

**Salt Lake City Bicycle Collective**

**Financial Statements**

**And**

**Independent Auditor's Report**

**Years Ended December 31, 2018 and 2017**



**Salt Lake City Bicycle Collective**  
**Table of Contents**  
**Years Ended December 31, 2018 and 2017**

Independent Auditor's Report	1
Financial Statements	
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	6
Statements of Cash Flows	8
Notes to Financial Statements	9



## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Salt Lake City Bicycle Collective  
Salt Lake City, Utah

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of Salt Lake City Bicycle Collective (a nonprofit organization), which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

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 audit to obtain reasonable assurance about whether the financial statements are free of 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 obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Salt Lake City Bicycle Collective as of December 31, 2018 and 2017, 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.

***Emphasis of Matter***

As explained in Note 6 to the financial statements, in December 31, 2018, the Organization adopted Financial Accounting Standards Board's Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities* as of and for the year ended December 31, 2018. The requirements of the ASU have been applied retrospectively to all periods presented. Our opinion is not modified with respect to this matter.

*Shaw & Co., P.C.*

Bountiful, Utah  
September 18, 2019

# Salt Lake City Bicycle Collective

## Statements of Financial Position

December 31, 2018 and 2017

<b>ASSETS</b>	<u>12/31/2018</u>	<u>12/31/2017</u>
Current assets		
Cash and cash equivalents	\$ 219,852	\$ 137,672
Accounts receivable	8,544	8,114
Deposits	<u>2,000</u>	<u>-</u>
Total current assets	<u>230,396</u>	<u>145,786</u>
Property and equipment	151,242	132,617
Less: accumulated depreciation	<u>(13,367)</u>	<u>(8,375)</u>
Net property and equipment	<u>137,875</u>	<u>124,242</u>
Total assets	<u>\$ 368,271</u>	<u>\$ 270,028</u>
 <b>LIABILITIES AND NET ASSETS</b>		
Current liabilities		
Accounts payable	\$ -	\$ 40
Accrued liabilities	<u>36,942</u>	<u>28,576</u>
Total current liabilities	<u>36,942</u>	<u>28,616</u>
Net assets		
Without donor restrictions	331,329	241,412
With donor restrictions	<u>-</u>	<u>-</u>
Total net assets	<u>331,329</u>	<u>241,412</u>
Total liabilities and net assets	<u>\$ 368,271</u>	<u>\$ 270,028</u>

See accompanying notes to financial statements.

# Salt Lake City Bicycle Collective

## Statement of Activities

Year Ended December 31, 2018

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>REVENUES AND SUPPORT</b>			
Public support			
In-kind contributions	\$ 258,560	\$ -	\$ 258,560
Contributions	221,154	-	221,154
Donated rent	62,316	-	62,316
Fundraising	<u>18,796</u>	<u>-</u>	<u>18,796</u>
Total public support	<u>560,826</u>	<u>-</u>	<u>560,826</u>
Revenues			
Bike sales	658,774	-	658,774
Valet bike parking	18,139	-	18,139
Interest income	<u>8</u>	<u>-</u>	<u>8</u>
Total revenues	<u>676,921</u>	<u>-</u>	<u>676,921</u>
Total public support and other revenues	<u>1,237,747</u>	<u>-</u>	<u>1,237,747</u>
<b>EXPENSES</b>			
Program services	1,027,927	-	1,027,927
Management and general	79,093	-	79,093
Fundraising	<u>40,810</u>	<u>-</u>	<u>40,810</u>
Total expenses	<u>1,147,830</u>	<u>-</u>	<u>1,147,830</u>
Change in net assets	89,917	-	89,917
Net assets, beginning of year	<u>241,412</u>	<u>-</u>	<u>241,412</u>
Net assets, end of year	<u>\$ 331,329</u>	<u>\$ -</u>	<u>\$ 331,329</u>

See accompanying notes to financial statements.

# Salt Lake City Bicycle Collective

## Statement of Activities Year Ended December 31, 2017

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>REVENUES AND SUPPORT</b>			
Public support			
In-kind contributions	\$ 383,170	\$ -	\$ 383,170
Contributions	77,654	-	77,654
Donated Rent	25,965	-	25,965
Fundraising	<u>20,543</u>	<u>-</u>	<u>20,543</u>
Total public support	<u>507,332</u>	<u>-</u>	<u>507,332</u>
Other revenues			
Bike sales	572,935	-	572,935
Valet bike parking	18,960	-	18,960
Other income	494	-	494
Interest income	<u>17</u>	<u>-</u>	<u>17</u>
Total other revenues	<u>592,406</u>	<u>-</u>	<u>592,406</u>
Total public support and other revenues	<u>1,099,738</u>	<u>-</u>	<u>1,099,738</u>
<b>EXPENSES</b>			
Program services	1,017,949	-	1,017,949
Management and general	40,600	-	40,600
Fundraising	<u>42,232</u>	<u>-</u>	<u>42,232</u>
Total expenses	<u>1,100,781</u>	<u>-</u>	<u>1,100,781</u>
Change in net assets	(1,043)	-	(1,043)
Net assets, beginning of year	<u>242,455</u>	<u>-</u>	<u>242,455</u>
Net assets, end of year	<u>\$ 241,412</u>	<u>\$ -</u>	<u>\$ 241,412</u>

See accompanying notes to financial statements.

# Salt Lake City Bicycle Collective

## Statement of Functional Expenses

Year Ended December 31, 2018

	Program Services	Management and General	Fundraising	Total
Salaries and wages	\$ 453,970	\$ 30,265	\$ 20,176	\$ 504,411
Payroll taxes	36,582	2,439	1,626	40,647
Employee benefits	3,454	230	154	3,838
Total salaries, payroll taxes and benefits	494,006	32,934	21,956	548,896
Bike expense	258,560	-	-	258,560
Distributor supplies	114,939	-	-	114,939
Rent	88,690	1,848	1,848	92,386
Professional fees	-	40,197	-	40,197
Fundraising	-	-	15,820	15,820
Utilities	13,705	286	286	14,277
Insurance	13,030	271	271	13,572
Supplies	10,703	-	-	10,703
Advertising	6,624	138	138	6,900
Repairs and maintenance	5,390	112	112	5,614
Information technology	3,873	81	81	4,035
Auto	4,019	-	-	4,019
Telephone	3,753	78	78	3,909
Bank charges	-	2,928	-	2,928
Interest	2,703	56	56	2,815
Postage	888	18	18	924
Dues and subscriptions	798	17	17	832
Printing	685	14	14	713
Licenses and fees	445	9	9	463
Travel	306	6	6	318
Conferences	18	-	-	18
Total expenses before depreciation	1,023,135	78,993	40,710	1,142,838
Depreciation and amortization	4,792	100	100	4,992
Total expenses	\$ 1,027,927	\$ 79,093	\$ 40,810	\$ 1,147,830

See accompanying notes to financial statements.

# Salt Lake City Bicycle Collective

## Statement of Functional Expenses

Year Ended December 31, 2017

	Program Services	Management and General	Fundraising	Total
Salaries and wages	\$ 373,923	\$ 29,410	\$ 16,806	\$ 420,139
Payroll taxes	29,527	2,322	1,327	33,176
Employee benefits	4,660	367	209	5,236
Total salaries, payroll taxes and benefits	408,110	32,099	18,342	458,551
Bike expense	383,170	-	-	383,170
Distributor supplies	97,083	-	-	97,083
Rent	56,941	645	645	58,231
Insurance	16,928	353	353	17,634
Capital campaign expenses	-	-	14,431	14,431
Utilities	12,095	252	252	12,599
Supplies	8,322	-	996	9,318
Information technology	6,173	129	129	6,431
Repairs and maintenance	6,041	126	126	6,293
Professional fees	-	5,600	-	5,600
Fundraising	-	-	5,588	5,588
Telephone	4,423	92	92	4,607
Auto	3,845	-	-	3,845
Advertising	1,976	61	1,011	3,048
Miscellaneous	2,366	49	49	2,464
Printing	1,592	33	33	1,658
Dues and subscriptions	1,306	27	27	1,360
Postage	938	20	20	978
Bank charges	-	976	-	976
Travel	912	19	19	950
Licenses and fees	786	16	16	818
Conferences	557	12	12	581
Total expenses before depreciation and	1,013,564	40,509	42,141	1,096,214
Depreciation and amortization	4,385	91	91	4,567
	\$ 1,017,949	\$ 40,600	\$ 42,232	\$ 1,100,781

See accompanying notes to financial statements.

# Salt Lake City Bicycle Collective

## Statements of Cash Flows Years Ended December 31, 2018 and 2017

	<u>12/31/2018</u>	<u>12/31/2017</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 89,917	\$ (1,043)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	4,992	4,567
Changes in current assets and liabilities:		
Accounts receivable	(430)	11,220
Deposits	(2,000)	-
Accounts payable	(40)	40
Accrued liabilities	<u>8,366</u>	<u>9,856</u>
Net cash provided by operating activities	<u>100,805</u>	<u>24,640</u>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of property and equipment	<u>(18,625)</u>	<u>(5,100)</u>
Net cash used in investing activities	<u>(18,625)</u>	<u>(5,100)</u>
 <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	<u>-</u>	<u>-</u>
 Net change in cash and cash equivalents	82,180	19,540
Cash and cash equivalents, beginning of year	<u>137,672</u>	<u>118,132</u>
Cash and cash equivalents, end of year	<u>\$ 219,852</u>	<u>\$ 137,672</u>
 <b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Cash paid for interest	<u>\$ 2,815</u>	<u>\$ -</u>
Cash paid for income taxes	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to financial statements.

# Salt Lake City Bicycle Collective

## Notes to Financial Statements

December 31, 2018 and 2017

### 1. ORGANIZATION HISTORY

Salt Lake City Bicycle Collective (the “Organization”) was incorporated under the laws of the State of Utah as a nonprofit corporation on December 8, 2011. The mission of the Organization is to promote cycling as an effective and sustainable form of transportation, recreation, and as a cornerstone of a cleaner, healthier, and safer society. The Organization provides refurbished bicycles and educational program to the community, focusing on children and lower income households. The Organization has locations in Salt Lake, Ogden, Provo, and St. George, Utah.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Organization have been prepared on the accrual basis. The Organization follows the provisions of Accounting Standards Codification (ASC) 958, Not-for Profit Entities. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

#### Date of Management’s Review

Subsequent events were evaluated through September 18, 2019, which is the date the financial statements were available to be issued. From their review, management has determined that there were no significant recognizable or unrecognizable subsequent events that were not properly disclosed.

#### Estimates in the Financial Statements

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### Cash and Cash Equivalents

For purposes of the statement of cash flows, cash equivalents include time deposits, certificates of deposit, and all highly liquid debt instruments with original maturities of three months or less.

#### Classes of Net Assets

Net assets, revenues and gains are classified based on the presence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

- a. *Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.
- b. *Net Assets With Donor Restrictions* – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

We report contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable are carried at their estimated collectible amounts. The Organization’s accounts receivable are generally short-term in nature; thus accounts receivable do not bear interest.

Accounts receivable are periodically evaluated for collectibility based on past credit history with customers and their current financial condition. An allowance for doubtful accounts has not been established because management believes that all accounts receivable will be fully collectible.

Fixed Assets and Long-Lived Assets

Fixed assets are recorded at acquisition cost, or if donated, at the fair market value at the date donated. The Organization capitalizes additions that exceed \$1,000. Depreciation expense is provided on a straight-line basis over the estimated useful lives of the respective assets, which range from five to twenty years.

The Organization reviews long-lived assets for possible impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, as measured by a comparison of estimated future cash flows (undiscounted and without interest charges) to the carrying value of the asset. Assets held for sale are written down to their fair value, less cost to sell.

Impairment of Long-Lived Assets

The Organization evaluates its long-lived assets for any events or changes in circumstances which indicate that the carrying amount of such assets may not be fully recoverable. The Organization evaluates the recoverability of long-lived assets by measuring the carrying amount of such assets against the estimated undiscounted future cash flows associated with them. At the time such evaluation indicates that the future undiscounted cash flows of certain long-lived assets are not sufficient to recover the carrying value of such assets, the assets are adjusted to their fair values.

Contributions

Contributions are recognized when cash or an unconditional promise to give is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

In-Kind Contributions

In-kind contributions are recorded as support at their estimated fair market value at the date of gift. These contributions are considered to be without donor restrictions unless restricted by the donor. Assets donated with donor-imposed restrictions regarding their use are considered net assets with donor restrictions until the asset is placed in service. In-kind contributions received during the years ended December 31, 2018 and 2017 consisted of the following:

	<u>12/31/2018</u>	<u>12/31/2017</u>
Donated goods		
Bicycles and parts	\$ 235,440	\$ 300,960
Parts	<u>23,120</u>	<u>82,210</u>
	<u>\$ 258,560</u>	<u>\$ 383,170</u>

In accordance with FASB ASC 958-605-25-16, *Contributed Services*, the Organization recognizes contributed services only if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

#### Functional Allocation of Expenses

The cost of providing programs and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries, payroll taxes, employee benefits, professional fees, occupancy, and depreciation, which are allocated on the basis of estimated time and effort.

#### Income Taxes

The Organization is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code and therefore has made no provision for federal income taxes in the accompanying financial statements. In addition, the Organization has been determined by the Internal Revenue Service not to be a “private foundation” within the meaning of Section 509(a) of the Internal Revenue Code.

The Organization's Forms 990, *Return of Organization Exempt from Income Tax*, for the years ending December 31, 2018 and 2017, 2016, and 2015 are subject to examination by the IRS, generally for three years after they were filed. Generally accepted accounting principles require tax effects from an uncertain tax position to be recognized in the financial statements only if the position is more likely than not to be sustained if the position were to be challenged by a taxing authority. The assessment of the tax position is based solely on the technical merits of the position, without regard to the likelihood that the tax position may be challenged. If an uncertain tax position meets the more-likely-than-not threshold, the largest amount of tax benefit that is greater than 50% likely to be recognized upon ultimate settlement with the taxing authority is recorded. The Organization's primary tax positions relate to its status as a not-for-profit entity exempt from income taxes and classification of activities related to its exempt purpose. Management has evaluated the tax positions reflected in the Organization's tax filings and does not believe that any material uncertain tax positions exist.

#### Fair Value of Financial Instruments

The Organization has some financial instruments, none of which are held for trading purposes. The Organization estimates that the fair value of all financial instruments at December 31, 2018 and 2017, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statements of financial position.

#### Concentrations of Credit Risks

The Organization maintains its cash in bank deposit accounts, which at times, may exceed federally insured limits. At December 31, 2018 and 2017, the Organization had no uninsured bank deposits. The Organization has not experienced any losses in such account and believes it is not exposed to any significant credit risk on cash and securities.

**3. LIQUIDITY AND AVAILABILITY**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date consisted of the following:

Cash and cash equivalents	\$ 219,852
Accounts receivable	<u>8,544</u>
Current financial assets, at year-end	<u>\$ 228,396</u>

As part of its liquidity management plan, the Organization structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

**4. PROPERTY AND EQUIPMENT**

Property and equipment consist of the following as of December 31, 2018 and 2017:

	<u>12/31/2018</u>	<u>12/31/2017</u>
Land	\$ 24,843	\$ 24,843
Buildings and improvements	117,999	99,374
Vehicles	<u>8,400</u>	<u>8,400</u>
Total, at cost	151,242	132,617
Less: accumulated depreciation	<u>(13,367)</u>	<u>(8,375)</u>
Total property and equipment, net	<u>\$ 137,875</u>	<u>\$ 124,242</u>

Depreciation expense for the years ended December 31, 2018 and 2017 was \$4,992 and \$4,567, respectively.

**5. OPERATING LEASES**

The Organization has two long-term leases for two of its locations. The first lease for the Provo location calls for monthly payments of \$1,200 and expires in May 2019. The lease for the St. George location requires an annual payment of \$1 and expires in July 2022. The Organization owns its Ogden location and its rents is Salt Lake location on a month-to-month basis.

Future minimum lease payments under operating leases are as follows:

<u>Year Ending December 31,</u>	
2019	\$ 6,001
2020	1
2021	1
2022	1
2023	-
Thereafter	<u>-</u>
Total	<u>\$ 6,004</u>

Rent expense for the years ended December 31, 2018 and 2017 was \$92,386 and \$58,231 (\$62,316 and \$25,965 of which was donated related to the St. George location), respectively.

## 6. ADOPTION OF NEW ACCOUNTING PRONOUNCEMENT

For the year ended December 31, 2018, the Organization adopted the Financial Accounting Standards Board's Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*. This guidance is intended to improve the net asset classification requirements and the information presented in the financial statements and notes about a not-for-profit entity's liquidity, financial performance, and cash flows. Main provisions of this guidance include:

- Presentation of two classes of net assets, versus the previously required three
- Recognition of capital gifts for construction as a net asset without donor restrictions when the associated long-lived asset is placed in service
- Recognition of underwater endowment funds as a reduction in net assets with donor restrictions and presentation of investment expenses as a reduction of investment income, versus the previously required gross presentation of investment expenses

The guidance also enhances disclosures for liquidity, board designated amounts, composition of net assets with donor restrictions, and expenses by both their natural and functional classification. The ASU has been applied retrospectively to all periods presented.