

San Francisco Bicycle Coalition

Combined Financial Statements &

Independent Auditor's Report

for the Year Ended

December 31, 2013



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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, 2013, 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, 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.

Report on Summarized Comparative Information

We have previously audited the 2012 combined financial statements of San Francisco Bicycle Coalition and our report dated May 26, 2013 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, 2012 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 12 and 13) are 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.



Certified Public Accountant
San Francisco, California
October 6, 2014

San Francisco Bicycle Coalition

Combined Statement of Financial Position December 31, 2013 with Comparative Totals for December 31, 2012

	2013 <u>Total</u>	2012 Total (Note 2) <u> </u>
ASSETS		
Current Assets:		
Cash & cash equivalents	\$842,515	\$780,296
Accounts & contributions receivable (Note 3)	126,581	74,866
Other current assets	<u>13,824</u>	<u>11,421</u>
Total current assets	982,920	866,583
Deposits	7,878	12,248
Property & equipment, net (Note 4)	<u>22,829</u>	<u>36,186</u>
TOTAL ASSETS	<u>\$1,013,627</u>	<u>\$915,017</u>
 LIABILITIES & NET ASSETS		
Current Liabilities:		
Accounts payable	\$12,513	\$4,962
Accrued vacation pay	27,435	29,215
Deferred membership revenue	<u>63,354</u>	<u>61,572</u>
TOTAL LIABILITIES	103,302	95,749
Net Assets		
Unrestricted	857,320	761,899
Temporarily restricted (Note 5)	<u>53,005</u>	<u>57,369</u>
TOTAL NET ASSETS	910,325	819,268
TOTAL LIABILITIES & NET ASSETS	<u>\$1,013,627</u>	<u>\$915,017</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, 2013 with Comparative Totals for the Year Ended December 31, 2012

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2013 Total</u>	<u>2012 Total (Note 2)</u>
Support & revenue:				
Membership dues	\$345,252		\$345,252	\$345,534
Foundation grants	89,384	\$143,104	232,488	261,348
Contributions	333,115	40,000	373,115	304,188
Net assets released from restriction:				
Satisfaction of donor restrictions	187,468	(187,468)	0	0
In-kind support (Note 5)	12,475		12,475	25,330
Contracts	237,584		237,584	269,044
Program fees	122,452		122,452	75,021
Special events	345,060		345,060	273,280
Other	19,387		19,387	18,509
	<hr/>	<hr/>	<hr/>	<hr/>
Total support & revenue	1,692,177	(4,364)	1,687,813	1,572,254
Expenses:				
Program & membership services	1,175,226		1,175,226	1,142,485
General & administrative	135,540		135,540	117,182
Development	285,990		285,990	237,108
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenses	1,596,756	0	1,596,756	1,496,775
	<hr/>	<hr/>	<hr/>	<hr/>
CHANGE IN NET ASSETS	95,421	(4,364)	91,057	75,479
NET ASSETS, January 1	761,899	57,369	819,268	743,789
	<hr/>	<hr/>	<hr/>	<hr/>
NET ASSETS, December 31	<u>\$857,320</u>	<u>\$53,005</u>	<u>\$910,325</u>	<u>\$819,268</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, 2013 with Comparative Totals for the Year Ended December 31, 2012

	Program & Membership Services	General & Administrative	Development	2013 Total	2012 Total (Note 2)
Salaries	\$694,508	\$83,736	\$135,674	\$913,918	\$821,189
Payroll taxes	59,603	6,808	11,666	78,077	70,723
Employee benefits	56,923	8,726	9,377	75,026	75,192
Professional services	90,407	17,526	10,859	118,792	157,193
Rent	57,278	7,517	12,216	77,011	77,101
Supplies & equipment	26,602	1,466	5,997	34,065	21,727
Telecommunications	10,646	2,061	2,062	14,769	9,393
Postage	15,649	1,157	5,388	22,194	27,152
Printing & publications	43,031	328	12,115	55,474	59,269
Merchant account fees	0	0	24,255	24,255	22,450
Depreciation	9,936	1,303	2,116	13,355	12,275
Other operating expenses	110,643	4,912	54,265	169,820	143,111
Total Expenses	\$1,175,226	\$135,540	\$285,990	\$1,596,756	\$1,496,775

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, 2013 with Comparative Totals for the Year Ended December 31, 2012

	<u>2013</u>	<u>2012</u> <u>(Note 2)</u>
<i>Cash flows from operating activities:</i>		
Change in net assets	\$91,057	\$75,479
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation expense	13,355	12,275
Changes in assets and liabilities:		
(Increase) decrease in accounts and contributions receivable	(51,715)	7,014
(Increase) decrease in other assets	1,969	(5,357)
Increase (decrease) in accounts payable and accrued expenses	5,771	(1,575)
Increase (decrease) in deferred revenue	<u>1,782</u>	<u>(10,986)</u>
Cash provided (used) by operating activities:	62,219	76,850
<i>Cash flows from investing activities:</i>		
Purchases of fixed assets	<u>0</u>	<u>(10,863)</u>
Cash provided (used) by investing activities:	0	(10,863)
Cash provided (used) during year	62,219	65,987
Cash & cash equivalents:		
Beginning of year, January 1	<u>780,296</u>	<u>714,309</u>
End of year, December 31	<u><u>\$842,515</u></u>	<u><u>\$780,296</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, 2013

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.

(continued)

San Francisco Bicycle Coalition

Notes to Combined Financial Statements December 31, 2013

(continued)

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

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.

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.

In-kind Support

In-kind contributions consist of goods and services provided to the Organization without charge. These are reflected in the financial statements at the estimated fair market value at the date of receipt. When skilled and professional-level volunteer time is donated, it is valued at the rates that the Organization would otherwise need to pay for such services.

San Francisco Bicycle Coalition

Notes to Combined Financial Statements December 31, 2013

Functional Expenses

Expenses are allocated on a functional basis among the Organization's program and support services. 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 *Return of Organization Exempt from Income Tax* (Form 990) filings for the tax years ending in 2011, 2012 and 2013 are subject to examination by the Internal Revenue Service, generally for three 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, 2012, 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.

Reclassifications

Certain amounts in the December 31, 2012 financial statements have been reclassified to conform to the December 31, 2013 presentation.

3. Accounts & Contributions Receivable

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

<i>Coalition</i> accounts receivable	\$58,584
<i>Education Fund</i> contributions receivable	<u>67,997</u>
Total accounts & contributions receivable	\$126,581

4. Property & Equipment

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Software	\$29,500	\$22,500	\$7,000
Leasehold improvements	25,291	16,051	9,240
Office equipment	<u>18,540</u>	<u>11,951</u>	<u>6,589</u>
Total	\$73,331	\$50,502	\$22,829

San Francisco Bicycle Coalition

Notes to Combined Financial Statements December 31, 2013

5. Temporarily Restricted Net Assets

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

Toolkit for national partner organizations	\$45,500
Bicycle valet program	<u>7,505</u>
Total temporarily restricted net assets	\$53,005

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 \$298 per month under a 60-month operating lease expiring in September 2014. Future minimum lease payments are as follows:

2014	\$79,400
2015	<u>38,508</u>
Total future minimum lease payments	\$117,908

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, 2013, the Organization's cash deposits exceeded FDIC insurance limits by \$243,475.

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 October 6, 2014, the date the financial statements were available to be issued.

San Francisco Bicycle Coalition

Supplemental Information

for the Year Ended

December 31, 2013

San Francisco Bicycle Coalition

Schedule of Revenues, Expenses & Changes in Net Assets *San Francisco Bicycle Coalition* for the Year Ended December 31, 2013 with Comparative Totals for the Year Ended December 31, 2012

	<u>2013</u>	2012 (Note 2)
Support & revenue:		
Membership dues	\$319,123	\$321,854
Foundation grants	1,000	1,000
Contributions	45,806	28,806
In-kind support	0	25,330
Contracts	237,584	269,044
Program fees	122,452	75,021
Special events	98,326	106,626
Other	6,217	18,394
	<hr/>	<hr/>
Total support & revenue	830,508	846,075
Expenses:		
Programs & membership services	573,194	532,970
General & administrative	65,117	52,860
Development	137,595	113,098
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Total expenses	775,906	698,928
	<hr/>	<hr/>
CHANGE IN NET ASSETS	54,602	147,147
NET ASSETS, January 1	590,161	443,014
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NET ASSETS, December 31	<u>\$644,763</u>	<u>\$590,161</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, 2013 with Comparative Totals for the Year Ended December 31, 2012

	<u>2013</u>	<u>2012</u> (Note 2)
Support & revenue:		
Membership dues	\$26,129	\$23,680
Foundation grants	231,488	260,348
Contributions	327,309	275,382
In-kind support	12,475	0
Special events	246,734	166,654
Other	13,170	115
	<hr/>	<hr/>
Total support & revenue	857,305	726,179
Expenses:		
Programs & membership services	602,032	609,515
General & administrative	70,423	64,322
Development	148,395	124,010
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Total expenses	820,850	797,847
	<hr/>	<hr/>
CHANGE IN NET ASSETS	36,455	(71,668)
NET ASSETS, January 1	229,107	300,775
	<hr/>	<hr/>
NET ASSETS, December 31	<u>\$265,562</u>	<u>\$229,107</u>

See accompanying financial statements
and independent auditor's report.