

**Salt Lake City Bicycle Collective**

**Financial Statements**

**And**

**Independent Auditor's Report**

**Years Ended December 31, 2017 and 2016**



**Salt Lake City Bicycle Collective**  
**Table of Contents**  
**Years Ended December 31, 2017 and 2016**

Independent Auditor's Report	1
Financial Statements	
Statements of Financial Position	2
Statements of Activities	3
Statements of Functional Expenses	5
Statements of Cash Flows	7
Notes to Financial Statements	8



## 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, 2017 and 2016, 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, 2017 and 2016, 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.

*Shaw & Co., P.C.*

Bountiful, Utah  
January 31, 2019

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# Salt Lake City Bicycle Collective

## Statements of Financial Position

December 31, 2017 and 2016

<b>ASSETS</b>	<u>12/31/2017</u>	<u>12/31/2016</u>
Current assets		
Cash and cash equivalents	\$ 137,672	\$ 118,132
Accounts receivable	<u>8,114</u>	<u>19,334</u>
Total current assets	<u>145,786</u>	<u>137,466</u>
Property and equipment	132,617	127,517
Less: accumulated depreciation	<u>(8,375)</u>	<u>(3,807)</u>
Net property and equipment	<u>124,242</u>	<u>123,710</u>
Total assets	<u>\$ 270,028</u>	<u>\$ 261,176</u>
 <b>LIABILITIES AND NET ASSETS</b>		
Current liabilities		
Accounts payable	\$ 40	\$ -
Accrued liabilities	<u>28,576</u>	<u>18,721</u>
Total current liabilities	<u>28,616</u>	<u>18,721</u>
Net assets		
Unrestricted	241,412	242,455
Temporarily restricted	-	-
Permanently restricted	<u>-</u>	<u>-</u>
Total net assets	<u>241,412</u>	<u>242,455</u>
Total liabilities and net assets	<u>\$ 270,028</u>	<u>\$ 261,176</u>

See accompanying notes to financial statements.

# Salt Lake City Bicycle Collective

## Statement of Activities

Year Ended December 31, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</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>-</u>	<u>20,543</u>
Total public support	<u>507,332</u>	<u>-</u>	<u>-</u>	<u>507,332</u>
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>-</u>	<u>17</u>
Total revenues	<u>592,406</u>	<u>-</u>	<u>-</u>	<u>592,406</u>
Total public support and other revenues	<u>1,099,738</u>	<u>-</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>-</u>	<u>42,232</u>
Total expenses	<u>1,100,781</u>	<u>-</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>-</u>	<u>242,455</u>
Net assets, end of year	<u>\$ 241,412</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 241,412</u>

See accompanying notes to financial statements.

# Salt Lake City Bicycle Collective

## Statement of Activities

Year Ended December 31, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>REVENUES AND SUPPORT</b>				
Public support				
In-kind contributions	\$ 379,630	\$ -	\$ -	\$ 379,630
Contributions	76,723	-	-	76,723
Fundraising	<u>27,632</u>	<u>-</u>	<u>-</u>	<u>27,632</u>
Total public support	<u>483,985</u>	<u>-</u>	<u>-</u>	<u>483,985</u>
Other revenues				
Bike sales	438,560	-	-	438,560
Valet bike parking	10,141	-	-	10,141
Other income	6,510	-	-	6,510
Interest income	<u>17</u>	<u>-</u>	<u>-</u>	<u>17</u>
Total other revenues	<u>455,228</u>	<u>-</u>	<u>-</u>	<u>455,228</u>
Total public support and other revenues	<u>939,213</u>	<u>-</u>	<u>-</u>	<u>939,213</u>
<b>EXPENSES</b>				
Program services	893,686	-	-	893,686
Management and general	38,264	-	-	38,264
Fundraising	<u>52,744</u>	<u>-</u>	<u>-</u>	<u>52,744</u>
Total expenses	<u>984,694</u>	<u>-</u>	<u>-</u>	<u>984,694</u>
Change in net assets	(45,481)	-	-	(45,481)
Net assets, beginning of year	<u>287,936</u>	<u>-</u>	<u>-</u>	<u>287,936</u>
Net assets, end of year	<u>\$ 242,455</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 242,455</u>

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	1,013,564	40,509	42,141	1,096,214
Depreciation and amortization	4,385	91	91	4,567
Total expenses	\$ 1,017,949	\$ 40,600	\$ 42,232	\$ 1,100,781

See accompanying notes to financial statements.

# Salt Lake City Bicycle Collective

## Statement of Functional Expenses

Year Ended December 31, 2016

	Program Services	Management and General	Fundraising	Total
Salaries and wages	\$ 324,354	\$ 25,801	\$ 18,429	\$ 368,584
Payroll taxes	25,324	2,014	1,439	28,777
Employee benefits	4,555	362	259	5,176
Total salaries, payroll taxes and benefits	354,233	28,177	20,127	402,537
Bike expense	379,630	-	-	379,630
Distributor supplies	72,019	-	-	72,019
Fundraising events	-	-	30,983	30,983
Rent	28,565	595	595	29,755
Utilities	10,430	217	217	10,864
Insurance	9,561	204	204	9,969
Repairs and maintenance	8,469	176	176	8,821
Professional fees	-	6,376	-	6,376
Auto	6,189	-	-	6,189
Information technology	4,858	101	101	5,060
Supplies	3,327	-	-	3,327
Dues and subscriptions	3,170	66	66	3,302
Advertising	3,115	65	65	3,245
Telephone	2,939	61	61	3,061
Bank charges	-	2,077	-	2,077
Travel	1,176	24	24	1,224
Conferences	750	16	16	782
Printing	638	13	13	664
Licenses and fees	623	13	13	649
Postage	339	7	7	353
Total expenses before depreciation and	890,031	38,188	52,668	980,887
Depreciation and amortization	3,655	76	76	3,807
	\$ 893,686	\$ 38,264	\$ 52,744	\$ 984,694

See accompanying notes to financial statements.

# Salt Lake City Bicycle Collective

## Statements of Cash Flows

Years Ended December 31, 2017 and 2016

	<u>12/31/2017</u>	<u>12/31/2016</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (1,043)	\$ (45,481)
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation	4,567	3,807
Changes in current assets and liabilities:		
Accounts receivable	11,220	17,296
Inventory	-	5,440
Accounts payable	40	-
Accrued liabilities	<u>9,856</u>	<u>10,780</u>
Net cash provided by (used in) operating activities	<u>24,640</u>	<u>(8,158)</u>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of property and equipment	<u>(5,100)</u>	<u>(2,800)</u>
Net cash used in investing activities	<u>(5,100)</u>	<u>(2,800)</u>
 <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	<u>-</u>	<u>-</u>
 Net increase (decrease) in cash and cash equivalents	19,540	(10,958)
Cash and cash equivalents, beginning of year	<u>118,132</u>	<u>129,090</u>
Cash and cash equivalents, end of year	<u>\$ 137,672</u>	<u>\$ 118,132</u>
 <b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Cash paid for interest	<u>\$ -</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, 2017 and 2016

### 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 January 31, 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

Revenues and gains are classified based on the presence or absence of donor restrictions and reported in the following net asset categories:

- a. Unrestricted net assets represent the portion of net assets not subject to donor restrictions.
- b. Temporarily restricted net assets arise from contributions that are restricted by the donor for specific purposes or time periods.
- c. Permanently restricted net assets arise from contributions that are restricted by the donor in perpetuity.

All contributions are considered available for unrestricted use, unless specifically restricted by the donors. All expenses are reported as changes in unrestricted net assets.

#### 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. Depreciation expense for the years ended December 31, 2017 and 2016 was \$4,567 and \$3,807, respectively.

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

Unconditional promises to give are recognized as contributions when received at the net present value of the amounts expected to be collected. Contributions are considered available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted for future periods or by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes.

When a donor-imposed time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the accompanying statements of activities and changes in net assets as net assets released from restriction. Donor-restricted contributions whose restrictions are met in the same year the contribution is received are reported as unrestricted. Capital campaign contributions are considered temporarily restricted until the asset is placed into service.

#### In-Kind Contributions

In-kind contributions are recorded at their fair values at the date of donation. Such in-kind contributions are reported as increases in unrestricted net assets unless the donor has restricted the donated asset for a specific purpose. Assets donated with explicit restrictions regarding their use are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Volunteers and advisors have donated substantial time in assisting the Organization in achieving the goals of its programs. In accordance with FASB ASC 958-605-25-16, *Contributed Services*, the Organization recognizes contributions of 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. The Organization receives donated services from volunteers that do not meet the criteria above and are excluded from the financial statements.

#### Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities and statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

#### 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, 2017, 2016, 2015, and 2014 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, 2017, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statement 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, 2017 and 2016, 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. PROPERTY AND EQUIPMENT**

Property and equipment consist of the following as of December 31, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Land	\$ 24,843	\$ 24,843
Buildings and improvements	99,374	99,374
Furniture and fixtures	0	0
Vehicles	<u>8,400</u>	<u>3,300</u>
Total, at cost	132,617	127,517
Less: accumulated depreciation	<u>(8,375)</u>	<u>(3,807)</u>
Total property and equipment, net	<u>\$ 124,242</u>	<u>\$ 123,710</u>

Depreciation expense for the years ended December 31, 2017 and 2016 was \$4,567 and \$3,807, respectively.

**4. 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>	
2018	\$ 13,601
2019	6,001
2020	1
2021	1
2022	1
Thereafter	<u>-</u>
Total	<u>\$ 19,605</u>

Rent expense for the years ended December 31, 2017 and 2016 was \$58,231 (\$25,965 of which was donated related to the St. George location) and \$29,755, respectively.