

PeopleForBikes Foundation

Boulder, Colorado

Financial Statements

December 31, 2018 and 2017

PeopleForBikes Foundation

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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, 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

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, 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.

Brock and Company, CPAs, P.C.
Certified Public Accountants

Longmont, Colorado
November 21, 2019

PeopleForBikes Foundation

Statements of Financial Position

December 31	2018	2017
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 5,444,352	\$ 1,333,562
Investments	1,003,501	-
Grants receivable	21,465	422,820
Prepaid expenses and other current assets	78	4,277
Total current assets	<u>6,469,396</u>	<u>1,760,659</u>
Equipment		
Equipment	17,137	15,841
Accumulated depreciation	(6,603)	(6,232)
Net equipment	<u>10,534</u>	<u>9,609</u>
Total assets	<u>\$ 6,479,930</u>	<u>\$ 1,770,268</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 88,403	\$ 7,005
Deferred revenue	-	11,000
Total current liabilities	<u>88,403</u>	<u>18,005</u>
Net Assets		
Without donor restrictions	1,095,131	1,188,091
With donor restrictions	5,296,396	564,172
Total net assets	<u>6,391,527</u>	<u>1,752,263</u>
Total liabilities and net assets	<u>\$ 6,479,930</u>	<u>\$ 1,770,268</u>

The accompanying Notes are an integral part of these financial statements

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PeopleForBikes Foundation

Statements of Activities

Years ended December 31

2018

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and Revenue			
Contributions	\$ 1,001,002	\$ 28,704	\$ 1,029,706
Grants	289,000	6,651,100	6,940,100
Corporate sponsorships	702,118	-	702,118
In-kind contributions	504,781	-	504,781
Miscellaneous income	94,444	-	94,444
Interest income	14,610	-	14,610
Satisfaction of program restrictions	1,947,580	(1,947,580)	-
Total support and revenue	<u>4,553,535</u>	<u>4,732,224</u>	<u>9,285,759</u>
Functional Expenses			
Program Services			
PlacesForBikes Project	2,291,152	-	2,291,152
Individual Engagement Campaign	861,133	-	861,133
Better Bike Share Partnership	603,421	-	603,421
Other direct programs	453,384	-	453,384
Total program services	<u>4,209,090</u>	<u>-</u>	<u>4,209,090</u>
Supporting Services			
Fundraising	129,174	-	129,174
General and administrative	307,743	-	307,743
Total supporting services	<u>436,917</u>	<u>-</u>	<u>436,917</u>
Total functional expenses	<u>4,646,007</u>	<u>-</u>	<u>4,646,007</u>
Loss			
Unrealized loss on investments	488	-	488
Total functional expenses and loss	<u>4,646,495</u>	<u>-</u>	<u>4,646,495</u>
Change in Net Assets	<u>(92,960)</u>	<u>4,732,224</u>	<u>4,639,264</u>
Net Assets, Beginning of Year	<u>1,188,091</u>	<u>564,172</u>	<u>1,752,263</u>
Net Assets, End of Year	<u>\$ 1,095,131</u>	<u>\$ 5,296,396</u>	<u>\$ 6,391,527</u>

2017

Without Donor Restrictions	With Donor Restrictions	Total
\$ 1,239,833	\$ 183,096	\$ 1,422,929
662,483	641,618	1,304,101
682,060	-	682,060
475,708	-	475,708
113,391	-	113,391
784	-	784
321,196	(321,196)	-
<u>3,495,455</u>	<u>503,518</u>	<u>3,998,973</u>
1,514,469	-	1,514,469
532,403	-	532,403
248,499	-	248,499
640,415	-	640,415
<u>2,935,786</u>	<u>-</u>	<u>2,935,786</u>
116,448	-	116,448
304,827	-	304,827
<u>421,275</u>	<u>-</u>	<u>421,275</u>
3,357,061	-	3,357,061
<u>-</u>	<u>-</u>	<u>-</u>
<u>3,357,061</u>	<u>-</u>	<u>3,357,061</u>
138,394	503,518	641,912
<u>1,049,697</u>	<u>60,654</u>	<u>1,110,351</u>
<u>\$ 1,188,091</u>	<u>\$ 564,172</u>	<u>\$ 1,752,263</u>

The accompanying Notes are an integral
part of these financial statements

PeopleForBikes Foundation

Statement of Functional Expenses

Year ended December 31, 2018

	Program Services			
	PlacesForBikes Project	Individual Engagement Campaign	Better Bike Share Partnership	Other Direct Programs
Legal and professional fees	\$ 700,714	\$ 535,840	\$ 13,739	\$ 48,088
Compensation, payroll taxes and benefits				
Paid directly	463,639	-	-	261,845
In-kind	218,034	79,285	27,750	39,643
Grants awarded	121,600	-	410,273	55,026
Travel	341,627	8,650	41,082	2,162
Advertising and marketing	158,428	201,247	2,141	10,705
Conferences and meetings	143,527	1,354	67,701	-
Contractual expenses	86,437	-	36,465	-
Rent, in-kind	8,539	8,539	4,270	17,078
Office supplies and small equipment				
Paid directly	20,718	432	-	6,906
In-kind	995	995	-	-
Printing	13,406	7,421	-	479
Dues and subscriptions	7,592	9,490	-	422
Insurance				
Paid directly	600	-	-	1,980
In-kind	909	-	-	3,000
Internet and telephone				
Paid directly	766	-	-	1,023
In-kind	2,680	-	-	2,028
Postage and shipping	941	7,880	-	118
Licenses and fees	-	-	-	2,881
Miscellaneous	-	-	-	-
Depreciation	-	-	-	-
	<u>\$ 2,291,152</u>	<u>\$ 861,133</u>	<u>\$ 603,421</u>	<u>\$ 453,384</u>

Supporting Services				
<u>Total</u>	<u>Fundraising</u>	<u>General and Administrative</u>	<u>Total</u>	<u>Total Expenses</u>
\$ 1,298,381	\$ 20,609	\$ 54,958	\$ 75,567	\$ 1,373,948
725,484	23,657	39,428	63,085	788,569
364,712	11,893	19,821	31,714	396,426
586,899	-	-	-	586,899
393,521	23,784	15,135	38,919	432,440
372,521	38,537	17,127	55,664	428,185
212,582	-	58,223	58,223	270,805
122,902	2,701	9,454	12,155	135,057
38,426	-	46,965	46,965	85,391
28,056	2,158	12,949	15,107	43,163
1,990	-	4,642	4,642	6,632
21,306	718	1,915	2,633	23,939
17,504	2,531	1,054	3,585	21,089
2,580	-	3,420	3,420	6,000
3,909	-	5,182	5,182	9,091
1,789	921	2,404	3,325	5,114
4,708	724	1,811	2,535	7,243
8,939	470	2,352	2,822	11,761
2,881	-	5,593	5,593	8,474
-	471	2,671	3,142	3,142
-	-	2,639	2,639	2,639
<u>\$ 4,209,090</u>	<u>\$ 129,174</u>	<u>\$ 307,743</u>	<u>\$ 436,917</u>	<u>\$ 4,646,007</u>

The accompanying Notes are an integral part of these financial statements

PeopleForBikes Foundation

Statement of Functional Expenses

Year ended December 31, 2017

	Program Services			
	PlacesForBikes Project	Individual Engagement Campaign	Better Bike Share Partnership	Other Direct Programs
Compensation, payroll taxes and benefits				
Paid directly	\$ 417,514	\$ -	\$ -	\$289,048
In-kind	178,638	27,483	27,483	82,448
Grants awarded	135,920	-	156,761	184,231
Advertising and marketing	127,274	282,831	4,714	2,357
Legal and professional fees	290,036	-	-	14,831
Travel	112,531	126,599	7,033	2,813
Contractual expenses	46,998	71,437	39,478	13,159
Conferences and meetings	157,863	929	5,572	929
Rent, in-kind	10,381	10,381	5,190	20,761
Office supplies and small equipment				
Paid directly	11,692	2,165	-	4,330
In-kind	1,610	-	-	-
Licenses and fees	-	-	-	6,109
Affiliation fees	-	-	-	12,000
Printing	14,730	-	1,370	343
Insurance				
Paid directly	-	-	-	333
In-kind	2,268	-	-	3,742
Internet and telephone				
Paid directly	803	-	-	322
In-kind	2,243	2,244	898	1,795
Dues and subscriptions	3,439	5,158	-	229
Miscellaneous	529	3,176	-	635
Depreciation	-	-	-	-
	<u>\$1,514,469</u>	<u>\$ 532,403</u>	<u>\$ 248,499</u>	<u>\$640,415</u>

Supporting Services				
Total	Fundraising	General and Administrative	Total	Total Expenses
\$ 706,562	\$ 24,087	\$ 72,262	\$ 96,349	\$ 802,911
316,052	10,306	17,177	27,483	343,535
476,912	-	-	-	476,912
417,176	42,425	11,785	54,210	471,386
304,867	9,888	14,831	24,719	329,586
248,976	15,473	16,881	32,354	281,330
171,072	3,760	13,159	16,919	187,991
165,293	-	20,429	20,429	185,722
46,713	-	57,093	57,093	103,806
18,187	5,629	19,487	25,116	43,303
1,610	-	6,441	6,441	8,051
6,109	-	24,438	24,438	30,547
12,000	-	18,000	18,000	30,000
16,443	514	171	685	17,128
333	-	677	677	1,010
6,010	-	5,330	5,330	11,340
1,125	579	1,511	2,090	3,215
7,180	898	898	1,796	8,976
8,826	2,063	573	2,636	11,462
4,340	826	1,045	1,871	6,211
-	-	2,639	2,639	2,639
<u>\$ 2,935,786</u>	<u>\$ 116,448</u>	<u>\$ 304,827</u>	<u>\$ 421,275</u>	<u>\$ 3,357,061</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	2018	2017
Cash Flows From Operating Activities		
Change in net assets	\$ 4,639,264	\$ 641,912
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	2,639	2,639
Interest on investments reinvested	(3,989)	-
Unrealized loss on investments	488	-
Increase (decrease) from changes in assets and liabilities		
Grants receivable	401,355	(422,820)
Prepaid expenses and other current assets	4,199	(3,823)
Accounts payable	81,398	(12,832)
Deferred revenue	(11,000)	(69,000)
Net cash provided by operating activities	<u>5,114,354</u>	<u>136,076</u>
Cash Flows From Investing Activities		
Purchases of equipment	(3,564)	(2,269)
Maturities of investments	1,500,000	-
Purchases of investments	(2,500,000)	-
Net cash used by investing activities	<u>(1,003,564)</u>	<u>(2,269)</u>
Net Increase in Cash and Cash Equivalents	4,110,790	133,807
Cash and Cash Equivalents, Beginning of Year	<u>1,333,562</u>	<u>1,199,755</u>
Cash and Cash Equivalents, End of Year	<u>\$ 5,444,352</u>	<u>\$ 1,333,562</u>

The accompanying Notes are an integral
part of these financial statements

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PeopleForBikes Foundation

Notes to Financial Statements

December 31, 2018 and 2017

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:

PlacesForBikes. 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. A key element of the PlacesForBikes program is the Big Jump Project, which works to connect 10 dynamic U.S. cities with the world's best ideas to quickly build biking networks and measure what happens next. In addition, PeopleForBikes hosted its second PlacesForBikes conference held in Indianapolis, Indiana in May 2018. The Organization convened hundreds of local leaders and bike industry representatives from across the U.S., showcasing the tools, ideas and strategies to achieve broader community goals through biking.

Engagement Campaign. One of the 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 2018, PeopleForBikes had more than 1.2 million individual supporters across all 50 states. In 2018, PeopleForBikes also began the design and construction of a new outreach program, called Ride Spot, to increase bike ridership. Ride Spot is a bike rider and retailer program that helps educate bike shop owners on how to identify and communicate to customers the best places to ride, engage those customers and build a more robust bike riding community. There are 25-35 million Americans who ride their bikes just a few times per year. A cornerstone of the project focuses on a new phone app to help more people feel comfortable on bikes, and to help retailers better serve their customers. Ride Spot aims to get more people riding, and keep them riding. Our platform addresses existing barriers by working with bike shops, advocacy organizations and others to provide great, safe routes that are easy to navigate with the free app or a printed "Ride Card." We provide riders with turn-by-turn directions to get them from a local Ride Spot Affiliate (a bicycle shop in most cases) out on a great ride. With fun, safe routes, new riders will feel more comfortable exploring by bike.

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 more than \$1.36 million in grant funding over five years (through June 30, 2019) 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.

PeopleForBikes Foundation

Notes to Financial Statements

December 31, 2018 and 2017

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

Other Direct Programs. The Organization is also involved in other programs such as partnering with companies outside the bicycle industry with the goal 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. Research grants are also awarded to fund studies that examine the economic impact of bicycling in a neighborhood, city, county or state. In addition, PeopleForBikes performs extensive research and data analysis, plus conducts frequent surveys to assess the state of cycling access, progress and perceptions in cities and towns across the United States. The Organization tracks and compiles hundreds of facts and statistics on bicycling and presents its economic, health and environmental benefits to a variety of audiences.

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

Changes in Accounting Principles. Commencing on January 1, 2018, the Organization adopted the provisions of FASB ASU 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*, which became effective. The update changes the presentation of net assets, requires the presentation of the statement of functional expenses, modifies the presentation of cash flows, requires certain disclosures about liquidity and availability of resources, and provides for disclosures of investment return. The change in accounting principle has been retroactively applied to all periods presented.

Net Asset 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 two net asset categories according to externally (donor) imposed restrictions. The two net asset categories are as follows:

Net Assets Without Donor Restrictions. Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

Net Assets With Donor Restrictions. Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

PeopleForBikes Foundation

Notes to Financial Statements

December 31, 2018 and 2017

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

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

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.

Investments. The Organization's investments are stated at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Organization's management determines the valuation policies utilizing information provided by the investment custodian.

Fair Value Measurements. The Organization reports using fair value measurements, which among other things requires enhanced disclosures about investments that are measured and reported at fair value and establishes a framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurements. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The Organization purchased a number of certificates of deposit in 2018. The Organization values certificates of deposit at fair value by discounting the related cash flows based on current yields of similar instruments with comparable durations considering the credit-worthiness of the issuer. Early withdrawal charges may apply in the event the instruments are liquidated prior to their scheduled maturity date.

PeopleForBikes Foundation

Notes to Financial Statements

December 31, 2018 and 2017

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

The method described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation method is appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

In general, investments are exposed to various risks, such as interest rate, credit and overall market volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of the investments will occur in the near term and that such changes could materially affect the investment balances and the amounts reported in the statements of financial position.

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, 2018 and 2017 as management estimates 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 \$2,639, for each of the years ended December 31, 2018 and 2017.

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, 2018 and 2017.

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 net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Contributions and grants that are restricted by the donor or grantor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognize.

PeopleForBikes Foundation

Notes to Financial Statements

December 31, 2018 and 2017

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

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, 2018 and 2017 was \$139,085 and \$49,717, 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.

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 2015 through the current year are open for examination as of December 31, 2018. 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 November 21, 2019 the date at which the financial statements were available for release.

PeopleForBikes Foundation

Notes to Financial Statements

December 31, 2018 and 2017

Note 2 - Prior Period Reclassifications

Net Asset Reclassifications. Subsequent to the issuance of the financial statements as of December 31, 2017, and for the year then ended, management discovered an error in reporting net assets with donor restrictions, which were understated and net assets without donor restrictions were overstated by \$405,020. The amount has been reclassified as of December 31, 2017 in the accompanying financial statements. This reclassification does not affect total net assets for the year then ended.

Other Reclassifications. Certain amounts in the 2017 financial statements have been reclassified to conform with reporting in 2018, without affecting the change in net assets.

Note 3 - Availability and Liquidity

The following represents the Organization's financial assets available to meet general expenditures for the next twelve months for the years ended December 31:

	<u>2018</u>	<u>2017</u>
Financial assets at year end		
Cash and cash equivalents	\$ 5,444,352	\$ 1,333,562
Investments	1,003,501	-
Grants receivable	21,465	422,820
Total financial assets	<u>6,469,318</u>	<u>1,756,382</u>
Donor restricted net assets	<u>5,296,396</u>	<u>564,172</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 1,172,922</u>	<u>\$ 1,192,210</u>

The Organization has financial assets to meet approximately three months of operating expenses. As part of its liquidity plan, the Organization invests in short term certificates of deposits with staggered maturity dates that are available for liquidation as needed.

Note 4 - Investments

The following table sets forth by level, within the fair value hierarchy, the Organization's investments, at fair value, as of December 31, 2018:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Certificates of deposit	<u>\$ -</u>	<u>\$ 1,003,501</u>	<u>\$ -</u>	<u>\$ 1,003,501</u>

Changes in Fair Value Levels. The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period.

PeopleForBikes Foundation

Notes to Financial Statements

December 31, 2018 and 2017

Note 4 - Investments (continued)

The Organization evaluated the significance of transfers between levels based upon the nature of the financial instruments and size of the transfer relative to total net assets available for benefits. For the year ended December 31, 2018, there were no significant transfers in or out of fair value levels.

Investment income consisted of the following for the years ended December 31:

	<u>2018</u>	<u>2017</u>
Interest earned on investments and cash deposits	\$ 14,610	\$ 784
Unrealized loss on investments	(488)	-
	<u>\$ 14,122</u>	<u>\$ 784</u>

Note 5 – Net Assets with Donor Restrictions

The balances of net assets with donor restrictions at December 31, 2018 and 2017 are as follows:

	<u>January 1, 2018 Balance</u>	<u>Receipts</u>	<u>Releases</u>	<u>December 31, 2018 Balance</u>
<u>Restricted Purpose</u>				
Accelerated Infrastructure Connectivity in Key American Cities	\$ -	\$ 6,441,920	\$(1,308,727)	\$ 5,133,193
Better Bike Share Partnership	440,020	209,180	(638,853)	10,347
Chris Kegel Memorial Fund	124,152	28,704	-	152,856
Totals	<u>\$ 564,172</u>	<u>\$ 6,679,804</u>	<u>\$(1,947,580)</u>	<u>\$ 5,296,396</u>
	<u>January 1, 2017 Balance</u>	<u>Receipts</u>	<u>Releases</u>	<u>December 31, 2017 Balance</u>
<u>Restricted Purpose</u>				
Better Bike Share Partnership	\$ 53,334	\$ 641,618	\$ (254,932)	\$ 440,020
Ride On Donation	5,000	-	(5,000)	-
Chris Kegel Memorial Fund	2,320	133,096	(11,264)	124,152
Power-Mapping Key American Cities	-	50,000	(50,000)	-
Totals	<u>\$ 60,654</u>	<u>\$ 824,714</u>	<u>\$ (321,196)</u>	<u>\$ 564,172</u>

Note 6 – 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.

PeopleForBikes Foundation

Notes to Financial Statements

December 31, 2018 and 2017

Note 6 – Related Party Transactions (continued)

During the years ended December 31, 2018 and 2017, the Coalition awarded grants to PeopleForBikes Foundation of \$808,797 and \$725,000, respectively. During the year ended December 31, 2017, PeopleForBikes Foundation paid affiliation fees to the Coalition of \$30,000. The Coalition provided \$504,781 and \$475,708 of in-kind contributions of compensation and related expenses for the years ended December 31, 2018 and 2017, respectively.

Note 7 – 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, 2018 and 2017 was \$26,911 and \$30,063, respectively.

Note 8 – Concentrations

Economic Dependency. For the year ended December 31, 2018, the Organization had two grantor organizations that compromised approximately 68% of total support and revenues. For the year ended December 31, 2017, the Organization had three grantor organizations that comprised approximately 60% of the total support and revenues.

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