

Bike & Build, Inc.

Financial Statements
Year Ended October 31, 2021



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BIKE & BUILD, INC.

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INDEPENDENT AUDITOR'S REPORT

**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 statement of financial position as of October 31, 2021, and the related statements of activities, functional expenses and cash flows for the year 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 U.S. generally accepted accounting principles; 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 audit. We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit 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, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with U.S. generally accepted accounting principles.

Report on Summarized Comparative Information

The financial statements of Bike & Build, Inc. as of and for the year ended October 31, 2020, were audited by other auditors, whose report dated January 28, 2021, expressed an unmodified audit opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended October 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

BBD, LLP

**Philadelphia, Pennsylvania
September 12, 2022**

BIKE & BUILD, INC.**STATEMENT OF FINANCIAL POSITION****October 31, 2021 with comparative totals for 2020**

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash	\$ 111,570	\$ 186,328
Contributions and grants receivable	17,177	-
Prepaid expenses	13,337	13,337
Property and equipment, net	<u>15,933</u>	<u>27,330</u>
Total assets	<u>\$ 158,017</u>	<u>\$ 226,995</u>
LIABILITIES		
Accounts payable and accrued expenses	<u>\$ 4,479</u>	<u>\$ 5,962</u>
NET ASSETS		
Without donor restrictions	57,024	110,666
With donor restrictions	<u>96,514</u>	<u>110,367</u>
Total net assets	<u>153,538</u>	<u>221,033</u>
Total liabilities and net assets	<u>\$ 158,017</u>	<u>\$ 226,995</u>

See accompanying notes

BIKE & BUILD, INC.**STATEMENT OF ACTIVITIES**

Year ended October 31, 2021 with comparative totals for 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Totals</u>	
			<u>2021</u>	<u>2020</u>
REVENUE AND SUPPORT				
Contributions and grants	\$ 175,139	\$ -	\$ 175,139	\$ 425,621
Other income	17,602	-	17,602	20,320
Gain on disposal of property and equipment	44,500	-	44,500	11,000
Net assets released from restrictions	<u>13,853</u>	<u>(13,853)</u>	<u>-</u>	<u>-</u>
Total revenue and support	<u>251,094</u>	<u>(13,853)</u>	<u>237,241</u>	<u>456,941</u>
EXPENSES				
Program services	162,699	-	162,699	178,245
Supporting services				
Management and general	106,700	-	106,700	185,817
Fundraising	<u>35,337</u>	<u>-</u>	<u>35,337</u>	<u>39,016</u>
Total expenses	<u>304,736</u>	<u>-</u>	<u>304,736</u>	<u>403,078</u>
CHANGE IN NET ASSETS	(53,642)	(13,853)	(67,495)	53,863
NET ASSETS				
Beginning of year	<u>110,666</u>	<u>110,367</u>	<u>221,033</u>	<u>167,170</u>
End of year	<u>\$ 57,024</u>	<u>\$ 96,514</u>	<u>\$ 153,538</u>	<u>\$ 221,033</u>

See accompanying notes

BIKE & BUILD, INC.

STATEMENT OF FUNCTIONAL EXPENSES

Year ended October 31, 2021 with comparative totals for 2020

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Totals</u>	
				<u>2021</u>	<u>2020</u>
Salaries and benenefits	\$ 98,035	\$ 62,215	\$ 28,280	\$ 188,530	\$ 199,291
Depreciation	5,315	6,082	-	11,397	16,239
Insurance	19,617	1,868	142	21,627	48,786
License and permits	2,593	-	-	2,593	12,989
Occupancy	5,713	3,625	1,648	10,986	9,895
Office expenses	18,261	11,588	5,267	35,116	28,781
Professional fees	-	19,477	-	19,477	20,782
Trip expenses	13,165	-	-	13,165	51,075
Miscellaneous	-	1,845	-	1,845	15,240
Total expenses	<u>\$ 162,699</u>	<u>\$ 106,700</u>	<u>\$ 35,337</u>	<u>\$ 304,736</u>	<u>\$ 403,078</u>

See accompanying notes

BIKE & BUILD, INC.**STATEMENT OF CASH FLOWS**

Year ended October 31, 2021 with comparative totals for 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
<i>Change in net assets</i>	\$ (67,495)	\$ 53,863
<i>Adjustments to reconcile change in net assets to net cash used for operating activities</i>		
Depreciation	11,397	16,239
Gain on disposal of property and equipment	(44,500)	(11,000)
(Increase) decrease in		
Contributions and grants receivable	(17,177)	6,125
Prepaid expenses	-	24,273
Increase (decrease) in		
Accounts payable and accrued expenses	<u>(1,483)</u>	<u>(109,524)</u>
Net cash used for operating activities	<u>(119,258)</u>	<u>(20,024)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property and equipment	<u>44,500</u>	<u>11,000</u>
Net change in cash	(74,758)	(9,024)
CASH		
Beginning of year	<u>186,328</u>	<u>195,352</u>
End of year	<u>\$ 111,570</u>	<u>\$ 186,328</u>

See accompanying notes

BIKE & BUILD, INC.

NOTES TO FINANCIAL STATEMENTS

October 31, 2021

(1) NATURE OF OPERATIONS

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.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting whereby revenues are recognized when earned and expenses when incurred.

Basis of Presentation

The Organization reports information regarding its financial position and activities according to the following classes of net assets:

Without donor restrictions

Net assets that are not subject to donor-imposed restrictions.

With donor restrictions

Net assets that are subject to donor-imposed restrictions that will be satisfied by actions of the Organization and/or the passage of time. When a restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Also included in this category are net assets subject to donor-imposed restrictions that require the net assets to be maintained indefinitely while permitting the Organization to expend the income generated in accordance with the provisions of the contribution.

The Organization did not have any net assets required to be maintained indefinitely at October 31, 2021.

Accounting Estimates

In preparing the financial statements in conformity with generally accepted accounting principles ("**GAAP**"), management makes estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reported period. Actual results could vary from those estimates.

Concentrations of Credit Risk

Financial instruments which potentially subject the Organization to concentrations of credit risk are cash and contributions and grants receivable. The Organization maintains cash deposits at a high-quality financial institution. At times, such deposits may exceed federally-insured limits. Contributions and grants receivable are expected to be collected in 2022.

Property and Equipment

The Organization capitalizes all expenditures for property and equipment in excess of \$500. Property and equipment is carried at the lesser of cost or fair value if purchased and at fair value at the date of donation if contributed. Depreciation is computed using the straight-line method over the estimated lives of the assets.

BIKE & BUILD, INC.

NOTES TO FINANCIAL STATEMENTS

October 31, 2021

Contributions and Grants

Contributions and grants are recorded as net assets without donor restrictions or with donor restrictions depending on the absence or existence and nature of any donor restrictions. Donor-restricted contributions and grants whose restrictions are satisfied in the same period are reported as net assets without donor restrictions.

Unconditional contributions and grants are recognized as revenue when the related promise to give is received. Conditional contributions and grants are recognized as revenue when the conditions are satisfied.

Contributed Services

The Organization receives contributed services from many volunteers. The value of their contributed services is not reflected in the financial statements since such services do not meet the criteria for recognition under GAAP.

Functional Allocation of Expenses

The costs of providing program and supporting services have been presented on a functional basis in the statements of activities and functional expenses. Expenses directly attributable to a specific functional area are reported as expenses of that functional area. Expenses not directly attributable to a specific functional area are allocated to each program and function. Significant expenses that are allocated include salaries and benefits, which are allocated based on estimates of time and effort.

Income Tax Status

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(vi) and has been classified as an organization other than a private foundation under Section 509(a)(1).

GAAP requires entities to evaluate, measure, recognize and disclose any uncertain income tax positions taken on their tax returns. GAAP prescribes a minimum recognition threshold that a tax position is required to meet in order to be recognized in the financial statements. The Organization believes that it had no uncertain tax positions as defined in GAAP.

Summarized Prior-Year Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended October 31, 2020, from which the summarized information was derived.

Reclassifications

Certain items in the 2020 financial statements have been reclassified to conform with the presentation in the 2021 financial statements.

(3) PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at October 31,:

	<u>2021</u>	<u>2020</u>
Transportation equipment	\$ -	\$ 174,100
Leasehold improvements	2,750	2,750
Office equipment and technology	<u>63,854</u>	<u>63,854</u>
	66,604	240,704
Less accumulated depreciation	<u>(50,671)</u>	<u>(213,374)</u>
	<u>\$ 15,933</u>	<u>\$ 27,330</u>

BIKE & BUILD, INC.

NOTES TO FINANCIAL STATEMENTS

October 31, 2021

During 2021, the Organization sold all of its transportation equipment for a gain of \$44,500.

(4) CORONAVIRUS AID, RELIEF AND ECONOMIC SECURITY ACT ("CARES ACT") FUNDING

Loan Payable – Paycheck Protection Program

On January 28, 2021, the Organization received loan proceeds in the amount of \$35,612 under the Paycheck Protection Program ("**PPP**"). Established as part of the Cares Act, the PPP provides for loans to qualifying businesses in amounts up to 2.5 times the business' average monthly payroll expenses. PPP loans and accrued interest are forgivable after a "covered period" (eight or 24 weeks) as long as the borrower maintains its payroll levels and uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities.

On August 19, 2021, the U.S. Small Business Administration forgave 100% of the loan payable and is recorded in contributions and grants on the statement of activities for the year ended October 31, 2021.

Employee Retention Credit

During 2021, the Organization utilized the Employee Retention Credit under the Cares Act, which encourages businesses to keep employees on their payroll. The refundable tax credit is 50% of up to \$10,000 in wages per employee paid by an eligible employer whose business has been financially impacted by COVID-19. The Center received a credit of \$27,751, which is recorded in contributions and grants on the statement of activities for the year ended October 31, 2021.

(5) NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes and periods:

	<u>Balance</u> <u>October 31, 2020</u>	<u>Additions</u>	<u>Releases</u>	<u>Balance</u> <u>October 31, 2021</u>
Scholarship Fund	\$ 99,367	\$ -	\$(12,853)	\$86,514
Road safety and other	<u>11,000</u>	<u>-</u>	<u>(1,000)</u>	<u>10,000</u>
	<u>\$110,367</u>	<u>\$ -</u>	<u>\$(13,853)</u>	<u>\$96,514</u>

(6) OPERATING LEASE

The Organization leases its office facility under a one-year operating lease. Rental expense paid in connection with the operating lease totaled \$10,986 and \$9,647 for the years ended October 31, 2021 and 2020, respectively.

(7) MANAGEMENT'S PLANS TO CONTINUE AS A GOING CONCERN

The Organization continues to work to reduce expenses and increase revenues to strengthen their financial health and is especially mindful that due to COVID-19 we are all in an unprecedented and uncertain financial environment. In the past few years we have shifted our staff model to a flat leadership structure, eliminating our Executive Director and office coordinator positions to reduce expenses. Though we were forced to cancel our programming in 2020 and 2021, we were able to continue to diversify our funds with shorter cycling trips, grants, and various fundraising events. As we move through 2022, our regular programming has resumed, providing increased revenue and the baseline for future stability. The Organization's Board of Directors continues to focus on increasing financial security and stability through a special task force focused on identifying expense reduction and revenue opportunities.

BIKE & BUILD, INC.

NOTES TO FINANCIAL STATEMENTS

October 31, 2021

(8) LIQUIDITY AND AVAILABILITY OF RESOURCES

The following reflects the Organization's financial assets as of October 31, 2021 and the amounts that are available for general expenditures within one year.

Cash	\$111,570
Less: financial assets not available for general expenditures within one year	
Restricted by donor for specific period	<u>(96,514)</u>
Total financial assets available within one year	<u>\$ 15,056</u>

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 become due period. The Organization invests cash in excess of daily requirements in short-term investments, typically high-yield savings accounts.

(9) SUBSEQUENT EVENTS

Management has evaluated subsequent events through September 12, 2022, the date on which the financial statements were available to be issued. The extent of the impact of COVID-19 on the Organization's operational and financial performance will depend on further developments, including the duration and spread of the outbreak, all of which cannot be predicted at this time. No other material subsequent events have occurred since October 31, 2021 that require recognition or disclosure in the financial statements.