

**ACTIVE TRANSPORTATION ALLIANCE**

**FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REPORT**

**SEPTEMBER 30, 2016 AND 2015**

**ACTIVE TRANSPORTATION ALLIANCE**  
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**September 30, 2016 and 2015**

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## **INDEPENDENT AUDITORS' REPORT**

Board of Directors  
ACTIVE TRANSPORTATION ALLIANCE  
Chicago, Illinois

### **Report of Financial Statements**

We have audited the accompanying financial statements of ACTIVE TRANSPORTATION ALLIANCE (an Illinois nonprofit organization), which comprise the statements of financial position as of September 30, 2016 and 2015, 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 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 ACTIVE TRANSPORTATION ALLIANCE as of September 30, 2016 and 2015, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated March 20, 2017, on our consideration of ACTIVE TRANSPORTATION ALLIANCE's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standard* in considering ACTIVE TRANSPORTATION ALLIANCE's internal control over financial reporting and compliance.



Weiss, Sugar, Dvorak & Dusek, Ltd.

Chicago, Illinois  
March 20, 2017

**ACTIVE TRANSPORTATION ALLIANCE**  
**Statements of Financial Position**  
**September 30, 2016 and 2015**

	2016		2015	
	Unrestricted	Temporarily Restricted	Unrestricted	Temporarily Restricted
<b>ASSETS</b>				
Cash and cash equivalents	\$ 347,128	\$ 64,583	\$ 257,358	\$ 70,000
Active Transportation Alliance Fund money market fund investments	100,000		1,575	1,575
Accounts, grants, contracts and pledges receivable net of allowance for doubtful accounts of \$10,000	693,936	50,000	811,083	107,373
Inventory	17,645		1,284	1,284
Prepaid expense	27,702		41,679	41,679
Deposits	10,000		10,000	10,000
Advance to Walk Bike Go	5,000			
Property and equipment, net of accumulated depreciation of \$212,280 and \$189,783, respectively	40,580		40,077	40,077
<b>TOTAL ASSETS</b>	<b>\$ 1,241,991</b>	<b>\$ 114,583</b>	<b>\$ 1,163,056</b>	<b>\$ 177,373</b>
			<b>\$ 1,340,429</b>	
<b>LIABILITIES AND NET ASSETS</b>				
<b>LIABILITIES</b>				
Accounts payable and accrued expense	\$ 117,297		\$ 32,102	\$ 32,102
Accrued payroll, payroll taxes, benefits and vacation	119,687		111,968	111,968
Deferred income			100	100
Funds held as fiscal agent	5,542		2,111	2,111
Total Liabilities	242,526		146,281	146,281
<b>NET ASSETS</b>				
Unrestricted net assets	999,465		1,016,775	1,016,775
Temporarily restricted net assets		114,583		177,373
Total Net Assets	999,465	114,583	1,016,775	1,194,148
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 1,241,991</b>	<b>\$ 114,583</b>	<b>\$ 1,163,056</b>	<b>\$ 177,373</b>
			<b>\$ 1,340,429</b>	

See independent auditors' report and notes to financial statements.

**ACTIVE TRANSPORTATION ALLIANCE**  
**Statements of Activities**  
**For the Years Ended September 30, 2016 and 2015**

	2016			2015		
	Temporarily		Total	Temporarily		Total
	Unrestricted	Restricted		Unrestricted	Restricted	
<b>SUPPORT AND REVENUE</b>						
<b>Support:</b>						
Contract revenue	\$ 1,603,499		\$ 1,603,499	\$ 1,238,525		\$ 1,238,525
Contributions and grants	453,540	114,583	568,123	485,548	177,373	662,921
Donated goods and services	236,054		236,054	164,648		164,648
Total Support	<u>2,293,093</u>	<u>114,583</u>	<u>2,407,676</u>	<u>1,888,721</u>	<u>177,373</u>	<u>2,066,094</u>
<b>Revenue:</b>						
Membership dues	150,811		150,811	139,212		139,212
Program events	1,164,657		1,164,657	1,242,395		1,242,395
Sales of merchandise	55,316		55,316	70,927		70,927
Interest and investment income	140		140	371		371
Other	2,463		2,463	6,564		6,564
Net assets released from restriction	177,373	(177,373)		154,092	(154,092)	
Total Revenue	<u>1,550,760</u>	<u>(177,373)</u>	<u>1,373,387</u>	<u>1,613,561</u>	<u>(154,092)</u>	<u>1,459,469</u>
<b>TOTAL SUPPORT AND REVENUE</b>	<u>3,843,853</u>	<u>(62,790)</u>	<u>3,781,063</u>	<u>3,502,282</u>	<u>23,281</u>	<u>3,525,563</u>
<b>EXPENSES</b>						
Program services	3,259,880		3,259,880	2,913,591		2,913,591
Management and general	448,853		448,853	348,528		348,528
Fundraising	152,430		152,430	119,545		119,545
Total Expenses	<u>3,861,163</u>		<u>3,861,163</u>	<u>3,381,664</u>		<u>3,381,664</u>
<b>CHANGE IN NET ASSETS</b>	(17,310)	(62,790)	(80,100)	120,618	23,281	143,899
<b>NET ASSETS - BEGINNING OF YEAR</b>	<u>1,016,775</u>	<u>177,373</u>	<u>1,194,148</u>	<u>896,157</u>	<u>154,092</u>	<u>1,050,249</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 999,465</u>	<u>\$ 114,583</u>	<u>\$ 1,114,048</u>	<u>\$ 1,016,775</u>	<u>\$ 177,373</u>	<u>\$ 1,194,148</u>

See independent auditors' report and notes to financial statements.

**ACTIVE TRANSPORTATION ALLIANCE**  
**Statements of Functional Expenses**  
**For the Years Ended September 30, 2016 and 2015**

	2016			2015				
	Program	Management and General	Fundraising	Total	Program	Management and General	Fundraising	Total
Salaries and wages	\$ 1,312,235	\$ 271,291	\$ 100,283	\$ 1,683,809	\$ 1,276,783	\$ 226,364	\$ 75,074	\$ 1,578,221
Payroll taxes	126,670	26,188	9,680	162,538	118,842	21,070	6,988	146,900
Employee benefits	122,326	25,290	9,348	156,964	112,572	19,958	6,619	139,149
Programs and events	707,421			707,421	598,925			598,925
Professional services	35,853	62,556	10,537	108,946	28,736	23,379	8,928	61,043
Contract expense	507,753			507,753	425,117			425,117
Supplies and office expense	72,081	4,533	1,676	78,290	43,655	3,214	1,975	48,844
Database fees	53,743	11,111	4,107	68,961	35,774	6,342	2,103	44,219
Computer supplies and software	20,520	4,242	1,568	26,330	12,253	2,172	720	15,145
Occupancy	94,177	19,470	7,197	120,844	91,923	16,297	5,405	113,625
Telephone and internet	19,802	4,094	1,513	25,409	20,182	3,578	1,187	24,947
Insurance	35,252	7,288	2,694	45,234	34,517	6,119	2,030	42,666
Printing	29,475			29,475	26,406			26,406
Postage	5,644	1,167	431	7,242	3,636	1,110	6,995	11,741
Travel and meetings	25,879	312	2,056	28,247	11,183	6,401	471	18,055
Membership and promotion	15,818			15,818	36,406			36,406
Cost of inventory items sold	1,284			1,284	2,680			2,680
Bad debts	53,385			53,385	16,149			16,149
Miscellaneous	3,030	7,686		10,716		9,359		9,359
Depreciation	17,532	3,625	1,340	22,497	17,852	3,165	1,050	22,067
<b>Total</b>	<b>\$ 3,259,880</b>	<b>\$ 448,853</b>	<b>\$ 152,430</b>	<b>\$ 3,861,163</b>	<b>\$ 2,913,591</b>	<b>\$ 348,528</b>	<b>\$ 119,545</b>	<b>\$ 3,381,664</b>

See independent auditors' report and notes to financial statements.

**ACTIVE TRANSPORTATION ALLIANCE**  
**Statements of Cash Flows**  
**For the Years Ended September 30, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (80,100)	\$ 143,899
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	22,497	22,067
Bad debts	53,385	16,149
Realized (gain) on investments	(60)	
Unrealized loss on investments	53	150
Change in accounts, grants and pledges receivable	121,135	(118,916)
Change in inventory	(16,361)	2,680
Change in prepaid expense	13,977	(11,209)
Change in deposits		1,040
Change in advance to Walk Bike Go	(5,000)	
Change in accounts payable and accrued expense	85,195	(103,652)
Change in accrued payroll, payroll taxes, benefits and vacation	7,719	(7,282)
Change in deferred income	(100)	(12,900)
Change in funds held as fiscal agent	<u>3,431</u>	<u>70</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>205,771</u>	<u>(67,904)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of investments	1,582	20,477
Purchase of money market fund	(100,000)	
Net change in investment cash and CD		105
Purchases of equipment	<u>(23,000)</u>	<u>(17,237)</u>
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<u>(121,418)</u>	<u>3,345</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	84,353	(64,559)
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<u>327,358</u>	<u>391,917</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 411,711</u>	<u>\$ 327,358</u>

See independent auditors' report and notes to financial statements.



**ACTIVE TRANSPORTATION ALLIANCE**  
**Notes to Financial Statements**  
**September 30, 2016 and 2015**

**NOTE 1 - DESCRIPTION OF ORGANIZATION**

The mission of Active Transportation Alliance (the "Organization") is to make bicycling, walking and public transit so safe, convenient and fun that residents of the Chicago area will achieve a significant shift from environmentally harmful, sedentary travel to clean, active travel. For over 30 years, the Organization has advocated for transportation that encourages and promotes safety, physical activity, health, recreation, social interaction, equity, environmental stewardship, and resource conservation. The Organization has developed a strategic plan that outlines a 20-year vision for a more livable region in which half of all trips are made by walking, biking or transit, with half as many traffic crashes.

Active Transportation Alliance was incorporated in 1985 as an Illinois not-for-profit corporation as the Chicagoland Bicycle Federation, an all-volunteer organization of bicyclists who sought to promote bicycling and fight for the safety of bicyclists on the road. Along the way, the Organization attracted members, donors, and political allies through years of respected work in bicycle safety, planning, and promotion. Since 1999, more than \$100 million worth of trails, bike lanes, bike racks and other projects became a reality because the Organization was helping, asking, training and working. In 2008, the Organization introduced a new brand and expanded mission statement to include advocating for pedestrians and transit users, and officially changed its name to Active Transportation Alliance. Today, the Organization has grown to become the largest advocacy organization for walking, biking and transit in the U.S. With over 7,000 members and 35 professional staff, along with donors and partners, stand poised to take on the next 25 years to make Chicagoland the most walkable, bikeable and transit friendly region in the country.

The major programs of the Organization are as follows:

**Movement Building**

The purpose of these programs is to demonstrate active transportation through events and activities.

**Safety and Encouragement**

The purpose of these programs and campaigns is to reduce bicycle and pedestrian crashes and injuries and increase active transportation.

**World Class Network**

The purpose of these programs is to enhance the size, safety, and convenience of the linear network through infrastructure improvement.

## **NOTE 1 - DESCRIPTION OF ORGANIZATION (Continued)**

During May 2015, the Organization incorporated Walk Bike Go, a related Organization resulting from common control. In August 2015, notification was received from the Internal Revenue Service that Walk Bike Go was recognized as tax exempt under Section 501(c)(3) of the Internal Revenue Code. Walk Bike Go will focus on fee-for-service work while also exploring innovative mission-aligned partnerships and ventures, helping to amplify the Organization's goals of creating communities that are healthy, vibrant and environmentally friendly through better biking, walking and transit. During the year ended September 30, 2016, Active Transportation Alliance advanced \$5,000 to Walk Bike Go. No other activity occurred on the books of Walk Bike Go through September 30, 2016.

During the year ended September 30, 2016, Active Transportation Alliance partnered with The Advise Us Fund, a tax-exempt entity under Section 501(c)(3) of the Internal Revenue Code. This partnership is intended to support Active Transportation Alliance in its future development and planned giving efforts. In June 2016, Active Transportation Alliance purchased a money market fund in the amount of \$100,000 to establish a charity fund with The Advise Us Fund, known as the Active Transportation Alliance Fund. Active Transportation Alliance reserves the right to direct the investment of the Active Transportation Alliance Fund and maintains control over the use of the funds.

## **NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **Accounting Method**

The Organization's financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. These financial statements have been prepared to focus on the Organization as a whole. Net assets and revenue, 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:

#### **Permanently Restricted Net Assets**

Net assets subject to donor imposed stipulations that they be maintained permanently by the Organization. The Organization had no permanently restricted net assets.

#### **Temporarily Restricted Net Assets**

Net assets subject to donor imposed stipulations that may be met by the actions of the Organization or by the passage of time.

#### **Unrestricted Net Assets**

Net assets not subject to donor imposed stipulations and represent expendable resources that are available for operations at management discretion.

## **NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### **Contributions**

All contributions and non-governmental grants are considered to be available for unrestricted use unless specifically restricted by the donor for specific purposes. Amounts that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support. Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. Restricted contributions received and spent in the same year are treated as unrestricted support.

### **Support, Revenue and Accounts Receivable**

The Organization receives its grant and contract support from various Federal, State and Local governmental units, as well as individuals, foundations, and corporations. Support received from those grants and contracts is recognized based on their contract length, or by other contract provisions of the specific contract. When temporarily restricted net assets are reclassified to unrestricted net assets, those net assets are reported in the statement of activities as net assets released from restrictions.

Accounts receivable are presented on the statement of financial position net of estimated uncollectible amounts. The Organization records an allowance for doubtful accounts in an amount approximating anticipated losses. Individual uncollectible accounts are written off against the allowance when collection of the individual accounts appears doubtful. Individual uncollectible accounts are included in the statement of functional expense as bad debts and amounted to \$53,385 and \$6,149 during the years ended September 30, 2016 and 2015, respectively. The Company recorded an allowance for doubtful accounts of \$10,000 as of September 30, 2016 and 2015.

### **Membership Dues**

Revenue from membership dues is recognized when received.

### **Pervasiveness of Estimates**

The preparation of financial statements in accordance 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, liabilities, and operations, and the related disclosures at the date of the financial statements and during the reporting period. Actual results could differ from those estimates.

### **Cash and Cash Equivalents**

For purposes of reporting cash flows, cash and cash equivalents include all highly liquid investments purchased with an original maturity of three months or less.

### **Promises to Give**

Unconditional promises to give are recognized as revenue in the period the promise is received. Promises to give are recorded at net realizable value if they are expected to be collected in one year and at fair value if they are expected to be collected in more than one year.

## **NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### **Investments**

Investments are stated at fair value (as described in Note 4) based on quoted market prices.

### **Property and Equipment**

Property and equipment are recorded at cost. Donations for property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. All property and equipment are depreciated using the straight-line method over the useful lives of the assets.

The Organization capitalizes those assets of \$1,000 or more with an estimated useful life greater than one year. Depreciation is calculated using the straight-line method, over periods of 3 to 5 years. Depreciation for the years ended September 30, 2016 and 2015 amounted to \$22,497 and \$22,067, respectively.

### **Compensated Absences**

Compensated absences consist of accumulated unused vacation days. The total compensated absences at September 30, 2016 and 2015, amounted to \$44,135 and \$32,447, respectively.

### **Advertising Costs**

The Organization expenses all advertising costs in the period incurred.

### **Functional Allocation of Expenses**

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefitted. Direct expenses are charged to the related program. Indirect expenses are allocated to each program in proportion to the services provided.

### **Donated Services and In-Kind Contributions**

The Organization receives donations of professional services, advertising, meeting room space, food and beverage, and raffle prizes. The estimated value of these donations amounted to \$232,054 and \$164,648 for the years ended September 30, 2016 and 2015, respectively. The value of these donated services and materials are recognized as revenues and expenses in the statement of activities. Additionally, individuals volunteer their time and perform a variety of services that do not meet the criteria for recognition as contributed services.

### **Long Lived Assets**

Long-lived assets to be held and used are reviewed for impairment whenever events or changes in circumstances indicate that the related carrying amount may not be recoverable. When required, impairment losses on assets to be held and used are recognized based on the excess of the assets' carrying amount over the fair value of the asset. Fair value is based on market quotes, if available, or is based on valuation techniques. There were no impairment losses recognized during the years ended September 30, 2016 and 2015.

## NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Reclassifications

Certain amounts in the 2016 financial statements have been reclassified for comparative purposes to conform to the 2015 presentation with no effect on previous reported changes in net assets.

## NOTE 3 - INVESTMENTS

Investments at September 30, 2016 amounted to \$-0-. Investments at September 30, 2015 are summarized as follows:

	<u>2015</u>	
	<u>MARKET</u> <u>VALUE</u>	<u>COST</u>
Equities and equity funds	\$ 1,577	\$ 738
Cash	<u>(2)</u>	<u>(2)</u>
	<u>\$ 1,575</u>	<u>\$ 736</u>

Investment income for each of the respective years ended September 30, 2016 and 2015 is as follows:

	<u>2016</u>	<u>2015</u>
Interest and dividends	\$ 133	\$ 521
Unrealized gain (loss)	(53)	(150)
Realized gain (loss)	<u>60</u>	<u>        </u>
Total	<u>\$ 140</u>	<u>\$ 371</u>

## NOTE 4 - FAIR VALUE MEASUREMENTS

The Organization complies with the provisions of Accounting Standards Codification 820 (ASC 820), "Fair Value Measurements and Disclosures". Under ASC 820, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the "exit price") in an orderly transaction between market participants at the measurement date.

The Organization's significant financial instruments are investments. The carrying values of these financial instruments recorded in the accompanying statement of financial position approximate fair value.

Investments at September 30, 2016 amounted to \$-0-. The fair value of investments at September 30, 2015 amounted to \$1,575. These investments are considered Level 1 investments since their fair value is derived from accessible unadjusted quoted prices in active markets for identical assets.

## NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment as of September 30, 2016 and 2015, is summarized as follows:

	<u>2016</u>	<u>2015</u>
Furniture and equipment	\$ 252,860	\$ 229,860
Less:		
Accumulated depreciation	<u>(212,280)</u>	<u>(189,783)</u>
	<u>\$ 40,580</u>	<u>\$ 40,077</u>

## NOTE 6 - BANK LINE OF CREDIT

The Organization has a line of credit with a bank which provides borrowings up to \$200,000 with no stated maturity date. Advances bear interest at bank's Prime rate plus 1% and are secured by all Organization assets. The credit line was not drawn down as of September 30, 2016 or 2015.

## NOTE 7 - RESTRICTIONS AND LIMITATIONS ON NET ASSETS

At September 30, 2016 and 2015, the Organization recorded \$114,583 and \$177,373, respectively, in temporarily restricted net assets for grants received for project expenditures in subsequent years. Those net assets consisted of funds from the following entities:

	<u>2016</u>	<u>2015</u>
American Heart Association	\$	\$ 107,373
Chicago Community Trust	50,000	25,000
Good Heart Work Smart	40,000	40,000
REI	22,917	
Other	<u>1,666</u>	<u>5,000</u>
	<u>\$ 114,583</u>	<u>\$ 177,373</u>

## NOTE 8 - LEASE COMMITMENTS

### Office Lease

The Organization leases approximately 5,500 square feet of office facilities under the terms of a lease that commenced on May 1, 2008 and was renewed for a period of five years on January 16, 2013. The lease currently is due to expire on October 30, 2017. A security deposit of \$10,000 is on deposit with the landlord. Scheduled aggregate lease payments for the periods subsequent to September 30, 2016, is as follows:

2017	\$ 114,523
2018	<u>9,567</u>
	<u>\$ 124,090</u>

Pursuant to lease terms, the Organization has the right to exercise an extension of the lease term for a period of five years, through October 30, 2022.

Rent expense under this operating lease amounted to \$111,188 and \$107,949 for the years ended September 30, 2016 and 2015, respectively.

### Other Leases

In December 2013, the Organization entered into a lease for certain software effective January 1, 2014. The software lease requires quarterly installment payments amounting to \$9,144 through December 31, 2016.

In January 2014, the Organization entered into a copier equipment lease which requires 63 monthly payments of \$243.

The future minimum rental payments for the software and copier leases for the periods subsequent to September 30, 2016, are as follows:

	<u>Software Lease</u>	<u>Copier Lease</u>	<u>Total</u>
2017	\$ 9,144	\$ 2,910	\$ 12,054
2018		2,910	2,910
2019		<u>1,455</u>	<u>1,455</u>
	<u>\$ 9,144</u>	<u>\$ 7,275</u>	<u>\$ 16,419</u>

## **NOTE 9 - INCOME TAXES AND UNCERTAIN TAX POSITIONS**

The Organization is a tax-exempt entity under Section 501(c)(3) of the Internal Revenue Code, and as such, is generally exempt from income tax except for any unrelated business taxable income (UBIT). It qualifies for charitable contribution deductions under Section 170(b)(1)(iii) and has been classified as an organization that is not a private foundation under Section 509(a)(1).

Accounting standards provide guidance for how certain tax positions should be recognized, measured, disclosed and presented in the financial statements. This requires the evaluation of tax positions taken or expected to be taken in the course of preparing the Organization's returns to determine whether the tax positions are "more-likely-than-not" of being sustained "when challenged" or "when examined" by the applicable tax authority. Tax positions not deemed to meet the more-likely-than-not threshold would be recorded as a tax benefit and asset or expense and liability in the current year. The Organization files returns in the U.S. federal jurisdiction and Illinois state jurisdiction. The Organization is no longer subject to U.S. federal and state examinations by tax authorities for years before September 2013. As of and for the year ended September 30, 2016, management has determined that there are no uncertain tax positions.

## **NOTE 10 - RETIREMENT PLAN**

Effective January 1, 2008 (amended April 15, 2015), the Organization adopted a 401(k) retirement plan available to all employees. The Organization, at its discretion, may make an elective contribution to each employee's account, based on a percentage of the employee's salary. Employer contributions vest to the employee at a rate of 25% per year commencing in year one, with full vesting after four years of service. Forfeited contributions will reduce the Organization's contribution to the plan. The Organization made contributions to the plan of \$21,679 and \$14,816 during the years ended September 30, 2016 and 2015, respectively.

## **NOTE 11 - CONCENTRATIONS OF RISK**

The Organization has concentrated its credit risk for cash by maintaining deposits in financial institutions which may at times exceed amounts covered by insurance provided by the U.S. Federal Deposit Insurance Corporation (FDIC). The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk to cash.

At September 30, 2016 and 2015 one governmental agency owed the Organization \$443,146 and \$570,021 respectively.

## **NOTE 12 - SUBSEQUENT EVENTS**

The date through which events occurring after September 30, 2016 have been evaluated for possible adjustment to the financial statements or disclosure is March 20, 2017, which is the date on which the financial statements were available to be issued.



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## **INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors  
ACTIVE TRANSPORTATION ALLIANCE  
Chicago, Illinois

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of ACTIVE TRANSPORTATION ALLIANCE (an Illinois nonprofit organization), which comprise the statement of financial position as of September 30, 2016, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 20, 2017.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered ACTIVE TRANSPORTATION ALLIANCE's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of ACTIVE TRANSPORTATION ALLIANCE's internal control. Accordingly, we do not express an opinion on the effectiveness of ACTIVE TRANSPORTATION ALLIANCE's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

**Internal Control Over Financial Reporting (Continued)**


Our consideration of internal control was for the limited purpose described in the first paragraph of this section as was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether ACTIVE TRANSPORTATION ALLIANCE's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion of the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Weiss, Sugar, Dvorak & Dusek, Ltd.

Chicago, Illinois  
March 20, 2017