

**ACTIVE TRANSPORTATION ALLIANCE
AND WALK BIKE GO**

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT**

SEPTEMBER 30, 2018 AND 2017

**ACTIVE TRANSPORTATION ALLIANCE
AND WALK BIKE GO
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September 30, 2018 and 2017**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
ACTIVE TRANSPORTATION ALLIANCE
and WALK BIKE GO
Chicago, Illinois

Report of Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of ACTIVE TRANSPORTATION ALLIANCE and WALK BIKE GO (nonprofit organizations), which comprise the consolidated statements of financial position as of September 30, 2018 and 2017, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated financial statements based on our audits. We conducted our audits in accordance with 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of ACTIVE TRANSPORTATION ALLIANCE and WALK BIKE GO as of September 30, 2018 and 2017, 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.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, such information is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 15, 2019, on our consideration of ACTIVE TRANSPORTATION ALLIANCE and WALK BIKE GO'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 and WALK BIKE GO's internal control over financial reporting and compliance.



Weiss, Sugar, Dvorak & Dusek, Ltd.

Chicago, Illinois
July 15, 2019

**ACTIVE TRANSPORTATION ALLIANCE and
WALK BIKE GO**
Consolidated Statements of Financial Position
September 30, 2018 and 2017

ASSETS		
	<u>2018</u>	<u>2017</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 872,939	\$ 231,945
Active Transportation Alliance Fund money market fund	100,594	100,247
Investments		6,270
Accounts, grants, contracts and pledges receivable net of allowance for doubtful accounts of \$10,000	324,460	832,396
Inventory	8,822	17,645
Prepaid expenses	12,521	13,428
Deposits	7,990	17,990
Total Current Assets	<u>1,327,326</u>	<u>1,219,921</u>
PROPERTY AND EQUIPMENT		
Furniture and equipment	56,485	254,065
Less: Accumulated depreciation	<u>(43,454)</u>	<u>(236,086)</u>
Net Property and Equipment	<u>13,031</u>	<u>17,979</u>
TOTAL ASSETS	<u>\$ 1,340,357</u>	<u>\$ 1,237,900</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 61,570	\$ 82,140
Accrued payroll, payroll taxes, benefits and vacations	94,069	112,384
Funds held as fiscal agent	3,212	3,328
Total Liabilities	<u>158,851</u>	<u>197,852</u>
NET ASSETS		
Unrestricted	1,082,889	945,465
Temporarily restricted	98,617	94,583
Total Net Assets	<u>1,181,506</u>	<u>1,040,048</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,340,357</u>	<u>\$ 1,237,900</u>

**ACTIVE TRANSPORTATION ALLIANCE and
WALK BIKE GO**
Consolidated Statements of Activities
For the Years Ended September 30, 2018 and 2017

	2018		2017			
	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL
SUPPORT AND REVENUE						
Support:						
Contract revenue	\$ 382,084	\$	\$ 382,084	\$ 1,196,296	\$	\$ 1,196,296
Contributions	485,161		485,161	416,634		416,634
Grants	366,470	98,617	465,087	27,234	94,583	121,817
Donated goods and services	213,581		213,581	263,508		263,508
Total Support	<u>1,447,296</u>	<u>98,617</u>	<u>1,545,913</u>	<u>1,903,672</u>	<u>94,583</u>	<u>1,998,255</u>
Revenue:						
Membership dues	97,396		97,396	89,453		89,453
Program events	1,289,302		1,289,302	1,143,134		1,143,134
Sales of merchandise	72,830		72,830	72,677		72,677
Interest and investment income	2,506		2,506	925		925
Other	9,943		9,943	3,809		3,809
Net assets released from restriction	94,583	(94,583)		114,583	(114,583)	
Total Revenue	<u>1,566,560</u>	<u>(94,583)</u>	<u>1,471,977</u>	<u>1,424,581</u>	<u>(114,583)</u>	<u>1,309,998</u>
TOTAL SUPPORT AND REVENUE	<u>3,013,856</u>	<u>4,034</u>	<u>3,017,890</u>	<u>3,328,253</u>	<u>(20,000)</u>	<u>3,308,253</u>
EXPENSES						
Program	2,428,187		2,428,187	2,782,090		2,782,090
Management and general	358,627		358,627	493,522		493,522
Fundraising	89,618		89,618	106,641		106,641
Total Expenses	<u>2,876,432</u>		<u>2,876,432</u>	<u>3,382,253</u>		<u>3,382,253</u>
CHANGE IN NET ASSETS	137,424	4,034	141,458	(54,000)	(20,000)	(74,000)
NET ASSETS - BEGINNING OF YEAR	945,465	94,583	1,040,048	999,465	114,583	1,114,048
NET ASSETS - END OF YEAR	<u>\$ 1,082,889</u>	<u>\$ 98,617</u>	<u>\$ 1,181,506</u>	<u>\$ 945,465</u>	<u>\$ 94,583</u>	<u>\$ 1,040,048</u>

See independent auditors' report and notes to the consolidated financial statements.

**ACTIVE TRANSPORTATION ALLIANCE and
WALK BIKE GO**
Consolidated Statements of Cash Flows
For the Years Ended September 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
CASH FLOWS OPERATING ACTIVITIES		
Change in net assets	\$ 141,458	\$ (74,000)
<i>Adjustments to reconcile change in net assets to net cash provided (used) by operating activities</i>		
Depreciation	15,041	23,806
Bad debts	33,673	38,784
Realized (gain) on investments	(2,154)	
Unrealized (gain) loss on investments		(494)
<i>Increase (decrease) in cash due to changes in:</i>		
Accounts, grants and pledges receivable	474,263	(127,244)
Change in inventory	8,823	
Prepaid expenses	907	14,274
Deposits	10,000	(7,990)
Advance to Walk Bike Go		5,000
Accounts payable and accrued expenses	(20,570)	(35,157)
Accrued payroll, payroll taxes, benefits and vacations	(18,315)	(7,303)
Funds held as fiscal agent	(116)	(2,214)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>643,010</u>	<u>(172,538)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	13,207	
Donation of equity investments	(4,783)	(6,270)
Net change in money market fund	(347)	247
Purchases of equipment	(10,093)	(1,205)
NET CASH (USED) BY INVESTING ACTIVITIES	<u>(2,016)</u>	<u>(7,228)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	640,994	(179,766)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>231,945</u>	<u>411,711</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 872,939</u>	<u>\$ 231,945</u>

See independent auditors' report and notes to the consolidated financial statements.

ACTIVE TRANSPORTATION ALLIANCE
Notes to Consolidated financial statements
September 30, 2018 and 2017

NOTE 1 - DESCRIPTION OF ORGANIZATIONS

The mission of Active Transportation Alliance ("ATA") 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, ATA has advocated for transportation that encourages and promotes safety, physical activity, health, recreation, social interaction, equity, environmental stewardship, and resource conservation. ATA 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, ATA 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 ATA was helping, asking, training and working. In 2008, ATA 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.

The major programs of ATA 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.

During May 2015, ATA incorporated Walk Bike Go ("WBG"), 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 ATA's goals of creating communities that are healthy, vibrant and environmentally friendly through better biking, walking and transit

NOTE 1 - DESCRIPTION OF ORGANIZATIONS (Continued)

During the year ended September 30, 2016, ATA 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 ATA in its future development and planned giving efforts. In June 2016, ATA 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. ATA 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

Consolidated Financial Statements

The accompanying consolidated financial statements reflect the consolidation of ATA and WBG. All material inter-organizational accounts and transactions have been eliminated during consolidation.

Accounting Method

The accompanying consolidated 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 consolidated financial statements have been prepared to focus on the organizations 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 organizations. The organizations 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 organizations 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.

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 Organizations 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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Support, Revenue and Accounts Receivable

The Organizations receive 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 Organizations record 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 \$33,673 and \$38,784 during the years ended September 30, 2018 and 2017, respectively. The Organizations recorded an allowance for doubtful accounts of \$10,000 as of September 30, 2018 and 2017.

Membership Dues

Revenue from membership dues is recognized when received.

Use of Estimates

The preparation of consolidated 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 consolidated 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.

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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment (Continued)

The Organizations capitalize 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, 2018 and 2017 amounted to \$15,041 and \$23,806, respectively.

Compensated Absences

Compensated absences consist of accumulated unused vacation days. The total compensated absences at September 30, 2018 and 2017, amounted to \$35,512 and \$46,177, respectively.

Advertising Costs

The Organizations expense 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 organizations receive donations of professional services, advertising, meeting room space, food and beverage, and raffle prizes. The estimated value of these donations amounted to \$213,581 and \$263,508 for the years ended September 30, 2018 and 2017, 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, 2018 and 2017.

NOTE 3 - INVESTMENTS

Investments at September 30, 2018 and 2017 amounted to \$-0- and \$6,270, respectively. Investments at September 30, 2017 are summarized as follows:

	<u>2017</u>	
	<u>MARKET</u>	
	<u>VALUE</u>	<u>COST</u>
<u>ATA</u>		
Equities	<u>\$ 6,270</u>	<u>\$ 5,776</u>

Investment income for each of the respective years ended September 30, 2018 and 2017 is as follows:

	<u>2018</u>	<u>2017</u>
Interest and dividends	\$ 352	\$ 431
Unrealized gain (loss)		494
Realized gain	<u>2,154</u>	
Total	<u>\$ 2,506</u>	<u>\$ 925</u>

NOTE 4 - FAIR VALUE MEASUREMENTS

The Organizations comply 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 Organizations' 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, 2018 and 2017 amounted to \$-0- and \$6,720, respectively. 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 - BANK LINE OF CREDIT

ATA 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 ATA assets. The credit line was not drawn down as of September 30, 2018 or 2017.

NOTE 6 - RESTRICTIONS AND LIMITATIONS ON NET ASSETS

At September 30, 2018 and 2017, ATA recorded \$98,617 and \$94,583, 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>2018</u>	<u>2019</u>
Chicago Community Trust	\$ 58,334	\$ 50,000
Transit Center	18,200	
REI	10,000	18,333
Walton Family Foundation	5,000	
Schneider Foundation	3,750	
Metropolitan Planning Council	3,333	
Good Heart Work Smart		<u>26,250</u>
	<u>\$ 98,617</u>	<u>\$ 94,583</u>

NOTE 7 - LEASE COMMITMENTS

Office Lease

ATA leased approximately 5,500 square feet of office facilities under the terms of a lease that expired on October 30, 2017.

ATA entered into a new lease for approximately 3,835 square feet of office facilities at 35 E. Wacker Dr., Chicago, IL. The lease is effective November 1, 2017 and expires on October 31, 2020. The monthly lease payments over the term range from \$7,990 to \$8,309. Future minimum fiscal year payments under this lease are as follows:

2019	\$ 97,633
2020	99,550
2021	<u>8,309</u>
	<u>\$ 205,492</u>

Rent expense under these operating leases amounted to \$97,502 and \$115,415 for the years ended September 30, 2018 and 2017, respectively.

Other Leases

In January 2014, ATA 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, 2017, are as follows:

2019	<u>\$ 1,465</u>
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NOTE 8 - INCOME TAXES AND UNCERTAIN TAX POSITIONS

The Organizations are tax-exempt entities under Section 501(c)(3) of the Internal Revenue Code, and as such, are generally exempt from income tax except for any unrelated business taxable income (UBIT). The Organizations qualify for charitable contribution deductions under Section 170(b)(1)(iii) and have been classified as organizations that are 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 consolidated financial statements. This requires the evaluation of tax positions taken or expected to be taken in the course of preparing Organizations' 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 Organizations file returns in the U.S. federal jurisdiction and Illinois state jurisdiction. The Organizations are no longer subject to U.S. federal and state examinations by tax authorities for years before September 2015. As of and for the year ended September 30, 2018, management has determined that there are no uncertain tax positions.

NOTE 9 - RETIREMENT PLAN

Effective January 1, 2008 (amended April 15, 2015), ATA adopted a 401(k) retirement plan available to all employees. ATA, 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 ATA's contribution to the plan. ATA made contributions to the plan of \$12,945 and \$-0- during the years ended September 30, 2018 and 2017, respectively.

NOTE 10 - CONCENTRATIONS OF RISK

ATA and WBG have concentrated their credit risk for cash by maintaining deposits in a financial institution which may at times exceed amounts covered by insurance provided by the U.S. Federal Deposit Insurance Corporation (FDIC). ATA and WBG have not experienced any losses in such accounts and believe they are not exposed to any significant credit risk to cash.

A governmental agency owed WBG \$-0- and \$615,919 at September 30, 2018 and 2017, respectively.

NOTE 11 - NEW ACCOUNTING STANDARDS UPDATE

During 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14 *Not-for-Profit Entities (Topic 958) Presentation of Financial Statements of Not-for-Profit Entities*. The ASU is effective for the year ending September 30, 2019. This ASU replaces the three classes of net assets used in financial statements of nonprofit entities (unrestricted, temporarily restricted, and permanently restricted) with two classes of net assets (net assets with donor restrictions and net assets without donor restrictions).

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The new guidance provides a more robust framework for determining whether a transaction should be accounted for as a contribution or as an exchange transaction. It also provides additional guidance on how to determine if a contribution is conditional. The new standard will be effective for transactions that occur during the Organization's fiscal year ending September 30, 2020. Early adoption is permitted.

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*, which will supersede the current lease recording requirements in Topic 842. The ASU looks to increase transparency and comparability by conforming US GAAP with International Accounting Standards as it relates to leases. The new standard will require that all leases, including operating leases, be included on the balance sheet as a "right of use" asset with an offsetting liability for the payments remaining on the lease. The new guidance will be effective for the Organization's year ending September 30, 2021, with early application permitted.

Management is evaluating the effects of these pronouncements on its financial statements.

NOTE 12 - SUBSEQUENT EVENTS

The date through which events occurring after September 30, 2018 have been evaluated for possible adjustment to the consolidated financial statements or disclosure is July 15, 2019, which is the date on which the consolidated financial statements were available to be issued.

**ACTIVE TRANSPORTATION ALLIANCE and
WALK BIKE GO**
Consolidating Statement of Financial Position
September 30, 2018 (With Comparative Totals for 2017)

	ASSETS			CONSOLIDATED TOTALS	
	<u>ATA</u>	<u>WBG</u>	<u>ELIMINATIONS</u>	<u>2018</u>	<u>2017</u>
	CURRENT ASSETS				
Cash and cash equivalents	\$ 159,351	\$ 713,588	\$	\$ 872,939	\$ 231,945
Active Transportation Alliance Fund money market fund Investments	100,594			100,594	100,247
Accounts, grants, contracts and pledges receivable net of allowance for doubtful accounts of \$10,000	232,114	92,346		324,460	832,396
Inventory	8,822			8,822	17,645
Prepaid expenses	12,521			12,521	13,428
Deposits	7,990			7,990	17,990
Due from Walk Bike Go - related party	<u>805,934</u>		<u>(805,934)</u>		
Total Current Assets	<u>1,327,326</u>	<u>805,934</u>	<u>(805,934)</u>	<u>1,327,326</u>	<u>1,219,921</u>
PROPERTY AND EQUIPMENT					
Furniture and equipment	56,485			56,485	254,065
Less: Accumulated depreciation	<u>(43,454)</u>			<u>(43,454)</u>	<u>(236,086)</u>
Net Property and Equipment	<u>13,031</u>			<u>13,031</u>	<u>17,979</u>
 TOTAL ASSETS	 <u>\$ 1,340,357</u>	 <u>\$ 805,934</u>	 <u>\$ (805,934)</u>	 <u>\$ 1,340,357</u>	 <u>\$ 1,237,900</u>
	LIABILITIES AND NET ASSETS				
LIABILITIES					
Accounts payable and accrued expenses	\$ 61,570	\$	\$	\$ 61,570	\$ 82,140
Accrued payroll, payroll taxes, benefits and vacations	94,069			94,069	112,384
Funds held as fiscal agent	3,212			3,212	3,328
Due to Active Transportation Alliance - related party		<u>805,934</u>	<u>(805,934)</u>		
Total Liabilities	<u>158,851</u>	<u>805,934</u>	<u>(805,934)</u>	<u>158,851</u>	<u>197,852</u>
NET ASSETS					
Unrestricted	1,082,889			1,082,889	945,465
Temporarily restricted	<u>98,617</u>			<u>98,617</u>	<u>94,583</u>
Total Net Assets	<u>1,181,506</u>			<u>1,181,506</u>	<u>1,040,048</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 1,340,357</u>	 <u>\$ 805,934</u>	 <u>\$ (805,934)</u>	 <u>\$ 1,340,357</u>	 <u>\$ 1,237,900</u>

**ACTIVE TRANSPORTATION ALLIANCE and
WALK BIKE GO**
Consolidating Statement of Activities
For the Year Ended September 30, 2018 (With Comparative Totals for 2017)

	ATA		WBG		CONSOLIDATED TOTALS	
	UNRESTRICTED	TEMPORARILY RESTRICTED	UNRESTRICTED	ELIMINATIONS	2018	2017
SUPPORT AND REVENUE						
Support:						
Contract revenue	\$ 83,109	\$	\$ 298,975	\$	\$ 382,084	\$ 1,196,296
Contributions	485,161				485,161	416,634
Grants	366,470	98,617			465,087	121,817
Donated goods and services	213,581				213,581	263,508
Total Support	<u>1,148,321</u>	<u>98,617</u>	<u>298,975</u>		<u>1,545,913</u>	<u>1,998,255</u>
Revenue:						
Membership dues	97,396				97,396	89,453
Program events	1,289,302				1,289,302	1,143,134
Management fees	298,975			(298,975)		
Sales of merchandise	72,830				72,830	72,677
Interest and investment income	2,506				2,506	925
Other	9,943				9,943	3,809
Net assets released from restriction	94,583	(94,583)				
Total Revenue	<u>1,865,535</u>	<u>(94,583)</u>		<u>(298,975)</u>	<u>1,471,977</u>	<u>1,309,998</u>
TOTAL SUPPORT AND REVENUE	<u>3,013,856</u>	<u>4,034</u>	<u>298,975</u>	<u>(298,975)</u>	<u>3,017,890</u>	<u>3,308,253</u>
EXPENSES						
Program	2,428,187		298,975	(298,975)	2,428,187	2,782,090
Management and general	358,627				358,627	493,522
Fundraising	89,618				89,618	106,641
Total Expenses	<u>2,876,432</u>		<u>298,975</u>	<u>(298,975)</u>	<u>2,876,432</u>	<u>3,382,253</u>
CHANGE IN NET ASSETS						
	137,424	4,034			141,458	(74,000)
NET ASSETS - BEGINNING OF YEAR	<u>945,465</u>	<u>94,583</u>			<u>1,040,048</u>	<u>1,114,048</u>
NET ASSETS - END OF YEAR	<u>\$ 1,082,889</u>	<u>\$ 98,617</u>	<u>\$</u>	<u>\$</u>	<u>\$ 1,181,506</u>	<u>\$ 1,040,048</u>

See independent auditors' report and notes to the consolidated financial statements.

**ACTIVE TRANSPORTATION ALLIANCE and
WALK BIKE GO**
Consolidating Statement of Functional Expenses
For the Year Ended September 30, 2018 (With Comparative Totals for 2017)

	ATA			WBG		CONSOLIDATED TOTALS		
	PROGRAM	MANAGEMENT AND GENERAL	FUNDRAISING	TOTAL	PROGRAM	ELIMINATIONS	2018	2017
Salaries and wages	\$ 1,046,698	\$ 188,801	\$ 59,479	\$ 1,294,978	\$		\$ 1,294,978	\$ 1,545,534
Payroll taxes	75,114	13,549	4,268	92,931			92,931	147,866
Employee benefits	107,588	24,062	3,609	135,259			135,259	127,193
Programs and events	600,523	72	2,376	602,971			602,971	661,724
Professional services	86,275	33,504	2,376	122,155			122,155	44,617
Contract expense	158,944			158,944	298,975	(298,975)	158,944	398,442
Supplies and office expense	21,168	5,498	824	27,490			27,490	22,276
Database fees	55,262	14,354	2,153	71,769			71,769	46,235
Computer supplies and software	22,473	5,837	876	29,186			29,186	29,058
Occupancy	83,452	20,388	3,058	106,898			106,898	123,162
Telephone and internet	3,064	796	119	3,979			3,979	18,792
Insurance	35,706	9,274	1,391	46,371			46,371	37,856
Printing	34,718	3,190	4,259	42,167			42,167	54,720
Postage	32,804	4,467	4,379	41,650			41,650	26,726
Travel and meetings	14,586	9,704		24,290			24,290	13,132
Membership and promotion								5,720
Cost of inventory items sold								323
Bad debts	33,673			33,673			33,673	38,784
Office move		17,566		17,566			17,566	8,155
Miscellaneous	4,557	4,557		9,114			9,114	8,132
Depreciation	11,582	3,008	451	15,041			15,041	23,806
Total Expenses	\$ 2,428,187	\$ 358,627	\$ 89,618	\$ 2,876,432	\$ 298,975	\$ (298,975)	\$ 2,876,432	\$ 3,382,253

See independent auditors' report and notes to the consolidated financial statements.

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

To the Board of Directors
ACTIVE TRANSPORTATION ALLIANCE
and WALK BIKE GO
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 consolidated financial statements of ACTIVE TRANSPORTATION ALLIANCE and WALK BIKE GO (Illinois nonprofit organizations), which comprise the consolidated statement of financial position as of September 30, 2018, and the related consolidated statements of activities, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated July 15, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered ACTIVE TRANSPORTATION ALLIANCE and WALK BIKE GO'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 consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of organizations' internal control. Accordingly, we do not express an opinion on the effectiveness of organizations' 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 consolidated 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)

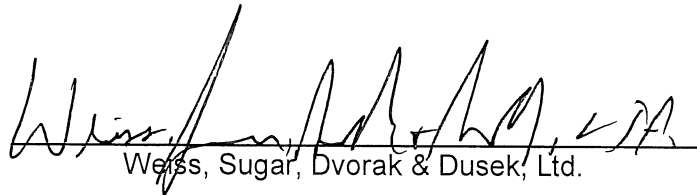
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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 the organizations' consolidated 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 organizations' internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organizations' internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Weiss, Sugar, Dvorak & Dusek, Ltd.

Chicago, Illinois
July 15, 2019