

Bike Utah

Year Ended December 31, 2019

Financial Statements

And

Independent Accountant's Review Report



Bike Utah

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors
Bike Utah
Salt Lake City, Utah

We have reviewed the accompanying financial statements of Bike Utah (a nonprofit organization), which comprise the statement of financial position as of December 31, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Bountiful Peak Advisors

Bountiful, Utah
August 26, 2020

Bike Utah
Statement of Financial Position
December 31, 2019

ASSETS

Current assets

Cash and cash equivalents	\$ 506,925
Accounts receivable	1,658
Prepaid expenses	<u>6,040</u>

Total current assets	<u>514,623</u>
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Fixed assets, at cost

Vehicles	49,269
Bicycle fleet	13,727
Less: accumulated depreciation	<u>(7,083)</u>

Net fixed assets	<u>55,913</u>
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Total assets	<u><u>\$ 570,536</u></u>
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LIABILITIES AND NET ASSETS

Current liabilities

Accounts payable	\$ 4,458
Accrued liabilities	<u>3,556</u>

Total current liabilities	<u>8,014</u>
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Net assets

Without donor restrictions	389,240
With donor restrictions	<u>173,282</u>

Total net assets	<u>562,522</u>
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Total liabilities and net assets	<u><u>\$ 570,536</u></u>
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See accompanying notes to financial statements and independent accountant's review report.

Bike Utah
Statement of Activities
Year Ended December 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND SUPPORT			
Government grants	\$ 380,468	\$ 143,282	\$ 523,750
Contributions	93,942	30,000	123,942
Event contributions	78,040	-	78,040
Other income	340	-	340
Interest income	43	-	43
Special event revenue	81,726	-	81,726
Less: cost of direct benefit to donors	(17,475)	-	(17,475)
Net revenue from special events	64,251	-	64,251
Net assets released from restrictions	88,773	(88,773)	-
Total revenues and support	705,857	84,509	790,366
EXPENSES			
Program services	447,035	-	447,035
Management and general	48,154	-	48,154
Fundraising	4,147	-	4,147
Total expenses	499,336	-	499,336
Change in net assets	206,521	84,509	291,030
Net assets, beginning of year	182,719	88,773	271,492
Net assets, end of year	\$ 389,240	\$ 173,282	\$ 562,522

See accompanying notes to financial statements and independent accountant's review report.

Bike Utah
Statement of Functional Expenses
Year Ended December 31, 2019

	Program Services	Management and General	Fundraising	Cost of Direct Benefits	Total
Salaries and wages	\$ 283,492	\$ 19,575	\$ 310	\$ -	\$ 303,377
Payroll taxes	21,346	1,474	23	-	22,843
Employee benefits	22,830	1,378	44	-	24,252
 Total salaries and related expenses	 327,668	 22,427	 377	 -	 350,472
Supplies	33,669	-	708	-	34,377
Rent	12,909	13,350	-	5,000	31,259
Repairs	21,985	-	-	-	21,985
Travel	21,515	53	-	-	21,568
Professional fees	9,610	2,053	-	3,500	15,163
Meals	4,091	-	-	8,975	13,066
Information technology	6,264	2,122	-	-	8,386
Office expenses	23	4,175	-	-	4,198
Printing	3,718	51	-	-	3,769
Insurance	-	3,450	-	-	3,450
Advertising	-	-	3,046	-	3,046
Dues and subscriptions	744	419	-	-	1,163
Merchant fees	914	-	11	-	925
Training	319	-	-	-	319
Postage	206	44	5	-	255
Bank charges	-	10	-	-	10
 Total expenses before depreciation	 443,635	 48,154	 4,147	 17,475	 513,411
 Depreciation	 3,400	 -	 -	 -	 3,400
 Total functional expenses	 <u>\$ 447,035</u>	 <u>\$ 48,154</u>	 <u>\$ 4,147</u>	 <u>\$ 17,475</u>	 <u>\$ 516,811</u>
 RECONCILIATION TO STATEMENT OF ACTIVITIES					
 Cost of direct benefits to donors	 -	 -	 -	 (17,475)	 (17,475)
 Total expenses	 <u>\$ 447,035</u>	 <u>\$ 48,154</u>	 <u>\$ 4,147</u>	 <u>\$ -</u>	 <u>\$ 499,336</u>

See accompanying notes to financial statements and independent accountant's review report.

Bike Utah
Statement of Cash Flows
Year Ended December 31, 2019

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ 291,030
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	3,400
Changes in current assets and liabilities:	
Accounts receivable	(1,229)
Prepaid expenses	(6,040)
Other operating assets	2,250
Accounts payable	4,458
Accrued liabilities	<u>(1,962)</u>
Net cash provided by operating activities	<u>291,907</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Cash purchases of vehicles and equipment	<u>(45,996)</u>
Net cash used in investing activities	<u>(45,996)</u>

CASH FLOWS FROM FINANCING ACTIVITIES

	<u>-</u>
Net change in cash	245,911
Cash and cash equivalents, beginning of year	<u>261,014</u>
Cash and cash equivalents, end of year	<u>\$ 506,925</u>

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Cash paid for interest	<u>\$ -</u>
Cash paid for income taxes	<u>\$ -</u>

See accompanying notes to financial statements and independent accountant's review report.

Bike Utah
Notes to Financial Statements
December 31, 2019

1. ORGANIZATION AND HISTORY

Bike Utah (the “Organization”) was incorporated as a nonprofit corporation in the State of Utah on April 14, 2005. The Organization is the statewide, nonprofit bicycle advocacy and education organization. Our mission is to integrate bicycling into the ever day culture of the state. We aim to accomplish this mission by:

- Working for laws and legislation that encourage and promote safe cycling.
- Educating cyclists and motorists about safe cycling, sharing the road, and obeying the law.
- Assisting in the development, growth, and effectiveness of local cycling advocacy groups.
- Developing a network of safe cycling routes throughout Utah.
- Promoting sustainable, healthy lifestyles.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Organization have been prepared on the accrual basis. The Organization follows the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, *Not-for-Profit Entities*. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Date of Management’s Review

Subsequent events were evaluated through August 26, 2020, which is the date the financial statements were available to be issued. From their review, management has determined that there were no significant recognizable or unrecognizable subsequent events that were not properly disclosed.

Estimates in the Financial Statements

The preparation of financial statements in conformity with the cash basis of accounting 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.

Cash and Cash Equivalents

For purposes of the statement of cash flows, cash equivalents include time deposits, certificates of deposit, and all highly liquid debt instruments with original maturities of three months or less.

Promises to Give

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statement of activities. The Organization determines the allowance for uncollectible promises to give based on historical experience, an assessment of economic conditions, and a review of subsequent collections. An allowance for uncollectible promises has not been established at December 31, 2019 because management believes that all promises to give will be fully collectible.

Fixed Assets

Fixed assets are recorded at acquisition cost, or if donated, at the fair market value at the date donated. The Organization capitalizes additions that exceed \$1,000. Depreciation expense is provided on a straight-line basis over the estimated useful lives of the respective assets, which is five years. Depreciation expense for the year ended December 31, 2019 was \$3,400.

Impairment of Long-Lived Assets

The Organization evaluates its long-lived assets for any events or changes in circumstances which indicate that the carrying amounts of the assets may not be fully recoverable. The Organization evaluates the recoverability of long-lived assets by measuring the carrying amounts of the assets against the estimated undiscounted future cash flows associated with them. When future undiscounted cash flows of certain long-lived assets are not sufficient to recover the carrying amounts of the assets, the assets are adjusted to their fair values.

Classes of Net Assets

Net assets, revenues and gains are classified based on the presence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

- a. *Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.
- b. *Net Assets With Donor Restrictions* – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

We report contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Contributions

Contributions are recognized when cash or an unconditional promise to give is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

Concentrations of Credit Risks

The Organization maintains its cash balances at a bank. Accounts at that institution are insured by the Federal Deposit Insurance Corporation up to \$250,000 per institution. At December 31, 2019, the Organization had \$256,918 of cash balance in excess of the FDIC insurance limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

Fair Value of Financial Instruments

The Organization has a number of financial instruments, none of which are held for trading purposes. The Organization estimates that the fair value of all financial instruments at December 31, 2019, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statement of financial position.

Income Taxes

The Organization is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code and therefore has made no provision for federal income taxes in the accompanying financial statements. In addition, the Organization has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a) of the Internal Revenue Code.

The Organization's Forms 990, *Return of Organization Exempt from Income Tax*, for the years ending December 31, 2019, 2018, 2017, and 2016 are subject to examination by the IRS, generally for three years after they were filed. Generally accepted accounting principles require tax effects from an uncertain tax position to be recognized in the financial statements only if the position is more likely than not to be sustained if the position were to be challenged by a taxing authority. The assessment of the tax position is based solely on the technical merits of the position, without regard to the likelihood that the tax position may be challenged. If an uncertain tax position meets the more-likely-than not threshold, the largest amount of the tax benefit that is greater than 50% likely to be recognized upon ultimate settlement with the taxing authority is recorded. The Organization's primary tax positions relate to its status as a not-for-profit entity exempt from income taxes and classification of activities related to its exempt purpose. Management has evaluated the tax positions reflected in the Organization's tax filings and does not believe that any material uncertain tax position exists.

Functional Allocation of Expenses

The cost of providing programs and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Salaries, payroll taxes, employee benefits are allocated on the basis of estimates of time and effort.

3. LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date consisted of the following:

Cash and cash equivalents	\$ 506,925
Accounts receivable	<u>1,658</u>
Current financial assets at year end	508,583
Less those unavailable for general expenditure within one year, due to donor-imposed purpose restrictions	<u>(173,282)</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 335,301</u>

As part of its liquidity management plan, the Organization structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

4. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following at December 31, 2019:

Purpose restrictions	
Youth BEST program & 1,000 Miles campaign	\$ <u>173,282</u>
	\$ <u>173,282</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by the occurrence of the passage of time or other events specified by the donors as following for the year ended December 31, 2019:

Satisfaction of purpose restrictions:	
Youth Best program	\$ 44,334
1,000 Miles campaign	<u>44,439</u>
Total net assets released from donor restrictions	\$ <u>88,773</u>

5. CONCENTRATIONS

Approximately 65% of the Organization's total revenue during the year ended December 31, 2019 was received from one funding source (State of Utah). Future funds available from these funding sources are subject to potential reductions due to changes in governmental budget allocations and other factors.

6. OPERATING LEASES

The Organization entered into an operating lease for its office space. The lease expires on December 31, 2024 and requires monthly payments of \$1,301. The lease includes an escalation clause of 3% each year. The Organization also rents two storage units on a month-to-month basis for \$150 each month for each unit. Future minimum lease payments required under the office space operating lease are as follows:

<u>For the year ending December 31,</u>	
2020	\$ 15,612
2021	16,080
2022	16,563
2023	17,060
2024	<u>17,571</u>
	\$ <u>82,886</u>

Rent expense for the year ended December 31, 2019 was \$26,259.

7. COMMITMENTS AND CONTINGENCIES

The Organization participates in various federal and state grant programs that are subject to review and audit by grantor agencies. Entitlements to these resources are generally conditional upon compliance with the terms and conditions of grant agreements and applicable government regulations, including the expenditure of resources for allowable purposes. Any disallowance resulting from a government audit may become a liability of the Organization. The ultimate disallowance pertaining to these regulations, if any, is estimated to be immaterial to the overall financial condition of the Organization.

The Organization may be involved in certain claims arising from the ordinary course of operations and has purchased insurance policies to cover these risks.

8. SUBSEQUENT EVENTS

As a result of the spread of the COVID-19 coronavirus, economic uncertainties have had and are likely to continue to have a negative impact on the Organization. Certain activities the Organization typically uses to accomplish its mission have been disrupted. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration. The related financial impact cannot be reasonably estimated at this time.

Subsequent to year end, the Organization was approved a \$63,100 uncollateralized loan under the Paycheck Protection Program created by the federal government as part of COVID-19 relief efforts. The loan accrues annual interest of 1% and payments are not required to begin for six months after the funding of the loan. The Organization is eligible for loan forgiveness upon meeting certain requirements.

Subsequent to year end, the Organization received \$2,602 in rental assist payments from the State of Utah.