BICYCLE COALITION OF MAINE

Financial Statements
December 31, 2017 and 2016

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Independent Accountants' Review Report

Board of Directors
Bicycle Coalition of Maine
Portland, Maine

We have reviewed the accompanying financial statements of Bicycle Coalition of Maine (a nonprofit organization), which comprise the statements of financial position as of December 31, 2017 and 2016, and the related statements of activities and change in net assets and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Accountants' Responsibility

Our responsibility is to conduct the review engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountants' Conclusion

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

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South Portland, Maine
July 30, 2018

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Statements of Financial Position

December 31,

	2017	2016
Current Assets		
Cash and cash equivalents	**$ 480,415**	$ 418,627
Accounts receivable	**55,438**	47,878
Prepaid expenses	**7,853**	6,858
Inventory	**30,218**	35,086
Total Current Assets	**573,924**	508,449
Property and Equipment		
Equipment	**38,645**	27,194
Accumulated depreciation	**(15,039)**	(18,153)
Total Property and Equipment	**23,606**	9,041
Long Term Assets		
Investments	**263,874**	225,146
Other Assets		
Security deposit	**1,000**	1,000
Total Assets	**$ 862,404**	$ 743,636

LIABILITIES AND NET ASSETS

	2017	2016
Current Liabilities		
Accounts payable	**$ 2,536**	$ 9,655
Deferred revenue	**295,135**	258,825
Accrued expenses	**38,106**	33,006
Total Current Liabilities	**335,777**	301,486
Net Assets		
Unrestricted net assets	**438,615**	350,281
Temporarily restricted net assets	**88,012**	91,869
Total Net Assets	**526,627**	442,150
Total Liabilities and Net Assets	**$ 862,404**	$ 743,636

Statement of Activities and Change in Net Assets

Year Ended December 31, 2017

	Unrestricted	Temporarily Restricted	Total
Support and Revenues			
Contract revenue	$ 254,669		$ 254,669
Memberships	187,791		187,791
Contributions	209,672		209,672
Bike rides and events	605,975		605,975
Grants		$ 117,029	117,029
Sales	38,837		38,837
Special events	12,592		12,592
Interest income	6,863		6,863
Miscellaneous income	800		800
In-kind revenue	54,563		54,563
Unrealized gain on investments	31,937		31,937
Assets released from restriction	120,886	(120,886)	
Total Support and Revenues	1,524,585	(3,857)	1,520,728
Expenses			
In-kind expenses	54,563		54,563
Cost of sales	24,385		24,385
Marketing	65,583		65,583
Program and event expenses	453,798		453,798
Professional fees	18,788		18,788
Salaries and benefits	658,584		658,584
Conference	5,000		5,000
Travel expenses	40,681		40,681
Occupancy costs	19,746		19,746
Insurance	18,886		18,886
Information technology	15,716		15,716
Office expenses	24,071		24,071
Card and bank fees	21,150		21,150
Dues and memberships	4,005		4,005
Equipment	18		18
Sponsorships and scholarships	250		250
Special events	447		447
Miscellaneous expense	5,088		5,088
Depreciation	5,492		5,492
Total Expenses	1,436,251		1,436,251
Change in Net Assets	88,334	(3,857)	84,477
Net Assets - Beginning of Year	350,281	91,869	442,150
Net Assets - End of Year	$ 438,615	$ 88,012	$ 526,627

See independent accountants' review report.
The accompanying notes are an integral part of these financial statements.

Statement of Activities and Change in Net Assets

Year Ended December 31, 2016

	Unrestricted	Temporarily Restricted	Total
Support and Revenues			
Contract revenue	$ 181,590		$ 181,590
Memberships	177,983		177,983
Contributions	179,065		179,065
Bike rides and events	625,771		625,771
Grants		$ 121,545	121,545
Sales	42,371		42,371
Special events	13,979		13,979
Interest income	7,894		7,894
Miscellaneous income	4,149		4,149
In-kind revenue	79,571		79,571
Unrealized gain on investments	12,832		12,832
Assets released from restriction	86,833	(86,833)	
Total Support and Revenues	1,412,038	34,712	1,446,750
Expenses			
In-kind expenses	79,571		79,571
Cost of sales	31,103		31,103
Marketing	68,043		68,043
Program and event expenses	424,704		424,704
Professional fees	16,457		16,457
Salaries and benefits	640,683		640,683
Conference	2,634		2,634
Travel	36,338		36,338
Occupancy costs	20,429		20,429
Insurance	24,592		24,592
Information technology	13,236		13,236
Office expenses	28,693		28,693
Card and bank fees	22,853		22,853
Dues and memberships	3,833		3,833
Equipment	103		103
Sponsorships and scholarships	515		515
Special events	7,246		7,246
Miscellaneous	1,506		1,506
Depreciation	3,112		3,112
Total Expenses	1,425,651		1,425,651
Change in Net Assets	(13,613)	34,712	21,099
Net Assets - Beginning of Year	363,894	57,157	421,051
Net Assets - End of Year	$ 350,281	$ 91,869	$ 442,150

See independent accountants' review report.
The accompanying notes are an integral part of these financial statements.

Statements of Cash Flows

Years Ended December 31,

	2017	2016
Cash Flows from Operating Activities		
Change in net assets	**$ 84,477**	$ 21,099
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	**5,492**	3,112
Unrealized gain	**(31,865)**	(12,832)
(Increase) decrease in operating assets:		
Accounts receivable	**(7,560)**	6,214
Prepaid expenses	**(995)**	(5,858)
Inventory	**4,868**	(5,585)
Other assets		(1,000)
Increase (decrease) in operating liabilities:		
Accounts payable	**(7,119)**	(2,079)
Accrued expenses	**5,100**	(615)
Deferred revenue	**36,310**	111,149
Total adjustments	**4,231**	92,506
Net cash flows from operating activities	**88,708**	113,605
Cash flows from Investing Activities		
Purchase of property and equipment	**(20,057)**	(3,778)
Purchase of investments	**(6,863)**	(20,078)
Net cash flows from investing activities	**(26,920)**	(23,856)
Net Change in Cash and Cash Equivalents	**61,788**	89,749
Cash and Cash Equivalents, Beginning of Year	**418,627**	328,878
Cash and Cash Equivalents, End of Year	**$ 480,415**	$ 418,627

See independent accountants' review report.
The accompanying notes are an integral part of these financial statements.

Notes to Financial Statements

December 31, 2017 and 2016

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Bicycle Coalition of Maine (the Coalition) is a not-for-profit corporation. The primary purpose of the Coalition is to make Maine better for bicycling and walking. This goal is accomplished through education, legislation, limited advocacy and encouragement.

Basis of Presentation

The Coalition's net assets, revenues and expenses, and gains and losses, are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified, as follows:

> **Unrestricted net assets** – Net assets not subject to donor-imposed stipulations.
>
> **Temporarily restricted net assets** – Net assets whose use has been limited by donors to a specified purpose or time period. When a stipulated use is met or time restriction ends, temporarily restricted assets are reclassified as unrestricted net assets and reported in the statement of activities as net assets released from restrictions.
>
> **Permanently restricted net assets** – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Coalition. Generally, the donors of these assets permit the organization to use all or part of the income earned on related investments for general or specific purposes.

The Coalition had no permanently restricted net assets as of December 31, 2017 and 2016.

Basis of Accounting

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

Cash and Cash Equivalents

Cash and highly liquid investments with initial maturities of three months or less are considered to be cash equivalents.

Accounts Receivable

Accounts receivable represent revenues due for services provided through year-end. Any allowance would be based on management's estimate of possible bad debts. No allowance for uncollectible accounts was considered necessary by management as of December 31, 2017 and 2016.

Inventory

Inventory, which consists of t-shirts and memorabilia sold or distributed at special events, is valued at the lower of cost or net realizable value. Cost is determined on the first-in, first-out method.

Deferred Revenue

Deferred revenue results from grant and contract revenue received by the Coalition, which is unexpended and unearned as of December 31, 2017 and 2016.

Notes to Financial Statements

December 31, 2017 and 2016

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Concentration of Revenue

Of the contract revenue received by the Coalition for the year ended December 31, 2017 and 2016, 91% and 84% was from two sources, respectively. Of the program and events revenue for the year ended December 31, 2017 and 2016, 65% and 51% was from a single source, respectively. Changes in, or elimination of, these sources could adversely affect operations of the Coalition if another service provider was not readily available.

Revenue Recognition

All public support and revenue is considered to be available for unrestricted use, unless specifically restricted by a donor. At its discretion, the Board of Directors may designate unrestricted funds for specific purposes.

Contributions

Unconditional promises to give cash and other assets are reported at fair value at the date the promise is received, which is then treated as cost. The gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations and/or time restrictions that limit use of the donated assets.

Functional Expenses

The Coalition allocates expenses on a functional basis among its programs and supporting services. Accordingly, certain costs have been allocated among the programs and supporting services benefited. For the years ended 2017 and 2016 respectively, the Coalition incurred $1,036,673 and $1,020,200 in program and related grant expenses, $348,289 and $301,659 in administrative expenses, and $51,289 and $103,792 in fundraising expenses.

Income Taxes

The Coalition is classified as a public charity exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and has been determined not to be a private foundation within the meaning of Section 509(a) of the Code.

The Coalition is subject to U.S. federal, state, and local examinations by taxing authorities for the years ended December 31, 2014 through December 31, 2017.

Fair Value Measurements

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. In determining fair value, the Coalition uses various methods, including market, income and cost approaches. Based on these approaches, the Coalition often utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and/or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable inputs. The Coalition utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs.

Notes to Financial Statements

December 31, 2017 and 2016

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Fair Value Measurements – Continued

Based on the observability of the inputs used in the valuation techniques, the Coalition is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

- Level 1 – Quoted prices for identical assets and liabilities traded in active exchange markets, such as the New York Stock Exchange.

- Level 2 – Observable inputs other than Level 1 including quoted prices for similar assets or liabilities, quoted prices in less active markets, or other observable inputs that can be corroborated by observable market data.

- Level 3 – Unobservable inputs supported by little or no market activity for financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair values requires significant management judgment or estimation.

In determining the appropriate levels, the Coalition performs a detailed analysis of the assets and liabilities. At each reporting period, any assets and liabilities for which the fair value measurement is based on significant unobservable inputs are classified as Level 3.

For the years ended December 31, 2017 and 2016, the application of valuation techniques applied to similar assets and liabilities has been consistent. The following is a description of the valuation methodologies used for instruments measured at fair value:

Investments

Investments have been valued using a market approach. The fair value of mutual funds is determined to be its net asset value (NAV), money market funds are at cost plus interest earned and stocks and other securities are based on quoted market prices.

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 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 in the reporting period. Actual results could differ from these estimates.

Advertising

Advertising (marketing) costs are expensed as they are incurred. Advertising costs for the year ended December 31, 2017 and 2016 were $65,583 and $68,043, respectively.

Notes to Financial Statements

December 31, 2017 and 2016

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Property and Equipment

Property and equipment are stated at cost at the date of acquisition or, if donated, at the fair value on the date of the gift. Maintenance, repairs, and minor renewals are expensed as incurred. Renewals and betterments that extend the useful life of the asset are capitalized. When an asset is retired or disposed of, the related costs and allowances for depreciation or amortization are removed from the accounts and any gain or loss on the disposition is reflected in the statements of activities. Provisions for depreciation are made using the straight-line method over estimated useful lives of five years.

Recent Accounting Pronouncements

Revenue Recognition

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenues from Contracts with Customers (Topic 606)* and has modified the standard thereafter. This standard replaces existing revenue recognition rules with a comprehensive revenue measurement and recognition standard and expanded disclosure requirements. ASU 2014-09 is effective for annual reporting periods in fiscal years that begin after December 15, 2018. Management is currently evaluating the impact of adoption on its consolidated financial statements.

Not-for-Profit Entities

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958)*: Presentation of Financial Statements of Not-for-Profit Entities. ASU 2016-14 guidance simplifies the current net asset classification requirements from three net asset classifications to two. The amendment also improves the information presented in the financial statements and notes regarding liquidity, financial performance, and cash flows. The standard is effective for annual reporting periods in fiscal years that begin after December 15, 2017. Management is currently evaluating the impact of adoption on its consolidated financial statements.

Leasing

In February 2016, the Financial Accounting Standard Board (FASB) issued Accounting Standards Update (ASU) 2016 – 02, *Leases (Topic 842)*. ASU 2016-02 replaces existing leasing rules with a comprehensive lease measurement and recognition standard and expanded disclosure requirements. ASU 2016-02 will require lessees to recognize most leases on their statement on financial position as liabilities, with corresponding “right-of-use” assets. The standard is effective for annual reporting periods in fiscal years that begin after December 15, 2019. Management is currently evaluating the impact of adoption on its consolidated financial statements

Contributions Received and Contributions Made

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This update is to provide guidance for not-for-profit entities in evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or exchanges (reciprocal transactions) and determining whether a contribution is conditional. In general, the update is effective for annual periods beginning after December 15, 2018. Early adoption is permitted. Management is currently evaluating the impact of adoption on its consolidated financial statements.

See independent accountants’ review report.

Notes to Financial Statements

December 31, 2017 and 2016

NOTE 2 – INVESTMENTS

Investments at fair value consist of the following as of December 31:

	2017	2016
Equities	**$ 181,713**	$ 147,265
Fixed Income	**81,321**	76,623
Money market accounts	**840**	1,258
	$ 263,874	$ 225,146

NOTE 3 – FAIR VALUE MEASUREMENTS

Fair values of assets measured on a recurring basis are, as follows:

December 31, 2017	**Total**	**Level 1**	**Level 2**	**Level 3**
Equities	**$ 181,713**	**$ 181,713**		
Fixed Income Mutual Funds	**81,321**	**81,321**		
Money Market Accounts	**840**	**840**		
	$ 263,874	**$ 263,874**		

December 31, 2016	Total	Level 1	Level 2	Level 3
Equities	$ 147,265	$ 147,265		
Fixed Income Mutual Funds	76,623	76,623		
Money Market Accounts	1,258	1,258		
	$ 225,146	$ 225,146		

See independent accountants' review report.

Notes to Financial Statements

December 31, 2017 and 2016

NOTE 4 – OPERATING LEASE

The Coalition leases an office in Portland and entered into a five year lease, effective February 1, 2013, with an option to renew this lease for five one-year terms at contracted rates. Rental expense, which is allocated across several areas, totaled $14,589 for the year ended December 31, 2017 and $14,192 for the year ended December 31, 2016.

The Coalition also leases a multifunction printer. The lease began April 2015 and was renegotiated in April 2016 to extend to December 2019 at a monthly payment of $115 with a monthly maintenance fee of $190.

The Coalition started leasing a storage unit located in Portland starting January 1, 2016 and ending January 2018. Monthly payments are $75 for the period of January 2016 to January 2017 and $80 starting February 2017 ending January 2018.

The future minimum lease payments are:

Years Ending December 31:	
2018	$ 4,956
2019	3,660
	$ 8,616

NOTE 5 – NET ASSETS

Temporarily restricted net assets consisted of the following at December 31:

	2017	2016
Bikes for all Mainers	**$ 1,384**	$ 1,867
Community Spokes – Bike Maine Communities	**48**	
Community Spokes – Non- Bike Maine Communities	**4,000**	10,103
Safety grant	**27,500**	35,000
Bicycles WelcoME		393
Valet Bike Parking		3,234
Bold Coast	**12,077**	8,678
BPSE/SRTS		8,346
Where to Ride	**16,085**	19,248
Driver Education	**2,469**	5,000
Law Enforcement Education & Outreach	**982**	
Trails & Mountain Biking	**22,556**	
Legislative Work	**818**	
Other	**93**	
	$ 88,012	$ 91,869

NOTE 6 – CONCENTRATION OF CREDIT RISK

The Coalition maintains cash balances at a local bank. Deposits are insured up to a maximum amount of $250,000. At times, the bank balances may exceed federally insured limits. The Coalition has not experienced losses in such deposits, and management believes it is not exposed to any significant credit risk on cash and cash equivalents.

Notes to Financial Statements

December 31, 2017 and 2016

NOTE 7 – NONMONETARY EXCHANGE TRANSACTIONS

A nonmonetary transaction is an exchange transaction, which is a reciprocal transfer in which each party receives and sacrifices something of equal value, as opposed to a nonreciprocal transaction (such as a donation) in which a donor provides resources to support the Coalition's mission.

For the year ended December 31, 2017 and 2016, the Coalition received nonmonetary support from various businesses for the purposes of providing professional fees, memberships and subscriptions, advertising, workshop expenses, and services to the Coalition. In exchange, these businesses were provided with membership benefits, as well as workshop and conference sponsorships. For the years ended December 31, 2017 and 2016, the Coalition's nonmonetary exchange transactions totaled $54,563 and $79,571, respectively.

NOTE 8 – CONTRACT REVENUE

The Coalition administers certain contracts with the Maine Department of Transportation (MDOT) and others to promote its mission, including bicycle and pedestrian safety education and safe routes to school and other missions. The Coalition has an ongoing relationship with MDOT which shares these missions.

Revenue sources for years ended December 31 are as follows:

	2017	2016
Maine Department of Transportation	**$ 174,950**	$ 106,225
PACTS	**18,099**	16,554
CDC	**56,620**	45,790
RTP	**5,000**	3,521
Maine Office of Tourism		9,500
	$ 254,669	$ 181,590

NOTE 9 – RELATED PARTY TRANSACTIONS

The Organization makes payments for some BikeMaine expenses to a business owned by an employee, which totaled $13,300 and $13,904 for the years ended December 31, 2017 and 2016, respectively.

NOTE 10 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through July 30, 2018, which represents the date on which the financial statements were available to be issued, and determined that any subsequent events that would require recognition or disclosure have been considered in the preparation of the financial statements.