

# BIKE & BUILD, INC.

FINANCIAL STATEMENTS  
OCTOBER 31, 2019 AND 2018

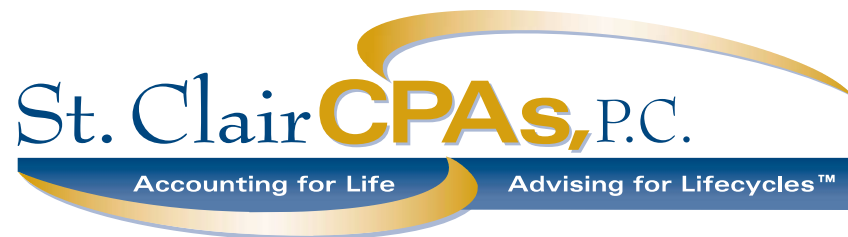
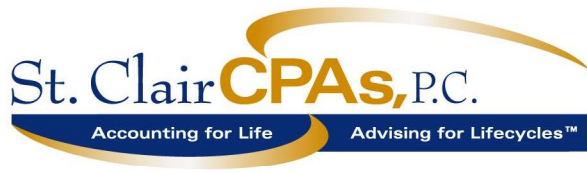


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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Bike & Build, Inc.  
Philadelphia, Pennsylvania

We have audited the accompanying financial statements of Bike & Build, Inc. (a nonprofit organization), which comprise the statements of financial position as of October 31, 2019 and 2018, 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.

### Auditors' 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.

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Bike & Build, Inc. as of October 31, 2019 and 2018, 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.

*St. Clair CPAs, P.C.*

Certified Public Accountants

Merchantville, New Jersey  
February 3, 2020

**BIKE & BUILD, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**OCTOBER 31, 2019 AND 2018**

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	<u>2019</u>	<u>2018</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 195,352	\$ 189,103
Receivables	6,125	1,990
Prepaid expenses	<u>37,610</u>	<u>23,094</u>
<b>TOTAL CURRENT ASSETS</b>	239,087	214,187
SECURITY DEPOSIT	-	1,700
PROPERTY AND EQUIPMENT, net	<u>43,570</u>	<u>73,442</u>
	<u>\$ 282,657</u>	<u>\$ 289,329</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 115,487	\$ 81,123
Deferred revenue	<u>-</u>	<u>12,806</u>
<b>TOTAL CURRENT LIABILITIES</b>	<u>115,487</u>	<u>93,929</u>
NET ASSETS		
Without donor restrictions		
Operations	93,003	45,325
Board designated	<u>-</u>	<u>80,831</u>
	93,003	126,156
With donor restrictions	<u>74,167</u>	<u>69,244</u>
<b>TOTAL NET ASSETS</b>	<u>167,170</u>	<u>195,400</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 282,657</u>	<u>\$ 289,329</u>

See accompanying notes.

**BIKE & BUILD, INC.**  
**STATEMENTS OF ACTIVITIES**  
**YEARS ENDED OCTOBER 31, 2019 AND 2018**

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	<u>2019</u>	<u>2018</u>
NET ASSETS WITHOUT DONOR RESTRICTIONS		
REVENUES AND SUPPORT WITHOUT DONOR RESTRICTIONS		
Contributions	\$ 627,467	\$ 655,149
Apparel sales	29,365	27,629
Application fees	22,543	18,863
In-kind contributions	1,605	3,807
Gain on disposal of equipment	2,700	4,000
Other income	436	700
Net assets released from restrictions	<u>52,947</u>	<u>53,780</u>
<b>TOTAL REVENUES AND OTHER SUPPORT WITHOUT DONOR RESTRICTIONS</b>	<u>737,063</u>	<u>763,928</u>
EXPENSES		
Program services	491,967	645,117
Management and general	231,965	293,965
Fundraising	<u>46,284</u>	<u>57,760</u>
<b>TOTAL EXPENSES</b>	<u>770,216</u>	<u>996,842</u>
<b>DECREASE IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>	<u>(33,153)</u>	<u>(232,914)</u>
NET ASSETS WITH DONOR RESTRICTIONS		
Contributions	57,870	66,373
Net assets released from restrictions	<u>(52,947)</u>	<u>(53,780)</u>
<b>INCREASE IN NET ASSETS WITH DONOR RESTRICTIONS</b>	<u>4,923</u>	<u>12,593</u>
<b>TOTAL DECREASE IN NET ASSETS</b>	(28,230)	(220,321)
NET ASSETS, BEGINNING	<u>195,400</u>	<u>415,721</u>
<b>NET ASSETS, ENDING</b>	<u>\$ 167,170</u>	<u>\$ 195,400</u>

See accompanying notes.

**BIKE & BUILD, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED OCTOBER 31, 2019**

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	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Expenses</u>
<b>PERSONNEL</b>				
Salaries	\$ 87,249	\$ 100,538	\$ 30,147	\$ 217,934
Payroll taxes	6,903	7,955	2,385	17,243
Employee benefits	<u>5,527</u>	<u>10,359</u>	<u>3,106</u>	<u>18,992</u>
	<u>99,679</u>	<u>118,852</u>	<u>35,638</u>	<u>254,169</u>
<b>OTHER EXPENSES</b>				
Advertising	4,153	-	2,768	6,921
Auto				
Fuel	20,119	1,059	-	21,178
Insurance	50,534	2,660	-	53,194
Other	5,190	2,215	-	7,405
Repairs and maintenance	-	20,516	-	20,516
Storage	-	7,200	-	7,200
Bank charges	-	11,335	-	11,335
Contributions	114,425	-	-	114,425
Depreciation and amortization	21,206	8,667	-	29,873
Fundraising	-	-	1,502	1,502
Insurance	38,429	2,654	294	41,377
License and permits	-	3,061	-	3,061
Miscellaneous	-	1,061	-	1,061
Occupancy	8,020	20,851	3,208	32,079
Office supplies	-	869	-	869
Payroll service fees	-	3,679	-	3,679
Postage and delivery	1,168	2,101	1,401	4,670
Professional fees	-	18,673	-	18,673
Program activities	2,984	-	-	2,984
Taxes, other	-	259	-	259
Technology expense	7,000	4,088	1,232	12,320
Telephone and internet	-	2,165	241	2,406
Travel	2,582	-	-	2,582
Trips	<u>116,478</u>	<u>-</u>	<u>-</u>	<u>116,478</u>
	<u>392,288</u>	<u>113,113</u>	<u>10,646</u>	<u>516,047</u>
<b>TOTAL EXPENSES</b>	<u>\$ 491,967</u>	<u>\$ 231,965</u>	<u>\$ 46,284</u>	<u>\$ 770,216</u>

See accompanying notes.

**BIKE & BUILD, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED OCTOBER 31, 2018**

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	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Expenses</u>
<b>PERSONNEL</b>				
Salaries	\$ 122,585	\$ 114,645	\$ 39,581	\$ 276,811
Payroll taxes	9,634	9,010	3,111	21,755
Employee benefits	<u>8,683</u>	<u>12,830</u>	<u>4,430</u>	<u>25,943</u>
	<u>140,902</u>	<u>136,485</u>	<u>47,122</u>	<u>324,509</u>
<b>OTHER EXPENSES</b>				
Advertising	2,145	-	5,004	7,149
Auto				
Fuel	24,888	1,310	-	26,198
Insurance	50,445	2,655	-	53,100
Other	2,121	1,423	-	3,544
Repairs and maintenance	-	8,139	-	8,139
Storage	-	7,200	-	7,200
Bank charges	-	8,520	-	8,520
Contributions	154,878	-	-	154,878
Depreciation	31,104	8,667	-	39,771
Fundraising	-	-	314	314
Insurance	61,546	1,713	69	63,328
License and permits	-	752	-	752
Miscellaneous	-	2,356	-	2,356
Occupancy	6,106	15,874	2,443	24,423
Office supplies	-	744	-	744
Payroll service fees	-	2,749	-	2,749
Postage and delivery	824	1,482	988	3,294
Professional development	-	1,306	-	1,306
Professional fees	-	26,973	-	26,973
Program activities	652	-	-	652
Technology expense	10,422	63,104	1,541	75,067
Telephone and internet	-	2,513	279	2,792
Travel	4,625	-	-	4,625
Trips	<u>154,459</u>	<u>-</u>	<u>-</u>	<u>154,459</u>
	<u>504,215</u>	<u>157,480</u>	<u>10,638</u>	<u>672,333</u>
<b>TOTAL EXPENSES</b>	<u>\$ 645,117</u>	<u>\$ 293,965</u>	<u>\$ 57,760</u>	<u>\$ 996,842</u>

See accompanying notes.



**BIKE & BUILD, INC.**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED OCTOBER 31, 2019 AND 2018**

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	<u>2019</u>	<u>2018</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Decrease in net assets	\$ (28,230)	\$ (220,321)
Adjustments to reconcile decrease in net assets to net cash provided (used) by operating activities		
Depreciation and amortization	29,873	39,771
Gain on disposal of equipment	(2,700)	(4,000)
Write off of website costs	-	59,660
(Increase) decrease in		
Receivables	(4,135)	(1,990)
Prepaid expenses	(14,516)	14,725
Security deposit	1,700	-
Increase (decrease) in		
Accounts payable and accrued expenses	34,363	58,112
Deferred revenue	<u>(12,806)</u>	<u>12,806</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>3,549</u>	<u>(41,237)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	-	(29,843)
Proceeds from disposal of property and equipment	<u>2,700</u>	<u>4,000</u>
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<u>2,700</u>	<u>(25,843)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	6,249	(67,080)
<b>CASH AND CASH EQUIVALENTS, BEGINNING</b>	<u>189,103</u>	<u>256,183</u>
<b>CASH AND CASH EQUIVALENTS, ENDING</b>	<u><u>\$ 195,352</u></u>	<u><u>\$ 189,103</u></u>

See accompanying notes.

**BIKE & BUILD, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**OCTOBER 31, 2019 AND 2018**

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NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Activities

Bike & Build, Inc. (the Organization) was incorporated as a not-for-profit organization and has been located in Pennsylvania since 2008. The Organization coordinates cross-country bike trips in an effort to raise funds for and communal awareness of affordable housing issues and to enable the Organization to provide grants to affordable housing organizations. These trips also act as a catalyst to build homes, foster the spirit of volunteerism, and empower young adults.

Basis of Accounting

The Organization's policy is to prepare its financial statements using the accrual basis of accounting, which is in accordance with accounting principles generally accepted in the United States of America.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board Codification Section (FASB ASC) 958, Not-for-Profit Entities - Presentation of Financial Statements. Under FASB ASC 958, Bike & Build, Inc. is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

*Net Assets Without Donor Restrictions* – Revenue and support are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation, stipulated time restriction, or by law.

*Net Assets With Donor Restrictions* – Contributions subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or passage of time or that the contribution be maintained permanently by the Organization. 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.

Cash and Cash Equivalents

The Organization considers all liquid investments with maturities of three (3) months or less at the time of purchase to be cash equivalents.

**BIKE & BUILD, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**OCTOBER 31, 2019 AND 2018**

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NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and Equipment and Depreciation

It is the Organization's policy to capitalize property and equipment whose cost is greater than \$500. Lesser amounts are expensed. Purchased property and equipment are recorded at cost. Donated property and equipment are recorded at fair market value as of the date of donation. When assets are disposed of, the cost and related accumulated depreciation are removed from the accounts and any gain or loss is recorded in the statement of activities. Depreciation is computed using the straight-line method over the estimated useful lives ranging from three (3) to five (5) years.

Contributions

Contributions are recognized in the period pledged as unrestricted contributions if specified for the current period and there are no donor-imposed restrictions. Contributions specified for future periods or with donor-imposed restrictions are recognized in the period pledged as donor restricted contributions. When a restriction expires (either when a stipulated time restriction ends or purpose restriction is accomplished), donor restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Apparel Sales

The Organization's apparel items are sold primarily to registered cyclists. Revenue from apparel sales is recognized at the time of sale to the cyclists. Management has elected to expense the cost of the related apparel as a program expense when purchased because the Organization's logo is showcased on all apparel, and as such, Management believes the apparel services as a means of increasing the public awareness of the Organization while cyclists ride across the country.

Application Fees

The Organization recognizes application fees at the time cyclists' applications are reviewed and approved. These application fees are only refundable if, due to unforeseen circumstances, successful applicants are unable to participate in planned rides.

In-Kind Contributions and Expenses

Donations of property, equipment, materials, and other assets are recorded as support at their estimated fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Donated property, equipment, materials, and other assets were \$1,605 and \$3,807 for the years ended October 31, 2019 and 2018, respectively.

The Organization recognizes donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. There were no donated services for the years ended October 31, 2019 and 2018, respectively.

**BIKE & BUILD, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**OCTOBER 31, 2019 AND 2018**

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NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Taxes

The Organization is a nonprofit organization as described in Section 501(c) (3) of the Internal Revenue Code and is exempt from federal and state income taxes. No provision for income taxes is made in the accompanying financial statements, as the Organization has no activities subject to taxable unrelated business income tax. The Organization is not a private foundation.

Through October 31, 2019, the Organization recognized no uncertain tax positions nor accrued interest and penalties associated with uncertain tax positions.

The Organization's federal and state income tax returns are subject to possible examination by the taxing authorities until the expiration of the related statutes of limitations on those tax returns. In general, the federal and state income tax returns have a three year statute of limitations. Tax years after October 31, 2016 remain open to examination.

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.

Expense Allocations

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefitted by methods which include occupancy based on square footage, personnel costs based on an estimate of time and effort, and certain other costs that are specifically identified based on purpose.

Advertising

All costs associated with advertising are expensed in the period incurred. Advertising expense was \$6,921 and \$7,149 for the years ended October 31, 2019 and 2018, respectively.

Fair Value Instruments

The carrying value of the Organization's cash and cash equivalents, prepaid expenses, and accrued expenses approximate market value as of October 31, 2019 and 2018 due to the short-term nature of the instruments.

**BIKE & BUILD, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**OCTOBER 31, 2019 AND 2018**

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NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

New Accounting Pronouncement

During the fiscal year ended October 31, 2019, the Organization adopted ASU No. 2016-14- *Not-for-Profit Entities (Topic 958); Presentation of Financial Statements for 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 not-for-profit entity's liquidity, financial performance, and cash flows. Main provisions of this include: presentation of two classes of net assets versus the previously required three. The guidance also enhances disclosure for board designated amounts, composition of net assets without donor restrictions, liquidity, and expenses by both their nature and functional classification. The ASU has been applied retrospectively and had no affect on prior year's financial presentation.

NOTE 2 CONCENTRATION OF CREDIT RISK

The Organization maintains its cash balances in bank accounts, which may, at various times during the year, exceed the threshold for insurance provided by the Federal Deposit Insurance Corporation (FDIC). The Organization believes it is not exposed to any significant credit risk on its cash.

NOTE 3 PROPERTY AND EQUIPMENT

Property and equipment consists of the following as of October 31:

	<u>2019</u>	<u>2018</u>
Transportation equipment	\$ 201,195	\$ 214,321
Leasehold improvements	2,750	2,750
Office equipment and technology	<u>63,854</u>	<u>63,854</u>
	267,799	280,925
Less accumulated depreciation	<u>224,229</u>	<u>207,483</u>
	<u>\$ 43,570</u>	<u>\$ 73,442</u>

Depreciation and amortization expense was \$29,873 and \$39,771 for the years ended October 31, 2019 and 2018, respectively.

**BIKE & BUILD, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**OCTOBER 31, 2019 AND 2018**

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**NOTE 4      ACCOUNTS PAYABLE AND ACCRUED EXPENSES**

Accounts payable and accrued expenses consist of the following as of October 31:

	<u>2019</u>	<u>2018</u>
Payroll	\$ 1,987	\$ 2,830
Contributions	109,625	75,560
Professional fees	698	2,624
Other	<u>3,177</u>	<u>109</u>
	<u>\$ 115,487</u>	<u>\$ 81,123</u>

**NOTE 5      RESTRICTIONS ON NET ASSETS**

Donor restricted net assets consist of the following as of October 31:

	<u>2019</u>	<u>2018</u>
Contributions received for the Chris Weber Memorial Fund	\$ -	\$ 550
Contributions received for the Scholarship Fund	73,167	61,244
Contributions received for the Jamal C. Morris Foundation	<u>1,000</u>	<u>7,450</u>
	<u>\$ 74,167</u>	<u>\$ 69,244</u>

Donor restricted net assets as of October 31, 2018 were previously reported as temporarily restricted net assets under the previous reporting model.

**NOTE 6      COMMITMENTS**

The Organization leases its office facility under a one year operating lease and their storage facility under a month-to-month operating lease. Rental expense paid in connection with the operating leases totaled \$36,566 and \$27,959 for the years ended October 31, 2019 and 2018, respectively.

**BIKE & BUILD, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**OCTOBER 31, 2019 AND 2018**

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NOTE 7 LIQUIDITY MANAGEMENT

The Organization is partly supported by contributions restricted by donors. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities to its donor. Thus, financial assets may not be available for general expenditure within one year. As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

The following reflects the Organization's financial assets as of the balance sheet date available to meet program expenditures:

Cash and cash equivalents	\$ 195,352
Receivables	<u>6,125</u>
	<u>\$ 201,477</u>

NOTE 8 SUBSEQUENT EVENTS

The Organization evaluated all events and transactions that occurred after October 31, 2019 (the financial statement date) through February 3, 2020, the date that the financial statements were available to be issued. During this period, the Organization had no material recognizable subsequent events.