

PeopleForBikes Foundation

Boulder, Colorado

Financial Statements

December 31, 2016 and 2015

PeopleForBikes Foundation

Table of Contents

Independent Auditor's Report	Pages 1-2
Statements of Financial Position December 31, 2016 and 2015	Page 3
Statements of Activities Years ended December 31, 2016 and 2015	Page 4
Statements of Cash Flows Years ended December 31, 2016 and 2015	Page 5
Notes to Financial Statements	Pages 6-10
<u>Supplementary Information</u>	
Schedule of Functional Expenses Year ended December 31, 2016	Page 11
Schedule of Functional Expenses Year ended December 31, 2015	Page 12



Independent Auditor's Report

To the Board of Directors
PeopleForBikes Foundation
Boulder, Colorado

We have audited the accompanying financial statements of PeopleForBikes Foundation (a nonprofit Colorado corporation), which comprise the statements of financial position as of December 31, 2016 and 2015, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

The Organization's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent Auditor's Report (continued)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of PeopleForBikes Foundation as of December 31, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Opinion on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements taken as a whole. The schedules of functional expenses are presented for purposes of additional analysis and are 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, CPAs, P.C.

Certified Public Accountants

Longmont, Colorado
September 21, 2017

PeopleForBikes Foundation

Statements of Financial Position

December 31	2016	2015
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 1,199,755	\$ 810,276
Grants receivable	-	57,541
Prepaid expenses and other current assets	454	264
Total current assets	<u>1,200,209</u>	<u>868,081</u>
Equipment		
Equipment	13,572	2,268
Accumulated depreciation	(3,593)	(1,844)
Net equipment	<u>9,979</u>	<u>424</u>
Total assets	<u>\$ 1,210,188</u>	<u>\$ 868,505</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 19,837	\$ 6,123
Deferred revenue	80,000	-
Total current liabilities	<u>99,837</u>	<u>6,123</u>
Net Assets		
Unrestricted	1,049,697	762,382
Temporarily restricted	60,654	100,000
Total net assets	<u>1,110,351</u>	<u>862,382</u>
Total liabilities and net assets	<u>\$ 1,210,188</u>	<u>\$ 868,505</u>

The accompanying Notes are an integral part of these financial statements

Page 3

PeopleForBikes Foundation

Statements of Activities

Years ended December 31

2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and Revenue			
Contributions	\$ 496,962	\$ 879,631	\$ 1,376,593
In-kind contributions	460,646	-	460,646
Corporate sponsorships	271,936	-	271,936
Foundation grants	846,311	-	846,311
Miscellaneous income	147,879	-	147,879
Interest income	668	-	668
Satisfaction of program restrictions	918,977	(918,977)	-
	<u>3,143,379</u>	<u>(39,346)</u>	<u>3,104,033</u>
Total support and revenue			
Functional Expenses			
Program Services			
Green Lane Project	939,218	-	939,218
Individual Engagement Campaign	263,399	-	263,399
Better Bike Share Partnership	751,540	-	751,540
Other direct programs	563,849	-	563,849
Total program services	<u>2,518,006</u>	<u>-</u>	<u>2,518,006</u>
Supporting Services			
Fundraising	99,453	-	99,453
General and administrative	238,605	-	238,605
Total supporting services	<u>338,058</u>	<u>-</u>	<u>338,058</u>
Total functional expenses	<u>2,856,064</u>	<u>-</u>	<u>2,856,064</u>
Change in Net Assets	287,315	(39,346)	247,969
Net Assets, Beginning of Year	<u>762,382</u>	<u>100,000</u>	<u>862,382</u>
Net Assets, End of Year	<u>\$ 1,049,697</u>	<u>\$ 60,654</u>	<u>\$ 1,110,351</u>

2015

Unrestricted	Temporarily Restricted	Total
\$ 1,163,362	\$ 102,506	\$ 1,265,868
437,605	-	437,605
524,500	-	524,500
572,221	-	572,221
240,245	-	240,245
622	-	622
<u>17,708</u>	<u>(17,708)</u>	<u>-</u>
<u>2,956,263</u>	<u>84,798</u>	<u>3,041,061</u>
1,106,134	-	1,106,134
610,228	-	610,228
499,556	-	499,556
<u>384,478</u>	<u>-</u>	<u>384,478</u>
<u>2,600,396</u>	<u>-</u>	<u>2,600,396</u>
137,601	-	137,601
<u>183,743</u>	<u>-</u>	<u>183,743</u>
<u>321,344</u>	<u>-</u>	<u>321,344</u>
<u>2,921,740</u>	<u>-</u>	<u>2,921,740</u>
34,523	84,798	119,321
<u>727,859</u>	<u>15,202</u>	<u>743,061</u>
<u>\$ 762,382</u>	<u>\$ 100,000</u>	<u>\$ 862,382</u>

The accompanying Notes are an integral
part of these financial statements

PeopleForBikes Foundation

Statements of Cash Flows

Increase (Decrease) in Cash and Cash Equivalents

Years ended December 31	2016	2015
Cash Flows From Operating Activities		
Change in net assets	\$ 247,969	\$ 119,321
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	1,749	454
Increase (decrease) from changes in assets and liabilities		
Grants receivable	57,541	207,904
Prepaid expenses and other current assets	(190)	340
Accounts payable	13,714	6,123
Accrued compensation and benefits	-	(5,556)
Deferred revenue	80,000	(28,500)
Net cash provided by operating activities	<u>400,783</u>	<u>300,086</u>
Cash Flows From Investing Activities		
Purchases of property and equipment	<u>(11,304)</u>	-
Net cash used by investing activities	<u>(11,304)</u>	-
Net Increase in Cash and Cash Equivalents	389,479	300,086
Cash and Cash Equivalents, Beginning of Year	810,276	510,190
Cash and Cash Equivalents, End of Year	<u>\$ 1,199,755</u>	<u>\$ 810,276</u>

The accompanying Notes are an integral
part of these financial statements

Page 5

PeopleForBikes Foundation

Notes to Financial Statements

December 31, 2016 and 2015

Note 1 - Nature of Organization and Significant Accounting Policies

Nature of Organization. PeopleForBikes Foundation ("the Organization") is a Colorado non-profit corporation that was formed in 2006 to promote and create safe bicycling conditions, in addition to making every bike ride more convenient, fun and accessible. The Organization is supported primarily through grants, corporate sponsorships and donor contributions. To engineer this mission, the Organization's major programs are as follows:

Green Lane Project. The purpose of this project is to increase bicycle use in America by adapting and implementing state-of-the-art international practices and noteworthy domestic models 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.

Individual Engagement Campaign. This program's goal is to gather millions of names of support, to speak with one, powerful voice—to make bicycling safer, more convenient and appealing for everyone. At the end of 2016, PeopleForBikes had more than 1.2 million individual supporters across all 50 states.

Better Bike Share Partnership. This program is a JPB Foundation-funded collaboration between The City of Philadelphia, Bicycle Coalition of Greater Philadelphia, the National Association of City Transportation Officials (NACTO) and PeopleForBikes to build equitable and replicable bike share systems. PeopleForBikes is administering \$900,000 in grant funding over three years (through June 30, 2017) to partnerships of bike share operators, cities and local non-profits to help U.S. cities develop and implement strategies to increase bike share use in their own underserved communities. PeopleForBikes is also managing a storytelling effort to better communicate the approaches, successes and challenges of the grantees through blogs, articles, images and videos.

Other Direct Programs. The Organization is also involved in other programs such as hosting the National Bike Challenge, conducting several transportation study tours in Copenhagen and Amsterdam, and awarding research grants. The National Bike Challenge is a nationwide event uniting thousands of current bicyclists, and encouraging countless new riders. The Challenge encourages people to track their bike rides, form teams to compete with their friends and co-workers, and simply spend more high-quality time on two wheels. These programs connect PeopleForBikes 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.

PeopleForBikes Foundation

Notes to Financial Statements

December 31, 2016 and 2015

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

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

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. Net assets 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. PeopleForBikes Foundation does not currently have permanently restricted net assets.

Cash and Cash Equivalents. The Organization considers all highly liquid debt instruments with maturities of three months or less to be cash equivalents. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments.

Grants Receivable. Grants receivable are stated net of allowances for uncollectible accounts. Management provides for probable uncollectible accounts through a provision for bad debt expenses and an adjustment to the allowance account based on its assessment of the current status of individual accounts. Balances still outstanding after management has used reasonable collection efforts are written off through a reduction to the allowance account and a corresponding reduction to grants receivable. There was no allowance for doubtful accounts for the years ended December 31, 2016 and 2015 as management believes that all of the grants receivable are collectible.

Equipment. The Organization capitalizes equipment at cost for purchases over \$1,500. Donations of equipment are 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. Depreciation expense was \$1,749 and \$454, respectively, for each of the years ended December 31, 2016 and 2015.

PeopleForBikes Foundation

Notes to Financial Statements

December 31, 2016 and 2015

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, 2016 and 2015.

Revenue Recognition. Payments received for services that are reciprocal in nature are deferred and recognized as services are rendered.

Contributions. Contributions are recognized when the donation is received. Donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Contributed Services. Contributed services are recognized if the services received satisfy the criteria for recognition. The contributions of services are recognized if services received (a) create or enhance non-financial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

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.

Advertising. The Organization expenses advertising costs, including donated advertising, as they are incurred. Total advertising expense for the years ended December 31, 2016 and 2015 was \$2,398 and \$10,000, 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. Accordingly, no provision for income taxes has been made.

The Organization follows 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.

PeopleForBikes Foundation

Notes to Financial Statements

December 31, 2016 and 2015

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.

Income tax years 2013 through the current year are open for examination. Penalties and interest may be assessed on income taxes that are delinquent.

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 September 21, 2017 the date at which the financial statements were available for release.

Note 2 – Temporarily Restricted Net Assets

The balances of temporarily restricted net assets at December 31, 2016 and 2015 are as follows:

	January 1, 2016			December 31, 2016
<u>Restricted Purpose</u>	<u>Balance</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance</u>
Ride On Donation Chris Kegel	\$ -	\$ 5,000	\$ -	\$ 5,000
Memorial Fund	\$ -	\$ 2,320	\$ -	\$ 2,320
Power-mapping key American Cities	100,000	\$ -	\$ (100,000)	\$ -
Better Bike Share Partnership	\$ -	\$ 872,311	\$ (818,977)	\$ 53,334
Totals	\$ 100,000	\$ 879,631	\$ (918,977)	\$ 60,654

	January 1, 2015			December 31, 2015
<u>Restricted Purpose</u>	<u>Balance</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance</u>
Paul David Clark Bicycling Safety Fund	\$ 15,202	\$ 2,506	\$ (17,708)	\$ -
Power-mapping key American Cities	\$ -	\$ 100,000	\$ -	\$ 100,000
Totals	\$ 15,202	\$ 102,506	\$ (17,708)	\$ 100,000

PeopleForBikes Foundation

Notes to Financial Statements

December 31, 2016 and 2015

Note 3 – Related Party Transactions

The Organization was established by PeopleForBikes Coalition ("the Coalition") to allow for contributions from the public, health foundations and general corporate support outside the bicycle industry for the promotion of bicycling. PeopleForBikes Foundation and the Coalition share executive staff and other resources.

During the years ended December 31, 2016 and 2015, the Coalition awarded grants to PeopleForBikes Foundation of \$1,000,000 and \$915,000, respectively. During the years ended December 31, 2016 and 2015, PeopleForBikes Foundation paid affiliation fees to the Coalition of \$30,000. The Coalition provided \$445,897 and \$398,509 of in-kind contributions of salaries and office expenses for the years ended December 31, 2016 and 2015, respectively.

Note 4 – Deferred Compensation Plan

PeopleForBikes Foundation maintains a 401(k) Deferred Compensation Plan for substantially all of its employees. The Organization matches up to 5% of employees' compensation. Retirement plan expense for the years ended December 31, 2016 and 2015 was \$25,859 and \$13,118, respectively.

Note 5 – Concentrations

Economic Dependency. For the year ended December 31, 2016, the Organization had two grantor organizations that comprised approximately 74% of the total revenues. For the year ended December 31, 2015, the Organization had three grantor organizations that comprised approximately 62% of the total revenues.

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

PeopleForBikes Foundation

Schedule of Functional Expenses

Year ended December 31, 2016

	Program Services			
	Green Lane Project	Individual Engagement Campaign	Better Bike Share Partnership	Other Direct Programs
Compensation, payroll taxes and benefits				
Paid directly	\$ 352,535	\$ 40,678	\$ -	\$ 203,385
In-kind	181,228	13,941	17,426	104,555
Grants awarded	28,415	-	534,208	5,683
Advertising and marketing	56,860	151,628	11,372	90,977
Travel	104,022	23,405	33,807	83,218
Legal and professional fees	153,636	6,584	24,143	21,948
Conferences and meetings	18,341	-	88,469	1,079
Contractual expenses	15,369	-	37,970	28,930
Rent, in-kind	11,500	7,667	3,833	-
Affiliation fees	-	-	-	12,000
Postage and shipping	2,510	8,368	-	1,004
Licenses and fees	-	-	-	2,466
Office supplies and small equipment				
Paid directly	1,837	3,674	-	1,225
In-kind	-	-	-	-
Dues and subscriptions	1,383	4,257	-	2,554
Printing	9,134	411	-	308
Internet and telephone				
Paid directly	890	-	-	250
In-kind	1,558	1,871	312	1,247
Insurance				
Paid directly	-	91	-	300
In-kind	-	824	-	2,720
Miscellaneous	-	-	-	-
Depreciation	-	-	-	-
	<u>\$ 939,218</u>	<u>\$ 263,399</u>	<u>\$ 751,540</u>	<u>\$ 563,849</u>

Supporting Services				
<u>Total</u>	<u>Fundraising</u>	<u>General and Administrative</u>	<u>Total</u>	<u>Total Expenses</u>
\$ 596,598	\$ 20,339	\$ 61,016	\$ 81,355	\$ 677,953
317,150	10,455	20,911	31,366	348,516
568,306	-	-	-	568,306
310,837	49,279	18,953	68,232	379,069
244,452	10,402	5,200	15,602	260,054
206,311	2,195	10,974	13,169	219,480
107,889	-	-	-	107,889
82,269	-	8,137	8,137	90,406
23,000	-	53,666	53,666	76,666
12,000	-	18,000	18,000	30,000
11,882	2,008	2,845	4,853	16,735
2,466	-	9,865	9,865	12,331
6,736	-	5,511	5,511	12,247
-	-	6,239	6,239	6,239
8,194	1,916	532	2,448	10,642
9,853	308	103	411	10,264
1,140	642	1,782	2,424	3,564
4,988	624	623	1,247	6,235
391	-	519	519	910
3,544	-	4,697	4,697	8,241
-	1,285	7,283	8,568	8,568
-	-	1,749	1,749	1,749
<u>\$ 2,518,006</u>	<u>\$ 99,453</u>	<u>\$ 238,605</u>	<u>\$ 338,058</u>	<u>\$ 2,856,064</u>

PeopleForBikes Foundation

Schedule of Functional Expenses

Year ended December 31, 2015

	Green Lane Project	Individual Engagement Campaign	Better Bike Share Partnership
Advertising and marketing	\$ 68,417	\$342,085	\$ 27,367
Grants awarded	173,395	18,556	398,505
Travel	215,195	71,732	19,925
Compensation, payroll taxes and benefits			
Paid directly	268,058	80,418	-
In-kind	190,758	63,586	16,733
Legal and professional fees	86,863	3,570	-
Contractual expenses	43,993	1,189	32,103
Rent, in-kind	7,604	5,070	2,535
Conferences and meetings	24,045	8,508	2,220
Affiliation fees	-	-	-
Printing	20,346	914	-
Office supplies and small equipment			
Paid directly	2,401	4,801	-
In-kind	-	-	-
Postage and shipping	2,626	6,127	-
Insurance			
Paid directly	-	888	-
In-kind	-	441	-
Licenses and fees	-	-	-
Internet and telephone			
Paid directly	593	594	-
In-kind	837	1,006	168
Dues and subscriptions	1,003	743	-
Miscellaneous	-	-	-
Leasehold improvements, in-kind	-	-	-
Depreciation	-	-	-
Total expenses	<u>\$1,106,134</u>	<u>\$610,228</u>	<u>\$ 499,556</u>

		Supporting Services				
Other Direct Programs	Total	Fundraising	General and Administrative	Total	Total Expenses	
\$ 150,517	\$ 588,386	\$ 88,942	\$ 6,842	\$ 95,784	\$ 684,170	
17,948	608,404	-	-	-	608,404	
67,746	374,598	15,940	7,970	23,910	398,508	
48,475	396,951	13,403	36,410	49,813	446,764	
26,773	297,850	13,387	23,426	36,813	334,663	
16,659	107,092	1,190	10,709	11,899	118,991	
30,914	108,199	-	10,701	10,701	118,900	
-	15,209	-	35,487	35,487	50,696	
2,220	36,993	-	-	-	36,993	
12,000	12,000	-	18,000	18,000	30,000	
686	21,946	686	229	915	22,861	
1,600	8,802	-	7,202	7,202	16,004	
-	-	-	4,745	4,745	4,745	
1,225	9,978	2,626	4,901	7,527	17,505	
2,931	3,819	-	5,063	5,063	8,882	
1,456	1,897	-	2,515	2,515	4,412	
1,452	1,452	-	5,808	5,808	7,260	
166	1,353	332	689	1,021	2,374	
670	2,681	335	335	670	3,351	
1,040	2,786	557	371	928	3,714	
-	-	203	1,149	1,352	1,352	
-	-	-	737	737	737	
-	-	-	454	454	454	
<u>\$ 384,478</u>	<u>\$ 2,600,396</u>	<u>\$ 137,601</u>	<u>\$ 183,743</u>	<u>\$321,344</u>	<u>\$2,921,740</u>	