(s). Amounts of such disallowed costs, if any, cannot be estimated at this time. However, Bike Texas believes such amounts, if any, would be immaterial.



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

NOTES TO FINANCIAL STATEMENTS

**NOTE 6: LEASES AND SUBSEQUENT EVENT**

Bike Texas is obligated under an operating lease agreement for office space and office equipment. The office lease was renewed subsequent to year end and the future minimum payments are included below. Total expense under these agreements amounted to approximately \$45,000. Future minimum payments under these agreements is as follows:

2012	\$44,790
2013	49,440
2014	52,404
2015	55,548
2016	<u>28,584</u>
	<u>\$230,766</u>

**NOTE 7: FUNCTIONAL EXPENSES**

Program services	
Bike safety and education	\$744,100
Advocacy	97,442
Membership	<u>44,291</u>
	885,833
Administration	85,005
Fundraising	<u>21,933</u>
	<u>\$992,771</u>

**NOTE 8: FAIR VALUE DISCLOSURES**

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Contributed goods and services	<u>\$0</u>	<u>\$85,915</u>	<u>\$0</u>

Contributed goods and services were valued by management based on the market rates for comparable goods and services provided.