

BIKE & BUILD, INC.

FINANCIAL STATEMENTS
OCTOBER 31, 2020 AND 2019

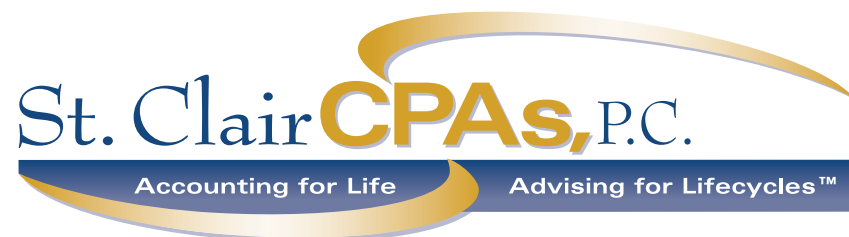


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INDEPENDENT AUDITORS' REPORT

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, 2020 and 2019, 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 on the previous page present fairly, in all material respects, the financial position of Bike & Build, Inc. as of October 31, 2020 and 2019, 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
January 28, 2021

BIKE & BUILD, INC.
STATEMENTS OF FINANCIAL POSITION
OCTOBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 186,328	\$ 195,352
Receivables	-	6,125
Prepaid expenses	<u>13,337</u>	<u>37,610</u>
TOTAL CURRENT ASSETS	199,665	239,087
PROPERTY AND EQUIPMENT, net	<u>27,330</u>	<u>43,570</u>
	<u>\$ 226,995</u>	<u>\$ 282,657</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	<u>\$ 5,962</u>	<u>\$ 115,487</u>
TOTAL CURRENT LIABILITIES	<u>5,962</u>	<u>115,487</u>
NET ASSETS		
Without donor restrictions	110,666	74,167
With donor restrictions	<u>110,367</u>	<u>93,003</u>
TOTAL NET ASSETS	<u>221,033</u>	<u>167,170</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 226,995</u>	<u>\$ 282,657</u>

See accompanying notes.

BIKE & BUILD, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED OCTOBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
NET ASSETS WITHOUT DONOR RESTRICTIONS		
REVENUES AND SUPPORT WITHOUT DONOR RESTRICTIONS		
Contributions	\$ 230,141	\$ 627,467
Grants	100,000	-
Apparel sales	6,722	29,365
Application fees	7,459	22,543
In-kind contributions	-	1,605
Gain on disposal of equipment	11,000	2,700
Other income	6,141	436
Net assets released from restrictions	<u>78,114</u>	<u>52,947</u>
TOTAL REVENUES AND OTHER SUPPORT WITHOUT DONOR RESTRICTIONS	<u>439,577</u>	<u>737,063</u>
EXPENSES		
Program services	178,245	491,967
Management and general	185,817	231,965
Fundraising	<u>39,016</u>	<u>46,284</u>
TOTAL EXPENSES	<u>403,078</u>	<u>770,216</u>
INCREASE (DECREASE) IN NET ASSETS WITHOUT DONOR RESTRICTIONS	<u>36,499</u>	<u>(33,153)</u>
NET ASSETS WITH DONOR RESTRICTIONS		
Grants	75,403	-
Contributions	20,075	57,870
Net assets released from restrictions	<u>(78,114)</u>	<u>(52,947)</u>
INCREASE IN NET ASSETS WITH DONOR RESTRICTIONS	<u>17,364</u>	<u>4,923</u>
TOTAL INCREASE (DECREASE) IN NET ASSETS	53,863	(28,230)
NET ASSETS, BEGINNING	<u>167,170</u>	<u>195,400</u>
NET ASSETS, ENDING	<u>\$ 221,033</u>	<u>\$ 167,170</u>

See accompanying notes.

BIKE & BUILD, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED OCTOBER 31, 2020

	Program Services	Management and General	Fundraising	Total Expenses
PERSONNEL				
Salaries	\$ 55,014	\$ 93,379	\$ 25,441	\$ 173,834
Payroll taxes	4,397	7,463	2,033	13,893
Employee benefits	3,426	6,395	1,743	11,564
	<u>62,837</u>	<u>107,237</u>	<u>29,217</u>	<u>199,291</u>
OTHER EXPENSES				
Advertising	2,949	-	4,632	7,581
Auto				
Insurance	17,768	935	-	18,703
Other	267	383	-	650
Repairs and maintenance	-	3,488	-	3,488
Storage	-	9,100	-	9,100
Contributions	2,926	-	-	2,926
Depreciation and amortization	7,572	8,667	-	16,239
Fundraising	-	-	2,123	2,123
Insurance	27,289	2,598	197	30,084
License and permits	-	12,989	-	12,989
Miscellaneous	-	322	-	322
Occupancy	2,474	6,430	990	9,894
Office supplies	-	481	-	481
Payroll service fees	-	1,513	-	1,513
Postage and delivery	671	1,208	806	2,685
Professional fees	-	16,602	-	16,602
Program activities	2,869	-	-	2,869
Technology expense	6,095	11,719	813	18,627
Telephone and internet	-	2,145	238	2,383
Travel	3,281	-	-	3,281
Trips	41,247	-	-	41,247
	<u>115,408</u>	<u>78,580</u>	<u>9,799</u>	<u>203,787</u>
TOTAL EXPENSES	<u>\$ 178,245</u>	<u>\$ 185,817</u>	<u>\$ 39,016</u>	<u>\$ 403,078</u>

See accompanying notes.

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

	Program Services	Management and General	Fundraising	Total Expenses
PERSONNEL				
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>
OTHER EXPENSES				
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	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>
TOTAL EXPENSES	<u>\$ 491,967</u>	<u>\$ 231,965</u>	<u>\$ 46,284</u>	<u>\$ 770,216</u>

See accompanying notes.

BIKE & BUILD, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED OCTOBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ 53,863	\$ (28,230)
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities		
Depreciation and amortization	16,239	29,873
Gain on disposal of equipment	(11,000)	(2,700)
(Increase) decrease in		
Receivables	6,125	(4,135)
Prepaid expenses	24,273	(14,516)
Security deposit	-	1,700
Increase (decrease) in		
Accounts payable and accrued expenses	(109,524)	34,363
Deferred revenue	<u>-</u>	<u>(12,806)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(20,024)</u>	<u>3,549</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property and equipment	<u>11,000</u>	<u>2,700</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>11,000</u>	<u>2,700</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(9,024)	6,249
CASH AND CASH EQUIVALENTS, BEGINNING	<u>195,352</u>	<u>189,103</u>
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 186,328</u>	<u>\$ 195,352</u>

See accompanying notes.

BIKE & BUILD, INC.
NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 2020 AND 2019

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, 2020 AND 2019

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.

Revenue Recognition

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 \$-0- and 1,605 for the years ended October 31, 2020 and 2019, 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, 2020 and 2019, respectively.

BIKE & BUILD, INC.
NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 2020 AND 2019

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, 2020, 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, 2017 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 \$7,581 and \$6,921 for the years ended October 31, 2020 and 2019, 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, 2020 and 2019 due to the short-term nature of the instruments.

BIKE & BUILD, INC.
NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 2020 AND 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Recently Adopted Accounting Pronouncement

In May 2014, the Financial Accounting Standards Board (FASB) issued ASU 2014-09, “Revenue from Contracts with Customers” (Topic 606). ASU 2014-09 contains a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. The guidance in ASU 2014-09 affects any entity that either enters into contracts with customers to transfer goods or services or enters into contracts for the transfer of non-financial assets unless those contracts are within the scope of other standards. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The pronouncement allows either a full or modified-retrospective method of adoption. The standard became effective for the Organization on November 1, 2019 and the Organization elected the modified-retrospective approach of adoption, which requires a cumulative adjustment as of the date of the adoption, if applicable. The Organization did not have to record any such cumulative adjustment in connection with the adoption of the new pronouncement. The Organization’s revenue is contribution related and there are no long-term contracts. The Organization determined that ASU 2014-09 did not have any impact on the process for, timing of, presentation, and disclosure of revenue recognition. There was no change to net assets as of November 1, 2019 as a result of adopting this standard.

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>2020</u>	<u>2019</u>
Transportation equipment	\$ 174,100	\$ 201,195
Leasehold improvements	2,750	2,750
Office equipment and technology	<u>63,854</u>	<u>63,854</u>
	240,704	267,799
Less accumulated depreciation	<u>213,374</u>	<u>224,229</u>
	<u>\$ 27,330</u>	<u>\$ 43,570</u>

Depreciation and amortization expense was \$16,239 and \$29,873 for the years ended October 31, 2020 and 2019, respectively.

BIKE & BUILD, INC.
NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 2020 AND 2019

NOTE 4 ACCOUNTS PAYABLE AND ACCRUED EXPENSES

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

	<u>2020</u>	<u>2019</u>
Payroll	\$ 1,258	\$ 1,987
Contributions	4,450	109,625
Professional fees	-	698
Other	<u>254</u>	<u>3,177</u>
	<u>\$ 5,962</u>	<u>\$ 115,487</u>

NOTE 5 RESTRICTIONS ON NET ASSETS

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

	<u>2020</u>	<u>2019</u>
Contributions received for the Scholarship Fund	\$ 99,367	\$ 92,003
General Motors road safety grant	10,000	-
Contributions received for the Jamal C. Morris Foundation	<u>1,000</u>	<u>1,000</u>
	<u>\$ 110,367</u>	<u>\$ 93,003</u>

NOTE 6 REFUNDABLE ADVANCE

In April, 2020, the Organization received and deposited a two (2) year refundable advance loan, with an interest rate of 1% per annum, in the amount of \$45,403 under the federal Paycheck Protection Program (PPP). The program provides for partial or full forgiveness of the loan based on the Organization's expenditures during the twenty-four (24) week period immediately following receipt of the loan. The Organization incurred and paid all expenses associated with this program and expects it will receive full loan forgiveness. This amount is reposted as donor restricted grant income on the statement of activities for the year ended October 31, 2020.

NOTE 7 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 \$18,747 and \$36,566 for the years ended October 31, 2020 and 2019, respectively.

BIKE & BUILD, INC.
NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 2020 AND 2019

NOTE 8 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	<u>\$ 186,328</u>
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NOTE 9 PANDEMIC

Due to the current global pandemic, management decided to suspend all cross-county bike trips scheduled during the past fiscal year. As a result of this, the Organizations revenues generated from these trips was reduced significantly along with the related expenses. Management is currently assessing if these trips can be rescheduled for the current fiscal year.

NOTE 10 SUBSEQUENT EVENTS

The Organization evaluated all events and transactions that occurred after October 31, 2020 (the financial statement date) through January 28, 2021, the date that the financial statements were available to be issued. During this period, the Organization had no material recognizable subsequent events.