

San Francisco Bicycle Coalition

Combined Financial Statements &

Independent Auditor's Report

for the Year Ended

December 31, 2014

**COOK &
COMPANY**

A PROFESSIONAL ACCOUNTANCY CORPORATION

TABLE OF CONTENTS

INDEPENDENT AUDITOR'S REPORT	3
COMBINED FINANCIAL STATEMENTS	5
Combined Statement of Financial Position	5
Combined Statement of Activities and Changes in Net Assets	6
Combined Statement of Functional Expenses	7
Combined Statement of Cash Flows.....	8
Notes to Combined Financial Statements	9
SUPPLEMENTAL INFORMATION	14
San Francisco Bicycle Coalition - Schedule of Revenues, Expenses & Changes in Net Assets ...	15
SFBC Education Fund - Schedule of Revenues, Expenses & Changes in Net Assets	16



A PROFESSIONAL ACCOUNTANCY CORPORATION

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
San Francisco Bicycle Coalition
San Francisco, California

We have audited the accompanying combined financial statements of San Francisco Bicycle Coalition (a nonprofit organization), which comprise the combined statement of financial position as of December 31, 2014, and the related combined statements of activities and changes in net assets, and cash flows for the year then ended, and the related notes to the combined financial statements.

Management's Responsibility for the Combined Financial Statements

Management is responsible for the preparation and fair presentation of these combined 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 combined 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 combined 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 combined financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including an assessment of the risks of the material misstatement of the combined 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 combined 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 combined 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 combined financial statements referred to above present fairly, in all material respects, the financial position of San Francisco Bicycle Coalition as of December 31, 2014, 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.

Report on Summarized Comparative Information

We have previously audited the 2013 combined financial statements of San Francisco Bicycle Coalition and our report dated October 6, 2014, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2013 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The schedules of revenues, expenses & changes in net assets for San Francisco Bicycle Coalition and its affiliate, San Francisco Bicycle Coalition Education Fund, (on pages 15 and 16) are supplemental presented for purposes of additional analysis and are not a required part of the combined 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 combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined 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 combined financial statements as a whole.



A Professional Accountancy Corporation
San Francisco, California
August 25, 2015

San Francisco Bicycle Coalition

Combined Statement of Financial Position December 31, 2014 with Comparative Totals for December 31, 2013

	2014 <u>Total</u>	2013 Total (Note 2)
ASSETS		
Current Assets:		
Cash & cash equivalents	\$ 881,591	\$ 842,515
Accounts & contributions receivable (Note 3)	227,078	126,581
Other current assets	<u>17,351</u>	<u>13,824</u>
Total current assets	1,126,020	982,920
Deposits	7,878	7,878
Property & equipment, net (Note 4)	<u>25,717</u>	<u>22,829</u>
 TOTAL ASSETS	 <u>\$ 1,159,615</u>	 <u>\$ 1,013,627</u>
 LIABILITIES & NET ASSETS		
Current Liabilities:		
Accounts payable	\$ 35,230	\$ 12,513
Accrued vacation pay	26,406	27,435
Pass-through obligations	100,000	-
Deferred membership revenue	<u>70,248</u>	<u>63,354</u>
 TOTAL LIABILITIES	 231,884	 103,302
Net Assets		
Unrestricted	852,723	857,320
Temporarily restricted (Note 5)	<u>75,008</u>	<u>53,005</u>
 TOTAL NET ASSETS	 <u>927,731</u>	 <u>910,325</u>
 TOTAL LIABILITIES & NET ASSETS	 <u>\$ 1,159,615</u>	 <u>\$ 1,013,627</u>

See accompanying notes to combined financial statements
and independent auditor's report.

San Francisco Bicycle Coalition

Combined Statement of Activities and Changes in Net Assets for the Year Ended December 31, 2014 with Comparative Totals for the Year Ended December 31, 2013

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2014 Total</u>	<u>2013 Total (Note 2)</u>
Support & revenue:				
Membership dues	\$ 394,579		\$ 394,579	\$ 345,252
Foundation grants	198,200	\$ 75,000	273,200	232,488
Contributions	417,676		417,676	373,115
Net assets released from restriction:				
Satisfaction of donor restrictions	52,997	(52,997)	-	-
In-kind support (Note 5)	26,860		26,860	12,475
Contracts	370,027		370,027	237,584
Program fees	83,157		83,157	122,452
Special events	297,327		297,327	345,060
Other	17,634		17,634	19,387
	<hr/>	<hr/>	<hr/>	<hr/>
Total support & revenue	1,858,457	22,003	1,880,460	1,687,813
Expenses:				
Program & membership services	1,426,019		1,426,019	1,175,226
General & administrative	154,349		154,349	135,540
Development	282,686		282,686	285,990
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenses	1,863,054	-	1,863,054	1,596,756
	<hr/>	<hr/>	<hr/>	<hr/>
CHANGE IN NET ASSETS	(4,597)	22,003	17,406	91,057
NET ASSETS, January 1	857,320	53,005	910,325	819,268
	<hr/>	<hr/>	<hr/>	<hr/>
NET ASSETS, December 31	<u>\$ 852,723</u>	<u>\$ 75,008</u>	<u>\$ 927,731</u>	<u>\$ 910,325</u>

See accompanying notes to combined financial statements
and independent auditor's report.

San Francisco Bicycle Coalition

Combined Statement of Functional Expenses for the Year Ended December 31, 2014 with Comparative Totals for the Year Ended December 31, 2013

	Program Services	General & Administrative	Development	2014 Total	2013 Total (Note 2)
Salaries	\$803,909	\$105,899	\$141,921	\$1,051,729	\$913,918
Payroll taxes	70,994	7,981	11,368	90,343	78,077
Employee benefits	78,132	9,965	13,567	101,664	75,026
Professional services	146,094	13,222	3,853	163,169	118,792
Rent	64,240	7,509	11,680	83,429	77,011
Supplies & equipment	69,266	1,471	10,598	81,335	34,065
Telecommunications	8,875	1,490	1,587	11,952	14,769
Postage	18,260	504	4,025	22,789	22,194
Printing & publications	66,962	37	4,263	71,262	55,474
Merchant account fees	152		23,653	23,805	24,255
Depreciation	14,525	1,826	2,731	19,082	13,355
Other operating expenses	84,610	4,445	53,440	142,495	169,820
Total Expenses	\$1,426,019	\$154,349	\$282,686	\$1,863,054	\$1,596,756

See accompanying notes to combined financial statements
and independent auditor's report.

San Francisco Bicycle Coalition

Combined Statement of Cash Flows for the Year Ended December 31, 2014 with Comparative Totals for the Year Ended December 31, 2013

	<u>2014</u>	<u>2013</u> <u>(Note 2)</u>
<i>Cash flows from operating activities:</i>		
Change in net assets	\$ 117,406	\$ 91,057
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation expense	19,082	13,355
Changes in assets and liabilities:		
(Increase) decrease in accounts and contributions receivable	(100,497)	(51,715)
(Increase) decrease in other assets	(3,527)	1,969
Increase (decrease) in accounts payable and accrued expenses	21,688	5,771
Increase (decrease) in deferred revenue	<u>6,894</u>	<u>1,782</u>
Cash provided (used) by operating activities:	61,046	62,219
<i>Cash flows from investing activities:</i>		
Purchases of fixed assets	<u>(21,970)</u>	<u>-</u>
Cash provided (used) by investing activities:	(21,970)	-
Cash provided (used) during year	39,076	62,219
Cash & cash equivalents:		
Beginning of year, January 1	<u>842,515</u>	<u>780,296</u>
End of year, December 31	<u><u>\$ 881,591</u></u>	<u><u>\$ 842,515</u></u>

See accompanying notes to combined financial statements
and independent auditor's report.

San Francisco Bicycle Coalition

Notes to Combined Financial Statements December 31, 2014

1. The Organization

Nature of Activities

The San Francisco Bicycle Coalition (SFBC or the Organization) is a nonprofit organization whose mission is to transform San Francisco's streets and neighborhoods into more livable and safe places by promoting the bicycle for everyday transportation. It does this through day-to-day advocacy, education, and working partnerships with government and community agencies. SFBC is exempt from income taxes under Internal Revenue Code Section 501(c)(4) and is governed by a board of directors.

Major Sources of Funding

Support is received from foundations, corporations, individuals, and local government. The Organization also collects dues from its members and charges fees for program services.

Basis of Combination

In 2006, San Francisco Bicycle Coalition Education Fund (the Education Fund) was formed as a 501(c)(3) nonprofit organization to support SFBC's operations except for lobbying and political activities. Although SFBC and the Education Fund are two distinct legal entities, they are governed by one board of directors and operated as a single organization. In accordance with generally accepted accounting principles, the accompanying combined financial statements include the accounts of both entities. All significant inter-entity transactions and account balances have been eliminated in the combination.

2. Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Under the accrual basis of accounting, support is recognized when it is awarded, revenue is recognized when it is earned, and expenses are recognized when they are incurred.

Basis of Presentation

Net assets, revenues, expenses, gains, and losses are classified based upon the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted net assets, which includes resources not subject to donor-imposed restrictions.

Temporarily restricted net assets, which includes resources subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time.

Permanently restricted net assets, which includes resources subject to donor-imposed restrictions that they be maintained permanently by the Organization. The Organization does not currently have any permanently restricted net assets.

Accounting for Restricted Support

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily

(continued)

San Francisco Bicycle Coalition

Notes to Combined Financial Statements December 31, 2014

(continued)

restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

If restricted donations are made and restrictions satisfied during the same fiscal year, activity is reported as unrestricted in the statement of activity. If restrictions are not satisfied at fiscal-year-end, donations are recorded as temporarily restricted.

The Organization reports gifts of fixed assets as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service.

Cash and Cash Equivalents

Cash and cash equivalents consist of funds held in bank checking, savings, and money market accounts, as well as undeposited checks on hand at year-end.

Accounts & Contributions Receivable

Accounts receivable consist primarily of receivables from program service contracts reported at the amount that management expects to collect on balances outstanding at year-end.

Contributions receivable include amounts promised by donors prior to year-end. Since all amounts are deemed fully collectible within one year, there is no allowance for doubtful accounts or discount to present value reflected within the financial statements.

Fair Value of Financial Instruments

The carrying amounts of cash and cash equivalents, receivables, and accounts payable approximate fair value because of the short maturity of these instruments.

Property & Equipment

Fixed assets with an initial cost of at least \$500 are capitalized and stated at cost. Donated fixed assets are stated at their fair market value at the time of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets, which range from 3 to 7 years for fixed assets currently on the books.

Pass-through Obligations

Pass-through obligations represent grant funding received with a stipulation by the donor that such funding be given to a local government agency. In accordance with generally accepted accounting principles, this funding is not reflected in SFBC's revenues or expenses.

Membership Dues

Since members receive goods and services in exchange for their annual membership dues, a portion of each membership is considered earned income, while the remainder is considered a contribution. The contribution amount is recognized upon receipt. The earned income related to the provision of goods is recognized when those goods are provided to members. The earned income related to the provision of membership services is recognized on a straight-line basis over the membership year.

San Francisco Bicycle Coalition

Notes to Combined Financial Statements December 31, 2014

In-kind Support

In-kind contributions consist of goods provided to the Organization without charge. These are reflected in the financial statements at the estimated fair market value at the date of receipt.

Functional Expenses

Expenses are allocated on a functional basis among the Organization's program and support services. *Program & membership services* expenses include costs associated with the provision of direct services to members, as well as the costs of performing other mission-related activities. *Development* expenses include costs associated with inducing donors to contribute funding and members to purchase memberships. *General & administrative* expenses include the costs of accounting, bookkeeping, corporate governance and other expenses that are not considered development or program activities, but are indispensable to the Organization.

Expenses that can be identified with a specific activity or support service are allocated directly. Expenses that are common to several functions are allocated based on formulas developed by management.

All advertising costs are expensed as incurred to the functions benefitted.

Income Taxes

The Organization is exempt from income taxes except on activities unrelated to its mission. Since management believes that all of the Organization's activities are directly related to its mission, no provision has been made for income tax expense. The Organization's federal *Returns of Organization Exempt from Income Tax* (Form 990) filings for the tax years ending in 2012 through 2014 are subject to examination by the Internal Revenue Service, generally for three years after they were filed. The Organization's California *Exempt Organization Annual Information Returns* (Form 199) for the tax years ending in 2011 through 2014 are subject to examination by the Internal Revenue Service, generally for four years after they were filed.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Comparative Data

The financial statement information for the year ended December 31, 2013, presented for comparative purposes, is not intended to be a complete financial statement presentation. For a complete presentation, please refer to the financial statements for that fiscal year.

3. Accounts & Contributions Receivable

<i>Coalition</i> accounts receivable	\$135,672
<i>Education Fund</i> contributions receivable	<u>91,406</u>
Total accounts & contributions receivable	\$227,078

San Francisco Bicycle Coalition
Notes to Combined Financial Statements
December 31, 2014

4. Property & Equipment

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Software	\$45,399	\$33,288	\$12,111
Leasehold improvements	25,291	21,136	4,155
Office equipment	<u>24,609</u>	<u>15,158</u>	<u>9,451</u>
Total	\$95,299	\$69,582	\$25,717

Depreciation expense for the year was \$19,082.

5. Temporarily Restricted Net Assets

Temporarily restricted net assets represent funds that are donor-restricted for the following:

Safety improvements to Folsom Street	\$100,000
Support of <i>Vision Zero</i> through 2016	50,000
<i>Safe Routes to Schools</i> program	25,000
Bicycle valet program	<u>8</u>
Total temporarily restricted net assets	\$175,008

6. Operating Leases

The Organization rents office space for \$6,418 per month under a 63-month operating lease expiring in June 2015. In addition, a copier is rented for \$245 per month under one year operating lease expiring in October 2015. Future minimum lease payments are \$40,713 for 2015.

7. Concentration of Risk – Cash Deposits

From time to time, the Organization's cash deposits may exceed the insurance limits provided by the Federal Deposit Insurance Corporation (FDIC). As of December 31, 2014, the Organization's cash deposits exceeded FDIC insurance limits by approximately \$345,000.

8. Contingencies – Satisfaction of Donor Requirements

The Organization receives contributions and grants that are restricted for a specific program or purpose. If such restrictions are not met in accordance with the funding source agreement, there is the possibility that funds would have to be returned to the donor. It is management's opinion that all donor conditions have been met for grants and contributions that have been recorded directly to unrestricted net assets or released from temporarily restricted net assets.

San Francisco Bicycle Coalition
Notes to Combined Financial Statements
December 31, 2014

9. Management's Review of Subsequent Events

In preparing these financial statements, management has evaluated events for potential recognition or disclosure through August 25, 2015, the date the financial statements were available to be issued.

San Francisco Bicycle Coalition

Supplemental Information

for the Year Ended

December 31, 2014

San Francisco Bicycle Coalition

Schedule of Revenues, Expenses & Changes in Net Assets *San Francisco Bicycle Coalition* for the Year Ended December 31, 2014

Support & revenue:	
Membership dues	\$ 345,772
Foundation grants	4,000
Contributions	31,630
Contracts	370,027
Program fees	83,157
Special events	114,052
Other	<u>(272)</u>
Total support & revenue	948,366
Expenses:	
Salaries & related expenses	592,843
Other expenses	<u>335,100</u>
Total expenses	<u>927,943</u>
CHANGE IN NET ASSETS	20,423
UNRESTRICTED NET ASSETS, January 1	<u>644,763</u>
UNRESTRICTED NET ASSETS, December 31	<u><u>\$ 665,186</u></u>

See accompanying financial statements
and independent auditor's report.

San Francisco Bicycle Coalition

Schedule of Revenues, Expenses & Changes in Net Assets *San Francisco Bicycle Coalition Education Fund* for the Year Ended December 31, 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support & revenue:			
Membership dues	\$ 48,807		\$ 48,807
Foundation grants	194,200	\$ 75,000	269,200
Contributions	386,046		386,046
Net assets released from restriction:			
Satisfaction of donor restrictions	52,997	(52,997)	-
In-kind support	26,860		26,860
Special events	183,275		183,275
Other	17,906		17,906
	<hr/>	<hr/>	<hr/>
Total support & revenue	910,091	22,003	932,094
Expenses:			
Salaries & related expenses	650,892		650,892
Other expenses	284,219		284,219
	<hr/>	<hr/>	<hr/>
Total expenses	935,111	-	935,111
	<hr/>	<hr/>	<hr/>
CHANGE IN NET ASSETS	(25,020)	22,003	(3,017)
NET ASSETS, January 1	212,557	53,005	265,562
	<hr/>	<hr/>	<hr/>
NET ASSETS, December 31	<u>\$ 187,537</u>	<u>\$ 75,008</u>	<u>\$ 262,545</u>

See accompanying financial statements
and independent auditor's report.