TEXAS BICYCLE COALITION
d/b/a BIKE TEXAS

INDEPENDENT AUDITOR'S REPORT
AND
CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2013
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, 2013, 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. 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, 2013, 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.

29 January 2015
Austin, Texas

Montemayor Hill Britton & Bender PC

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## ASSETS

### CURRENT ASSETS
- Cash: $16,231
- Grants receivable: 33,168
- Other receivables: 30,442
- Inventory: 1,649

### FIXED ASSETS
- Vehicles and bicycles: 95,301
- Furniture and equipment: 36,336
- Leasehold improvements: 15,858
- Accumulated depreciation: (117,599)

### DEPOSITS
- Total: 11,119

### LIABILITIES AND NET ASSETS

### CURRENT LIABILITIES
- Accounts payable: $11,700
- Deferred revenue: 14,643

### UNRESTRICTED NET ASSETS
- Total: 96,162

The accompanying notes are an integral part of this financial statement presentation.
<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>REVENUE</td>
<td></td>
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<tr>
<td>Grants</td>
<td>$324,205</td>
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<tr>
<td>License plate fees</td>
<td>239,106</td>
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<tr>
<td>Contributions</td>
<td>160,556</td>
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<tr>
<td>Membership dues</td>
<td>74,515</td>
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<tr>
<td>Program fees</td>
<td>23,404</td>
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<tr>
<td>Merchandise sales less cost of goods sold $17,587</td>
<td>25,012</td>
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<tr>
<td>Other</td>
<td>14,673</td>
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<td><strong>Total</strong></td>
<td>861,471</td>
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<tr>
<td>EXPENSES</td>
<td></td>
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<tr>
<td>Personnel and related</td>
<td>455,525</td>
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<tr>
<td>Contract services</td>
<td>210,072</td>
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<tr>
<td>Rent</td>
<td>52,996</td>
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<tr>
<td>Travel</td>
<td>49,694</td>
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<td>Postage</td>
<td>22,565</td>
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<tr>
<td>Supplies</td>
<td>19,908</td>
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<tr>
<td>Member premiums</td>
<td>13,575</td>
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<tr>
<td>Telephone</td>
<td>11,806</td>
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<tr>
<td>Printing</td>
<td>9,501</td>
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<tr>
<td>Bank charges</td>
<td>8,759</td>
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<tr>
<td>Depreciation</td>
<td>8,665</td>
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<td>Consulting</td>
<td>7,867</td>
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<td>Insurance</td>
<td>7,581</td>
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<td>Utilities</td>
<td>6,946</td>
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<tr>
<td>Conferences and meetings</td>
<td>5,599</td>
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<tr>
<td>Other</td>
<td>35,418</td>
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<tr>
<td><strong>Total</strong></td>
<td>926,477</td>
</tr>
<tr>
<td>CHANGE IN NET ASSETS</td>
<td></td>
</tr>
<tr>
<td>BEGINNING NET ASSETS</td>
<td>(65,006)</td>
</tr>
<tr>
<td>ENDING NET ASSETS</td>
<td>161,168</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$96,162</td>
</tr>
</tbody>
</table>

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, 2013

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets ($65,006)
Depreciation 8,665
Change in receivables 9,325
Change in inventory 22,447
Change in deposits 39
Change in accounts payable (11,733)
Change in deferred revenue 14,643
(21,620)

CASH FLOWS FROM FINANCING ACTIVITIES

Draws on line of credit 122,025
Principle payments on debt (148,550)
(26,525)

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of fixed assets (388)

NET CHANGE IN CASH (48,533)

BEGINNING CASH 64,764

ENDING CASH $16,231

The accompanying notes are an integral part of this financial statement presentation.
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. Intercompany 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 Federal grants, member and general contributions, license plate fees, memberships and 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.

OTHER RECEIVABLES

Other receivables are recorded at the contract value and written off when the receivable is no longer considered collectible based on prior history. Other receivables are considered past due after 30 days. Bike Texas considers all other receivables to be fully collectible. Accordingly, no allowance for doubtful accounts is required.

INVENTORY

Bike Texas’ inventory consists 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.
NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

INCOME TAXES

Texas Bicycle Coalition and the EF are not-for-profit organizations and exempt from Federal income taxes under Section 501(c)(4) and 501(c)(3) of the Internal Revenue Code, respectively, except to the extent they have unrelated business activities. Therefore, no provision has been made for Federal income taxes in the accompanying consolidated financial statements. Bike Texas, generally is no longer subject to income tax examinations by Federal authorities for years prior to December 31, 2011.

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 29 January 2015, the date the financial statements were available to be issued.

NOTE 3: 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.
NOTE 4: CONCENTRATIONS

Bike Texas received 37% of its total revenue under federal grants from one government agency and 100% of the grants receivable balance is due from one government agency. Additionally, 27% of the total revenue is derived from Texas Specialty License Plate fees.

NOTE 5: RELATED PARTY TRANSACTIONS

Contributions made by members of the Board of Directors and staff of Bike Texas were approximately $14,000 for the year.

NOTE 6: LEASES

Bike Texas is obligated under an operating lease agreement for office space. Total expense under this agreement amounted to approximately $49,000. Future minimum payments under these agreements is as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>$52,404</td>
</tr>
<tr>
<td>2015</td>
<td>55,548</td>
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<tr>
<td>2016</td>
<td>28,584</td>
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</table>

TOTAL $136,536

NOTE 7: FUNCTIONAL EXPENSES

Program services

- Bike safety and education $713,754
- Advocacy 45,398
- Membership 19,456

Administration 778,608

Fundraising 116,678

TOTAL $926,477