



Montemayor Britton Bender PC

CERTIFIED PUBLIC ACCOUNTANTS

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

INDEPENDENT AUDITOR'S REPORT
AND
CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2015



Montemayor Britton Bender PC

CERTIFIED PUBLIC ACCOUNTANTS

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

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying consolidated 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, 2015, and the related consolidated statements of activities and cash flows for the two years 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, 2015, and the changes in its net assets and its cash flows for the two years then ended in accordance with accounting principles generally accepted in the United States of America.

22 January 2016
Austin, Texas

Montemayor Britton Bender PC

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TEXAS BICYCLE COALITION d/b/a BIKE TEXAS
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2015

ASSETS

CURRENT ASSETS

Cash	\$60,601
Accounts receivable and other	26,985
Inventory	<u>38,796</u>
	<u>126,382</u>

FIXED ASSETS

Vehicles and bicycles	77,991
Furniture and equipment	39,572
Leasehold improvements	15,858
Accumulated depreciation	<u>(112,223)</u>
	21,198

PUBLISHING RIGHTS	148,000
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DEPOSITS	<u>12,340</u>
	<u>\$307,920</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$74,144
Accrued liabilities	59,994
Pass-through grant payable	50,973
Current portion of long-term note payable	<u>40,000</u>
	225,111

LONG-TERM NOTE PAYABLE	<u>90,000</u>
	315,111

UNRESTRICTED NET ASSETS	(25,391)
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TEMPORARILY RESTRICTED NET ASSETS (for 2016 expenses)	<u>18,200</u>
	<u>\$307,920</u>

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

TEXAS BICYCLE COALITION d/b/a BIKE TEXAS
CONSOLIDATED STATEMENT OF ACTIVITIES
TWO YEARS ENDED DECEMBER 31, 2015

REVENUE	Unrestricted	Temporarily Restricted	Total
License plate fees	\$412,260	\$0	\$412,260
Contributions, includes \$24,800 in contributed goods	295,852	21,050	316,902
Program fees	309,811	0	309,811
Membership dues	173,749	0	173,749
Merchandise sales less cost of goods sold \$23,506	79,115	0	79,115
Grants	64,884	0	64,884
Other	32,937	0	32,937
Released from restriction	<u>2,850</u>	<u>(2,850)</u>	<u>0</u>
	<u>1,371,458</u>	<u>18,200</u>	<u>1,389,658</u>
EXPENSES			
Personnel and related	793,749	0	793,749
Rent	133,333	0	133,333
Conference and meetings	93,238	0	93,238
Travel	89,775	0	89,775
Contract services	86,766	0	86,766
Supplies	36,829	0	36,829
Contributed goods	24,800	0	24,800
Printing	23,012	0	23,012
Telephone	22,115	0	22,115
Repairs	20,445	0	20,445
Depreciation	17,826	0	17,826
Bank charges	17,022	0	17,022
Insurance	16,047	0	16,047
Consulting	13,658	0	13,658
Postage	13,263	0	13,263
Utilities	12,200	0	12,200
Member premiums	11,797	0	11,797
Other	<u>67,136</u>	<u>0</u>	<u>67,136</u>
	<u>1,493,011</u>	<u>0</u>	<u>1,493,011</u>
CHANGE IN NET ASSETS	(121,553)	18,200	(103,353)
BEGINNING NET ASSETS	<u>96,162</u>	<u>0</u>	<u>96,162</u>
ENDING NET ASSETS	<u>(\$25,391)</u>	<u>\$18,200</u>	<u>(\$7,191)</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

TWO YEARS ENDED DECEMBER 31, 2015

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	(\$103,353)
Depreciation	17,826
Loss on disposal of fixed assets	1,750
Change in accounts receivable and other	35,404
Change in inventory	(37,147)
Change in accounts payable	62,444
Change in accrued liabilities	59,994
Change in pass-through grant payable	50,973
Change in deferred revenue	(14,643)
	<u>73,248</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of publishing rights	(18,000)
Purchase of fixed assets	(10,878)
	<u>(28,878)</u>

NET CHANGE IN CASH	44,370
BEGINNING CASH	<u>16,231</u>
ENDING CASH	<u>\$60,601</u>

NON-CASH TRANSACTIONS:

Acquisition of publishing rights with note payable	<u>\$130,000</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 CONSOLIDATED 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 primarily of grants, member and general contributions, license plate fees, memberships and other program fees.

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 CONSOLIDATED 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 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.

ACCOUNTS RECEIVABLE

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

INVENTORY

Bike Texas' inventory consists of bike lights, books, jerseys, and t-shirts. 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.

SUBSEQUENT EVENTS

Management of Bike Texas has evaluated subsequent events for disclosure through the date of the Independent Auditor's Report, the date the financial statements were available to be issued.

TEXAS BICYCLE COALITION
d/b/a BIKE TEXAS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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. Bike Texas did not have any unrelated business income and accordingly, no provision for income taxes has been made in the accompanying financial statements. Bike Texas' policy is to record interest and penalties related to income taxes as interest and other expense, respectively. At December 31, 2015 no interest and penalties have been or are required to be accrued. Bike Texas, generally, is no longer subject to income tax examinations by Federal authorities for years prior to December 31, 2013.

CONTRIBUTIONS

Contributions received are recorded at fair value on the date of donation as unrestricted, temporarily restricted, or 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 or donor 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: COMMITMENTS AND CONTINGENCIES

Bike Texas entered into a contract with a hotel to provide guest rooms and food for the 2016 conference. As of December 31, 2015, Bike Texas' commitment under the contract is \$45,850.

NOTE 4: CONCENTRATIONS

56% of the accounts receivable balance is due from one organization. Additionally, 30% of the total revenue is derived from Texas Specialty License Plate fees.

TEXAS BICYCLE COALITION
d/b/a BIKE TEXAS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 5: FAIR VALUE DISCLOSURES

	Quoted Price in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Contributed services	<u>\$0</u>	<u>\$24,800</u>	<u>\$0</u>
Publishing rights	<u>\$148,000</u>	<u>\$0</u>	<u>\$0</u>

Contributed services were valued by management based on the market rates for comparable services provided. Publishing rights were valued by management based on the contracted purchase price.

NOTE 6: RELATED PARTY TRANSACTIONS

Contributions made by members of the Board of Directors and staff of Bike Texas were approximately \$29,556 for the two years ending December 31, 2015. \$51,518 of accrued liabilities is due to an employee.

NOTE 7: LEASES

Bike Texas was obligated under an operating lease agreement for office space during the two years ended December 31, 2015. Total expense under this agreement amounted to approximately \$109,000. The lease terminated December 2015.

NOTE 8: FUNCTIONAL EXPENSES

Program services	
Bike safety and education	\$1,091,779
Advocacy	168,442
Membership	<u>72,189</u>
	1,332,410
Administration	55,721
Fundraising	<u>104,880</u>
	<u>\$1,493,011</u>

TEXAS BICYCLE COALITION
d/b/a BIKE TEXAS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 9: CONTRIBUTED GOODS

During the year, Bike Texas received \$24,800 in contributed jerseys, which were given away at bike events. The goods received were recorded as expense in the statement of activities.

NOTE 10: PUBLISHING RIGHTS AND NOTES PAYABLE

Bike Texas acquired the publishing rights to six books for a price of \$148,000. Bike Texas paid \$18,000 and executed a note payable to AMC Media for \$130,000 for the balance. The rights have an indefinite life and thus are not subject to amortization. The note is payable in annual installments of \$20,000 through December 31, 2020, with a final installment of \$10,000 due in 2021, and bears 0% interest. Bike Texas has the option to terminate the agreement any time prior to December 31, 2016. If the agreement is terminated Bike Texas will be liable for \$40,000, however, the remaining balance of the note would be forgiven, and Bike Texas would lose the rights to all six books and any future sales revenue for the books.

Maturities December 31:

2016	\$40,000
2017	20,000
2018	20,000
2019	20,000
2020	20,000
2021	<u>10,000</u>
	<u>\$130,000</u>