



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

TEXAS BICYCLE COALITION
d/b/a BIKE TEXAS

INDEPENDENT AUDITOR'S REPORT
AND
CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2012



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 financial statements of Texas Bicycle Coalition d/b/a Bike Texas (Bike Texas), which comprise the consolidated statement of financial position as of December 31, 2012, and the related consolidated statements of activities and cash flows 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 consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Bike Texas as of December 31, 2012, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the consolidated 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 auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated 30 September 2013, on our consideration of Bike Texas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Bike Texas' internal control over financial reporting and compliance.

Montemayor Hill + Company, P.C.

30 September 2013
Austin, Texas

TEXAS BICYCLE COALITION d/b/a BIKE TEXAS
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2012

ASSETS

CURRENT ASSETS

Cash	\$64,764
Inventory	24,096
Grants receivable	<u>72,935</u>
	<u>161,795</u>

FIXED ASSETS

Vehicles and bicycles	95,300
Furniture and equipment	36,336
Leasehold improvements	15,471
Accumulated depreciation	<u>(108,934)</u>
	<u>38,173</u>

DEPOSITS

11,158

\$211,126

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$23,433
Line of credit	<u>26,525</u>
	49,958

NET ASSETS

161,168

\$211,126

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, 2012

REVENUE

Grants	\$536,617
License plate fees	267,522
Memberships	78,828
Contributions	73,155
Other	<u>75,847</u>
	<u>1,031,969</u>

EXPENSES

Personnel and related	530,330
Contract services	107,873
Rent	63,941
Travel	60,606
Printing	49,074
Postage	32,476
Supplies	27,603
Conferences and meetings	16,638
Public information and education	15,118
Member premium	15,087
Other	<u>96,203</u>
	<u>1,014,949</u>

CHANGE IN NET ASSETS

17,020

BEGINNING NET ASSETS

144,148

ENDING NET ASSETS

\$161,168

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, 2012

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$17,020
Depreciation	6,511
Change in grant receivable	15,025
Change in inventory	(24,096)
Change in deposits	(398)
Change in accounts payable	<u>14,594</u>
	<u>28,656</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Draws on line of credit	<u>26,525</u>
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CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of fixed assets	<u>(22,047)</u>
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NET CHANGE IN CASH 33,134

BEGINNING CASH 31,630

ENDING CASH \$64,764

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 in 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

The information in the accompanying schedule of expenditures of federal awards is prepared on the same basis of accounting as the financial statements and presented in accordance with the requirements of OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations."

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.

INVENTORY

Bike Texas' inventory consist of bike lights. Inventory is accounted for under the first-in first out method and is carried at the lower of cost or market.

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.

TEXAS BICYCLE COALITION
d/b/a BIKE TEXAS

NOTES TO FINANCIAL STATEMENTS

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

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.

SUBSEQUENT EVENTS EVALUATION

Bike Texas has evaluated subsequent events as of September 30, 2013, the date the financial statements were available to be issued.

NOTE 3: CONCENTRATIONS

Bike Texas received 52% of its total revenue under federal grants from one government agency and 100% of grants receivable balance is due from one government agency. Additionally, 26% of the total revenue is derived from Texas Specialty License Plate fees.

NOTE 4: LINE OF CREDIT

Bike Texas has a revolving line of credit of \$103,985 from a bank. Interest is due monthly at 70% of the Wall Street Journal U.S. Prime Rate. The line of credit is due on demand, but if no demand is made it is due on June 12, 2013. The line of credit is secured by the assignment of grant revenues. As of December 31, 2012 the balance due was \$26,525.

TEXAS BICYCLE COALITION
d/b/a BIKE TEXAS

NOTES TO FINANCIAL STATEMENTS

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.

Bike Texas entered a subcontract agreement with a subcontractor effective October 15, 2012, and terminates February 28, 2013. The subcontractor will deliver up to 4 Modules as well as a user interface including a virtual Bike Shop, to be developed on a public website and in a downloadable binary app for Mac and PC. Seven installment payments are due as milestone and deliverable targets are met. As of December 31, 2012, total commitment under the subcontract agreement totaled \$122,025.

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:

2013	\$49,440
2014	52,404
2015	55,548
2016	<u>28,584</u>
	<u>\$185,976</u>

NOTE 7: FUNCTIONAL EXPENSES

Program services	
Bike safety and education	\$839,419
Advocacy	60,464
Membership	<u>25,913</u>
	925,796
Administration	45,466
Fundraising	<u>43,687</u>
	<u>\$1,014,949</u>



Montemayor Hill & Company, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Texas Bicycle Coalition d/b/a Bike Texas (Bike Texas), which comprise the statement of financial position as of December 31, 2012, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements which collectively comprise Bike Texas' financial statements, and have issued our report thereon dated 30 September 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Bike Texas' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Bike Texas' internal control. Accordingly, we do not express an opinion on the effectiveness of Bike Texas' internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether Bike Texas' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Bike Texas' internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Bike Texas' internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Montemayor Hill + Company, P.C.

30 September 2013
Austin, Texas



Montemayor Hill & Company, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY *OMB CIRCULAR A-133*

Report on Compliance for Each Major Federal Program

We have audited Texas Bicycle Coalition d/b/a Bike Texas' (Bike Texas) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Bike Texas' major federal programs for the year ended December 31, 2012. Bike Texas' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Bike Texas' major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Bike Texas' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Bike Texas' compliance.

Opinion on Each Major Federal Program

In our opinion, Bike Texas complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2012.

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Report on Internal Control Over Compliance

Management of Bike Texas is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Bike Texas' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Bike Texas' internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Montemayor Hill + Company, P.C.

30 September 2013
Austin, Texas

TEXAS BICYCLE COALITION
d/b/a BIKE TEXAS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED DECEMBER 31, 2012

Federal Grantor/Pass-Through Grantor/ <u>Program Title</u>	Federal CFDA <u>Number</u>	<u>Grant Award Number</u>	<u>Expenditures</u>
U.S. Department of Transportation/ Texas Department of Transportation			
Safe Routes to School Statewide Teacher Certification Program	20.205	581XXF8002	\$164,448
Safe Routes to School Statewide Bike/Walk Safety Statewide Public Information and Education Distribution Program	20.205	581XXF8003	180,076
Safe Routes to School Bike/Walk Our Rich Texas History	20.205	581XXF8004	<u>130,974</u>
			475,498
College Freshman Active Transportation Safety Course	20.600	2012 -TBC-G-1YG-0132	<u>61,119</u>
			<u>\$536,617</u>

See notes to the financial statements for the description of the basis of accounting and significant accounting policies used in preparing the above schedule.

TEXAS BICYCLE COALITION
d/b/a BIKE TEXAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED DECEMBER 31, 2012

I. SUMMARY OF AUDITOR'S RESULTS

A. FINANCIAL STATEMENTS

- | | |
|---|------------|
| 1. Type of auditor's report issued: | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weakness (es) identified? | No |
| b. Significant deficiency (ies) identified that are not considered material weakness(es)? | None Noted |
| c. Noncompliance material to financial statements | None |

B. FEDERAL AWARDS

- | | |
|--|--------------|
| 1. Internal controls over major programs: | |
| a. Material weakness (es) identified? | No |
| b. Significant deficiency(s) identified that are not considered material weakness(es)? | None Noted |
| 2. Type of auditor's report issued on compliance with major programs: | Unmodified |
| 3. Any audit findings disclosed that are required to be reported in accordance with section 510 (a) of Circular A-133? | No |
| 4. Major program: | |
| Safe Routes to School Statewide Teacher Certification Program | CFDA #20.205 |
| Safe Routes to School Statewide Bike/Walk Safety Statewide Public Information and Education Distribution Program | |
| Safe Routes to School Bike/Walk Our Rich Texas History | |
| 5. Dollar threshold used to distinguish between Type A and Type B programs: | \$300,000 |
| 6. Auditee qualified as low-risk auditee? | No |

II. FINANCIAL STATEMENT FINDINGS

Current year and prior year - none

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None noted.

See independent auditor's report.