

San Francisco Bicycle Coalition

Combined Financial Statements &

Independent Auditor's Report

for the Year Ended

December 31, 2015

**COOK &
COMPANY**

A PROFESSIONAL ACCOUNTANCY CORPORATION

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COOK & COMPANY

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, 2015, and the related combined statements of activities and changes in net assets, functional expenses, 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, 2015, 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 2014 combined financial statements of San Francisco Bicycle Coalition and our report dated August 25, 2015, 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, 2014 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 information 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
September 14, 2016

San Francisco Bicycle Coalition

Combined Statement of Financial Position December 31, 2015 with Comparative Totals for December 31, 2014

	12/31/15 <u>Total</u>	12/31/14 Total <u>(Note 2)</u>
ASSETS		
Current Assets:		
Cash & cash equivalents	\$ 738,149	\$ 881,591
Accounts & contributions receivable (Note 3)	260,161	227,078
Inventory	24,084	17,351
Total current assets	1,022,394	1,126,020
Deposits	24,447	7,878
Property & equipment, net (Note 4)	33,751	25,717
TOTAL ASSETS	\$ 1,080,592	\$ 1,159,615
 LIABILITIES & NET ASSETS		
Current Liabilities:		
Accounts payable	\$ 22,927	\$ 35,230
Accrued vacation pay	30,960	26,406
Pass-through obligations	-	100,000
Deferred membership revenue	62,698	70,248
Total current assets	116,585	231,884
Deferred rent (Note 6)	4,683	-
TOTAL LIABILITIES	121,268	231,884
Net Assets		
Unrestricted	859,324	852,723
Temporarily restricted (Note 5)	100,000	75,008
TOTAL NET ASSETS	959,324	927,731
TOTAL LIABILITIES & NET ASSETS	\$ 1,080,592	\$ 1,159,615

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, 2015 with Comparative Totals for the Year Ended December 31, 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2015 Total</u>	<u>2014 Total (Note 2)</u>
Support & revenue:				
Membership dues	\$ 359,998		\$ 359,998	\$ 394,579
Foundation grants	226,767	\$ 75,000	301,767	273,200
Contributions	636,098		636,098	417,676
Net assets released from restriction:				
Satisfaction of donor restrictions	50,008	(50,008)	-	-
In-kind support	47,265		47,265	26,860
Contracts	452,213		452,213	370,027
Program fees	78,143		78,143	83,157
Special events	325,411		325,411	297,327
Other	<u>25,258</u>		<u>25,258</u>	<u>17,634</u>
Total support & revenue	2,201,161	24,992	2,226,153	1,880,460
Expenses:				
Program & membership services	1,568,129		1,568,129	1,426,019
General & administrative	177,837		177,837	154,349
Development	<u>448,594</u>		<u>448,594</u>	<u>282,686</u>
Total expenses	<u>2,194,560</u>	-	<u>2,194,560</u>	<u>1,863,054</u>
 CHANGE IN NET ASSETS	 6,601	 24,992	 31,593	 17,406
NET ASSETS, January 1	<u>852,723</u>	<u>75,008</u>	<u>927,731</u>	<u>910,325</u>
 NET ASSETS, December 31	 <u>\$ 859,324</u>	 <u>\$ 100,000</u>	 <u>\$ 959,324</u>	 <u>\$ 927,731</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, 2015 with Comparative Totals for the Year Ended December 31, 2014

	Programs & Membership Services	General & Administrative	Development	2015 Total	2014 Total (Note 2)
Salaries	\$ 875,638	\$ 116,569	\$ 165,238	\$ 1,157,445	\$ 1,051,729
Payroll taxes	82,444	11,158	15,805	109,407	90,343
Employee benefits	76,876	4,907	13,470	95,253	101,664
Professional services	214,050	16,481	43,552	274,083	163,169
Rent	79,932	10,773	14,854	105,559	83,429
Supplies & equipment	56,825	1,506	46,538	104,869	81,335
Telecommunications	8,443	1,324	1,579	11,346	11,952
Postage	18,335	1,589	6,076	26,000	22,789
Printing & publications	61,314	8	17,259	78,581	71,262
Merchant account fees	318	11	22,255	22,584	23,805
Depreciation	11,629	1,470	2,156	15,255	19,082
Other operating expenses	82,325	12,041	99,812	194,178	142,495
Total Expenses	\$ 1,568,129	\$ 177,837	\$ 448,594	\$ 2,194,560	\$ 1,863,054

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, 2015 with Comparative Totals for the Year Ended December 31, 2014

	<u>2015</u>	<u>2014</u> <u>(Note 2)</u>
<i>Cash flows from operating activities:</i>		
Change in net assets	\$ 31,593	\$ 117,406
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation expense	15,253	19,082
Accrual of deferred rent liability	4,683	-
Changes in assets and liabilities:		
(Increase) decrease in accounts and contributions receivable	(33,083)	(100,497)
(Increase) decrease in other assets	(23,302)	(3,527)
Increase (decrease) in accounts payable and accrued expenses	(7,749)	21,688
Increase (decrease) in pass-through obligations	(100,000)	-
Increase (decrease) in other liabilities	<u>(7,550)</u>	<u>6,894</u>
Cash provided (used) by operating activities:	(120,155)	61,046
<i>Cash flows from investing activities:</i>		
Purchases of fixed assets	<u>(23,287)</u>	<u>(21,970)</u>
Cash provided (used) by investing activities:	(23,287)	(21,970)
Cash provided (used) during year	(143,442)	39,076
Cash & cash equivalents:		
Beginning of year, January 1	<u>881,591</u>	<u>842,515</u>
End of year, December 31	<u><u>\$738,149</u></u>	<u><u>\$ 881,591</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, 2015

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

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San Francisco Bicycle Coalition

Notes to Combined Financial Statements December 31, 2015

(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.

Inventory

Inventory, consisting of membership premiums and other merchandise related to the Organization's mission, is recorded at the lower of cost or net realizable value using the first-in, first-out method.

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.

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.

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San Francisco Bicycle Coalition
Notes to Combined Financial Statements
December 31, 2015

(continued)

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 2013 through 2015 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 Return* (Form 199) filings for the tax years ending in 2012 through 2015 are subject to examination by the Franchise Tax Board, 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, 2014, 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.

Reclassification

Certain amounts in the 2014 financial statements have been reclassified to conform to the 2015 presentation.

San Francisco Bicycle Coalition

Notes to Combined Financial Statements December 31, 2015

3. Accounts & Contributions Receivable

Coalition

<i>Bike to Work Day 2015</i> contract	\$65,000
Other program service contracts	29,669
Other receivables	<u>22,991</u>
	117,660

Education Fund

<i>Bluegrass Bicycle Ride</i> donations	92,696
Other receivables	<u>49,805</u>
	142,501

Total accounts & contributions receivable	\$252,870
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4. Property & Equipment

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Leasehold improvements	\$48,578	\$26,412	\$22,166
Software	45,400	39,581	5,819
Office equipment	<u>24,609</u>	<u>18,843</u>	<u>5,766</u>
Total	\$118,587	\$84,836	\$33,751

Depreciation expense for the year was \$15,253.

5. Temporarily Restricted Net Assets

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

To increase accessibility of community bike share programs in underrepresented neighborhoods	\$50,000
Support of <i>Vision Zero</i> through 2016	25,000
<i>Safe Routes to Schools</i> program	<u>25,000</u>
Total temporarily restricted net assets	\$100,000

6. Operating Leases

In 2015, the Organization entered into an 84-month operating lease for its downtown San Francisco office facility. Under the terms of the lease agreement, initial monthly rent is \$12,224, with annual increases of 3%. The lease contains a provision whereby the Organization may exercise one or two five-year extension options. In the event that the Organization exercises its option(s), the initial monthly rent during the extension period(s) will be determined through negotiation between the lessor and the Organization. If the parties fail to agree upon a rental rate, it shall be set at 95% of the prevailing fair market value as determined by an arbitrator. Monthly rent shall increase by 3% per year during such extension period(s).

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San Francisco Bicycle Coalition
Notes to Combined Financial Statements
December 31, 2015

(continued)

In accordance with generally accepted accounting principles, a deferred rent liability has been recorded so that rent expense is spread evenly over the term of the lease. Deferred rent will be fully amortized at the end of the lease in 2022.

Future minimum rental payments under this agreement are as follows:

2016	\$148,523
2017	152,977
2018	157,561
2019	162,289
2020	167,161
2021	172,177
2022	<u>102,172</u>
Total	\$1,062,860

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, 2015, the Organization's cash deposits exceeded FDIC insurance limits by approximately \$254,000.

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.

9. Management's Review of Subsequent Events

In preparing these financial statements, management has evaluated events for potential recognition or disclosure through September 14, 2016, the date the financial statements were available to be issued.

San Francisco Bicycle Coalition

Supplemental Information

for the Year Ended

December 31, 2015

San Francisco Bicycle Coalition

Schedule of Revenues, Expenses & Changes in Net Assets *San Francisco Bicycle Coalition* for the Year Ended December 31, 2015 with Comparative Totals for the Year Ended December 31, 2014

	<u>2015</u>	<u>2014</u>
Support & revenue:		
Membership dues	\$ 293,517	\$ 345,772
Foundation grants	-	4,000
Contributions	23,158	31,630
Contracts	452,213	370,027
Program fees	78,143	83,157
Special events	86,475	114,052
Other	<u>7,023</u>	<u>(272)</u>
Total support & revenue	940,529	948,366
Expenses:		
Salaries & related expenses	577,221	592,843
Other expenses	<u>456,992</u>	<u>335,100</u>
Total expenses	1,034,213	927,943
CHANGE IN NET ASSETS	(93,684)	20,423
UNRESTRICTED NET ASSETS, January 1	<u>665,186</u>	<u>644,763</u>
UNRESTRICTED NET ASSETS, December 31	<u>\$ 571,502</u>	<u>\$ 665,186</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, 2015 with Comparative Totals for the Year Ended December 31, 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2015 Total</u>	<u>2014 Total</u>
Support & revenue:				
Membership dues	\$ 66,481		\$ 66,481	\$ 48,807
Foundation grants	226,767	\$ 75,000	301,767	269,200
Contributions	612,940		612,940	386,046
Net assets released from restriction:				
Satisfaction of donor restrictions	50,008	(50,008)	-	-
In-kind support	47,265		47,265	26,860
Special events	238,936		238,936	183,275
Other	<u>18,235</u>		<u>18,235</u>	<u>17,906</u>
Total support & revenue	1,260,632	24,992	1,285,624	932,094
Expenses:				
Salaries & related expenses	784,882		784,882	650,892
Other expenses	<u>375,465</u>		<u>375,465</u>	<u>284,219</u>
Total expenses	<u>1,160,347</u>	-	<u>1,160,347</u>	<u>935,111</u>
CHANGE IN NET ASSETS	100,285	24,992	125,277	(3,017)
NET ASSETS, January 1	<u>187,537</u>	<u>75,008</u>	<u>262,545</u>	<u>265,562</u>
NET ASSETS, December 31	<u><u>\$ 287,822</u></u>	<u><u>\$ 100,000</u></u>	<u><u>\$ 387,822</u></u>	<u><u>\$ 262,545</u></u>

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