

Bikes Belong Foundation, Inc.

(a nonprofit Colorado Corporation)

Boulder, Colorado

Financial Statements

December 31, 2011 and 2010

Bikes Belong Foundation, Inc.

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Independent Auditor's Report

To the Board of Directors
Bikes Belong Foundation, Inc.
Boulder, Colorado

We have audited the accompanying statements of financial position of Bikes Belong Foundation, Inc. (a nonprofit Colorado corporation) as of December 31, 2011 and 2010, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Bikes Belong Foundation, Inc. as of December 31, 2011 and 2010, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information on pages 10 through 12 is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

Brock and Company, CPA, PC
Certified Public Accountants

Longmont, Colorado
October 26, 2012

Bikes Belong Foundation, Inc.

Statements of Financial Position

December 31	2011	2010
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 623,230	\$ 196,699
Grants receivable	3,694	122,346
Prepaid expenses and other current assets	2,221	272
Total current assets	<u>629,145</u>	<u>319,317</u>
Equipment		
Equipment	5,323	-
Accumulated depreciation	(283)	-
Net equipment	<u>5,040</u>	<u>-</u>
Total assets	<u>\$ 634,185</u>	<u>\$ 319,317</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 26,674	\$ 12,898
Accrued employee benefits	5,784	5,238
Total current liabilities	<u>32,458</u>	<u>18,136</u>
Net Assets		
Unrestricted	120,778	70,625
Temporarily restricted	480,949	230,556
Total net assets	<u>601,727</u>	<u>301,181</u>
Total liabilities and net assets	<u>\$ 634,185</u>	<u>\$ 319,317</u>

The accompanying Notes are an integral
part of these financial statements

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Bikes Belong Foundation, Inc.

Statements of Activities

Years ended December 31

2011

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and Revenue			
Foundation grants	\$ 884,605	\$ 558,267	\$ 1,442,872
Corporate sponsorships	607,410	90,000	697,410
Other contributions	952,539	1,046	953,585
Interest income	1,011	-	1,011
Satisfaction of program restrictions	398,920	(398,920)	-
	<u>2,844,485</u>	<u>250,393</u>	<u>3,094,878</u>
Functional Expenses			
Program Services			
Safe Routes To School National Partnership	1,457,439	-	1,457,439
People For Bikes Fund	700,101	-	700,101
Bicycling Design Best Practices	270,341	-	270,341
Other direct programs	145,698	-	145,698
Total program services	<u>2,573,579</u>	<u>-</u>	<u>2,573,579</u>
Supporting Services			
Fundraising	104,704	-	104,704
General and administrative	116,049	-	116,049
Total supporting services	<u>220,753</u>	<u>-</u>	<u>220,753</u>
Total functional expenses	<u>2,794,332</u>	<u>-</u>	<u>2,794,332</u>
Change in Net Assets	50,153	250,393	300,546
Net Assets, Beginning of Year	70,625	230,556	301,181
Net Assets, End of Year	\$ 120,778	\$ 480,949	\$ 601,727

2010

<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
\$ 716,289	\$ 754,500	\$ 1,470,789
308,110	-	308,110
588,831	1,571	590,402
893	-	893
<u>705,861</u>	<u>(705,861)</u>	<u>-</u>
<u>2,319,984</u>	<u>50,210</u>	<u>2,370,194</u>
1,378,287	-	1,378,287
390,911	-	390,911
220,387	-	220,387
122,373	-	122,373
<u>2,111,958</u>	<u>-</u>	<u>2,111,958</u>
63,885	-	63,885
102,731	-	102,731
<u>166,616</u>	<u>-</u>	<u>166,616</u>
<u>2,278,574</u>	<u>-</u>	<u>2,278,574</u>
41,410	50,210	91,620
<u>29,215</u>	<u>180,346</u>	<u>209,561</u>
<u>\$ 70,625</u>	<u>\$ 230,556</u>	<u>\$ 301,181</u>

The accompanying Notes are an integral
part of these financial statements

Bikes Belong Foundation, Inc.

Statements of Cash Flows

Increase (Decrease) in Cash and Cash Equivalents

Years ended December 31	2011	2010
Cash Flows From Operating Activities		
Change in net assets	\$ 300,546	\$ 91,620
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	283	-
Increase (decrease) from changes in assets and liabilities		
Grants receivable	118,652	(86,432)
Prepaid expenses and other current assets	(1,949)	(272)
Accounts payable	13,776	11,669
Accrued employee benefits	546	2,207
Net cash provided by operating activities	<u>431,854</u>	<u>18,792</u>
Cash Flows From Investing Activities		
Purchases of equipment	<u>(5,323)</u>	-
Net cash used by investing activities	<u>(5,323)</u>	-
Net Increase in Cash and Cash Equivalents	<u>426,531</u>	<u>18,792</u>
Cash and Cash Equivalents, Beginning of Year	<u>196,699</u>	<u>177,907</u>
Cash and Cash Equivalents, End of Year	<u>\$ 623,230</u>	<u>\$ 196,699</u>

The accompanying Notes are an integral
part of these financial statements

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Bikes Belong Foundation, Inc.

Notes to Financial Statements

December 31, 2011 and 2010

Note 1 - Nature of Organization and Significant Accounting Policies

Nature of Organization. Bikes Belong Foundation ("the Organization") is a Colorado non-profit corporation that was formed in 2006 to promote safe bicycling conditions for all Americans and to support bicycling initiatives that benefit children. The Organization's major programs are as follows:

Safe Routes To School National Partnership. The Organization provides financial and administrative support for the Safe Routes to School National Partnership, a growing coalition of more than 600 nonprofit organizations, government agencies, schools, and professionals working together to advance the Safe Routes to School movement in the United States. The partnership sets goals, shares best practices, secures project funding, provides technical assistance, and offers policy input to agencies that are implementing Safe Routes to School programs. Members include AARP, the American Heart Association, the PTA, the National Association for Health and Fitness, and hundreds of other groups. In 2011 and 2010, the Robert Wood Johnson Foundation provided the majority of the support to the Safe Routes to School National Partnership.

Bicycling Design Best Practices. The purpose of this project is to increase bicycle use in America by adapting and implementing state-of-the-art international practices in infrastructure and urban design to make bicycling safer, more comfortable and more appealing. Broadening the variety of tools available for bicycle infrastructure in U.S. cities and towns will give elected officials, transportation engineers, urban planners, designers and cycling advocates a wide range of effective physical strategies for enabling more people to ride bicycles more often.

People for Bikes Fund. This fund's goal is to gather a million names of support, to speak with one, powerful voice—to make bicycling safer, more convenient and appealing for everyone.

Other Direct Programs. The Organization is also involved in other programs such as the REI Grant Program, the Paul D. Clark Bicycling Safety Fund, and awarding research grants. These programs connect Bikes Belong Foundation with other organizations to unite advocacy leaders in creating strategies to compel motorists and cyclists to respectfully share the road, to enhance and improve bicycling infrastructure, and to promote community wellness. In addition, research grants are awarded to fund studies that examine the economic impact of bicycling in a neighborhood, city, county or state.

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

Basis of Accounting. The financial statements of Bikes Belong Foundation have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

Bikes Belong Foundation, Inc.

Notes to Financial Statements

December 31, 2011 and 2010

Note 1 - Nature of Organization and Significant Accounting Policies (continued)

Functional Allocation of Expenses. Direct expenses have been allocated to the applicable program for which the expenses were incurred. Indirect expenses have been allocated between program and supporting services based on an analysis of personnel time and space utilized for the related activities.

Net Asset Restriction Classification. The Organization distinguishes between contributions received for each net asset category in accordance with donor-imposed restrictions. The Organization complies with established standards for external reporting by not-for-profit organizations, which requires that resources be classified for reporting purposes into three net asset categories according to externally (donor) imposed restrictions. The three net asset categories are as follows:

Unrestricted net assets. Unrestricted net assets are not subject to donor-imposed stipulations.

Temporarily restricted net assets. Temporarily restricted net assets are subject to donor-imposed stipulations that may or will be met either by actions of the Organization or the passage of time. Once the stipulation is met, the assets are released from restriction and the expenditure is recorded in the activities of unrestricted net assets.

Permanently restricted net assets. Permanently restricted net assets are subject to donor-imposed stipulations that require the donated assets to be maintained permanently by the Organization. Generally, the donors of these assets would permit the Organization to use all or part of the income earned on the corpus for general or specific purposes. Bikes Belong Foundation does not currently have permanently restricted net assets.

Cash and Cash Equivalents. The Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Grants Receivable. Grants receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to grants receivable. No valuation allowance is deemed necessary at December 31, 2011 and 2010.

Equipment. The Organization capitalizes equipment at cost for purchases over \$1,500. Donations of equipment would be capitalized at their estimated fair market value at the date of gift. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Equipment is depreciated using the straight-line methods over the estimated useful lives of the assets, which are generally five to seven years for equipment. Depreciation expense for the year ended December 31, 2011 was \$283. No depreciation expense was recorded during the year ended December 31, 2010.

Bikes Belong Foundation, Inc.

Notes to Financial Statements

December 31, 2011 and 2010

Note 1 - Nature of Organization and Significant Accounting Policies (continued)

Long-Lived Assets. In the event that facts and circumstances indicate that equipment, or other assets, may be impaired, an evaluation of recoverability would be performed. If an evaluation is required, the estimated future undiscounted future cash flows associated with the asset are compared to the asset's carrying value to determine if a write-down to market value would be necessary. No impairment losses were recorded during the years ended December 31, 2011 and 2010.

Promises to Give and Contributions. Unconditional promises to give are recognized as revenue in the period granted and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Promises to give are recorded at fair value. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Contributions and grants that are restricted by the donor or grantor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. Unconditional promises to give cash and other assets are reported at fair market value at the date the promise is received. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions.

Contributed Services. The Organization receives a substantial amount of services donated by volunteers in carrying out its activities. No amounts have been reflected in the financial statements for those services since they do not meet the criteria for recognition.

Advertising. The Organization expenses advertising costs, including donated advertising, as they are incurred. Total advertising expense for the years ended December 31, 2011 and 2010 was \$629,898 and \$194,700, respectively.

Income Taxes. The Organization is a nonprofit corporation exempt from income taxes as described in Section 501(c)(3) of the Internal Revenue Code and under Title VII of the Colorado Non-Profit Corporations Act and is classified by the Internal Revenue Service as other than a private foundation. The Organization may be subject to income tax on unrelated business income. Income taxes from unrelated business income are recognized when incurred.

The Organization has adopted the provisions of ASC 740, pertaining to accounting for uncertainty in income taxes. The pronouncement requires the use of a more-likely-than-not recognition criteria before and separate from the measurement of a tax position. An entity shall initially recognize the financial statement effects of a tax position when it is more likely than not, based on the technical merits, that the position will be sustained upon examination. With respect to the Organization, this would primarily relate to the determination of unrelated business taxable income and to the maintenance of its tax exempt status.

Bikes Belong Foundation, Inc.

Notes to Financial Statements

December 31, 2011 and 2010

Note 1 - Nature of Organization and Significant Accounting Policies (continued)

Management has evaluated the adopted policies and procedures that have been implemented to provide assurance that income is properly characterized and activities that jeopardize its tax exempt status are within limits established under existing tax code and regulations. Management has determined the effects of uncertain tax positions are not material to the Organization for recognition or disclosure in the accompanying financial statements and, accordingly, no income tax liability has been recorded for uncertain income tax positions in the accompanying financial statements.

As of December 31, 2011, income tax years 2008 through 2010 are open for examination and are subject to taxation at corporate tax rates. Additionally, penalties and interest may be assessed on income taxes that are delinquent. The assessment of uncertain income taxes is subject to estimate, and it is reasonably possible that the estimate may change in the near term and the change may be material.

Subsequent Events. The Organization evaluates events and transactions occurring subsequent to the date of the financial statements for matters requiring recognition or disclosure in the financial statements. The accompanying financial statements consider events through October 26, 2012, the date at which the financial statements were available for release.

Note 2 – Concentrations

Economic Dependency. The Organization has four grantor organizations that comprised approximately 73% and 86% of the total revenues for the years ended December 31, 2011 and 2010, respectively. There were no outstanding grants receivable from these grantor organizations at December 31, 2011. As of December 31, 2010, grants receivable outstanding from these grantor organizations totaled \$55,465.

Concentration of Credit Risk. The Organization routinely maintains cash balances in excess of federally insured limits.

Note 3 – Related Party Transactions

The Organization was established by the Bikes Belong Coalition, LTD ("the Coalition") to allow for contributions from the public for the promotion of bicycling. Bikes Belong Foundation and the Coalition share executive staff and other resources.

During the years ended December 31, 2011 and 2010, the Coalition awarded grants to Bikes Belong Foundation of \$560,000 and \$351,000, respectively. During the years ended December 31, 2011 and 2010, Bikes Belong Foundation paid affiliation fees to the Coalition of \$70,000 and \$71,000, respectively.

On an as-needed basis, Bikes Belong Foundation has access to additional unrestricted grant funds from Bikes Belong Coalition, to help support the Organization's operations.

Bikes Belong Foundation, Inc.

Notes to Financial Statements

December 31, 2011 and 2010

Note 4 – Retirement Expense

Bikes Belong Foundation maintains a SIMPLE IRA Deferred Compensation Plan for substantially all of its employees. The organization matches up to 3% of employees' compensation. Retirement expense for the years ended December 31, 2011 and 2010 was \$19,405 and \$15,787, respectively.

Note 5 – Subsequent Events

Several grants for approximately \$4,500,000 have been awarded to Bikes Belong Foundation from numerous companies and foundations. The grants are to be received during 2012 through 2016. No work has yet been performed on these grants, therefore, no grant receivables exists at December 31, 2011.

Bikes Belong Foundation, Inc.

Schedule of Functional Expenses

Year ended December 31, 2011

	Program Services		
	Safe Routes To School National Partnership	Bicycling Design Best Practices	People for Bikes Fund
Salaries	\$ 632,587	\$ 53,674	\$ -
Payroll taxes and benefits	100,625	6,099	-
Marketing	25,195	-	544,407
Contractual expenses	558,143	-	5,638
Travel	48,989	146,288	11,008
Grants awarded	-	50,050	-
Legal and professional fees	732	4,028	133,280
Affiliation fees	28,000	-	-
Office supplies and small equipment	20,440	3,295	740
Meetings	20,899	-	-
Dues and subscriptions	4,721	2,777	2,777
Internet and telephone	9,952	732	301
Postage and shipping	3,608	2,925	1,950
Licenses and fees	-	-	-
Conferences	3,548	473	-
Depreciation	-	-	-
Total expenses	<u>\$ 1,457,439</u>	<u>\$ 270,341</u>	<u>\$ 700,101</u>

Supporting Services					
Other Direct Programs	Total	Fundraising	General and Administrative	Total	Total Expenses
\$ -	\$ 686,261	\$ 38,339	\$ 42,173	\$ 80,512	\$ 766,773
-	106,724	6,099	9,148	15,247	121,971
-	569,602	60,266	-	60,266	629,868
-	563,781	-	-	-	563,781
13,004	219,289	-	-	-	219,289
126,805	176,855	-	-	-	176,855
-	138,040	-	8,422	8,422	146,462
-	28,000	-	42,000	42,000	70,000
2,160	26,635	-	5,529	5,529	32,164
-	20,899	-	-	-	20,899
2,916	13,191	-	694	694	13,885
56	11,041	-	-	-	11,041
-	8,483	-	1,268	1,268	9,751
-	-	-	6,532	6,532	6,532
757	4,778	-	-	-	4,778
-	-	-	283	283	283
\$ 145,698	\$ 2,573,579	\$ 104,704	\$ 116,049	\$ 220,753	\$ 2,794,332

Bikes Belong Foundation, Inc.

Schedule of Functional Expenses

Year ended December 31, 2010

	Program Services		
	Safe Routes To School National Partnership	Bicycling Design Best Practices	People for Bikes Fund
Salaries	\$ 532,280	\$ 45,439	\$ -
Payroll taxes and benefits	85,165	5,257	-
Contractual expenses	614,039	-	6,202
Legal and professional fees	1,118	6,149	203,463
Marketing	7,788	-	168,283
Travel	37,325	111,458	8,387
Grants awarded	-	42,457	-
Affiliation fees	28,400	-	-
Meetings	31,885	-	-
Office supplies and small equipment	11,949	1,926	432
Conferences	12,528	1,670	-
Postage and shipping	5,576	4,521	3,014
Internet and telephone	8,763	645	265
Dues and subscriptions	1,471	865	865
Licenses and fees	-	-	-
Total expenses	\$ 1,378,287	\$ 220,387	\$ 390,911

Supporting Services					
Other Direct Programs	Total	Fundraising	General and Administrative	Total	Total Expenses
\$ -	\$ 577,719	\$ 38,947	\$ 32,456	\$ 71,403	\$ 649,122
-	90,422	6,309	8,411	14,720	105,142
-	620,241	-	-	-	620,241
-	210,730	-	12,856	12,856	223,586
-	176,071	18,629	-	18,629	194,700
9,908	167,078	-	-	-	167,078
107,569	150,026	-	-	-	150,026
-	28,400	-	42,600	42,600	71,000
-	31,885	-	-	-	31,885
1,263	15,570	-	3,233	3,233	18,803
2,674	16,872	-	-	-	16,872
-	13,111	-	1,959	1,959	15,070
50	9,723	-	-	-	9,723
909	4,110	-	216	216	4,326
-	-	-	1,000	1,000	1,000
<u>\$ 122,373</u>	<u>\$ 2,111,958</u>	<u>\$ 63,885</u>	<u>\$ 102,731</u>	<u>\$ 166,616</u>	<u>\$ 2,278,574</u>

Bikes Belong Foundation, Inc.

Schedules of Temporarily Restricted Net Assets

Years ended December 31, 2011 and 2010

<u>Restricted Purpose</u>	<u>January 1, 2011 Balance</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>December 31, 2011 Balance</u>
Paul David Clark Bicycling Safety Fund	\$ 31,029	\$ 1,046	\$ 5,000	\$ 27,075
Las Vegas Infrastructure Improvement Grant	13,902	20,000	5,045	28,857
REI Bicycle Friendly Communities	-	90,000	90,000	-
Kaiser Permanente	185,625	538,267	298,875	425,017
Totals	<u>\$ 230,556</u>	<u>\$ 649,313</u>	<u>\$ 398,920</u>	<u>\$ 480,949</u>

<u>Restricted Purpose</u>	<u>January 1, 2010 Balance</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>December 31, 2010 Balance</u>
Paul David Clark Bicycling Safety Fund	\$ 29,458	\$ 1,571	\$ -	\$ 31,029
People For Bikes	53,388	250,000	303,388	-
Las Vegas Infrastructure Improvement Grant	7,500	20,000	13,598	13,902
REI Bicycle Friendly Communities	90,000	-	90,000	-
Kaiser Permanente	-	484,500	298,875	185,625
Totals	<u>\$ 180,346</u>	<u>\$ 756,071</u>	<u>\$ 705,861</u>	<u>\$ 230,556</u>