

TRANSPORTATION ALTERNATIVES, INC.

AUDITED FINANCIAL STATEMENTS

For the years ended March 31, 2020 and 2019



TRANSPORTATION ALTERNATIVES, INC.

TABLE OF CONTENTS

	Page
Independent Auditor's Report	1 - 2
Financial Statements	
Statements of Financial Position	3
Statements of Activities	4 - 5
Statements of Functional Expenses	6 - 7
Statements of Cash Flows	8
Notes to Financial Statements	9 - 17

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Transportation Alternatives, Inc.
New York City, New York

We have audited the accompanying financial statements of Transportation Alternatives, Inc. (a nonprofit organization) which comprise the statements of financial position as of March 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.

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 Transportation Alternatives, Inc. as of March 31, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

UHY LLP

Columbia, Maryland
August 5, 2020

TRANSPORTATION ALTERNATIVES, INC.
STATEMENTS OF FINANCIAL POSITION
March 31, 2020 and 2019

ASSETS	<u>2020</u>	<u>2019</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 685,380	\$ 419,814
Accounts and other receivables	44,102	95,743
Prepaid expenses	100,223	127,683
Total current assets	<u>829,705</u>	<u>643,240</u>
NON-CURRENT ASSETS		
Property, equipment, and intangibles, net	83,921	96,496
Investments	300,019	295,622
Deposits	74,404	74,404
Total non-current assets	<u>458,344</u>	<u>466,522</u>
TOTAL ASSETS	<u><u>\$ 1,288,049</u></u>	<u><u>\$ 1,109,762</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 18,954	\$ 33,058
Accrued expenses	35,003	38,366
Deferred revenue	97,710	134,560
Total current liabilities	<u>151,667</u>	<u>205,984</u>
DEFERRED RENT	<u>88,768</u>	<u>80,837</u>
Total liabilities	<u>240,435</u>	<u>286,821</u>
NET ASSETS		
Without donor restrictions:		
Board designated	400,000	400,000
Undesignated	629,281	397,941
Total net assets without donor restrictions	<u>1,029,281</u>	<u>797,941</u>
With donor restrictions	<u>18,333</u>	<u>25,000</u>
Total net assets	<u>1,047,614</u>	<u>822,941</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 1,288,049</u></u>	<u><u>\$ 1,109,762</u></u>

TRANSPORTATION ALTERNATIVES, INC.
STATEMENT OF ACTIVITIES
For the year ended March 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Support, Revenue, and Other Income			
Contributions	\$ 1,684,998	\$ -	\$ 1,684,998
Membership support	422,785	-	422,785
Grants	222,904	112,500	335,404
Special events - Streets for People Party	836,585	-	836,585
Registration fees	388,002	-	388,002
Sponsorships	266,770	-	266,770
Consulting income	68,523	-	68,523
Investment income, net	4,296	-	4,296
Merchandise sales and other	37,182	-	37,182
Net assets released from restrictions	119,167	(119,167)	-
	<u>4,051,212</u>	<u>(6,667)</u>	<u>4,044,545</u>
Expenses			
Program services:			
Advocacy	1,568,020	-	1,568,020
Membership	363,354	-	363,354
Outreach tours and events	680,968	-	680,968
Total program services	<u>2,612,342</u>	<u>-</u>	<u>2,612,342</u>
Supporting services:			
Management and general	616,540	-	616,540
Fundraising	590,990	-	590,990
	<u>3,819,872</u>	<u>-</u>	<u>3,819,872</u>
Change in Net Assets	231,340	(6,667)	224,673
Net Assets, Beginning	<u>797,941</u>	<u>25,000</u>	<u>822,941</u>
Net Assets, Ending	<u>\$ 1,029,281</u>	<u>\$ 18,333</u>	<u>\$ 1,047,614</u>

TRANSPORTATION ALTERNATIVES, INC.
STATEMENT OF ACTIVITIES
For the year ended March 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Support, Revenue, and Other Income			
Contributions	\$ 1,473,747	\$ 73,920	\$ 1,547,667
Membership support	361,654	-	361,654
Grants	391,934	166,100	558,034
Special events - Streets for People Party	865,644	-	865,644
Registration fees	357,788	-	357,788
Sponsorships	287,040	-	287,040
Consulting income	11,874	-	11,874
Investment income, net	15,034	-	15,034
Merchandise sales and other	17,424	-	17,424
Net assets released from restrictions	404,464	(404,464)	-
	<u>4,186,603</u>	<u>(164,444)</u>	<u>4,022,159</u>
Total support, revenue, and other income			
Expenses			
Program services:			
Advocacy	1,725,697	-	1,725,697
Membership	413,334	-	413,334
Outreach tours and events	695,699	-	695,699
Total program services	<u>2,834,730</u>	<u>-</u>	<u>2,834,730</u>
Supporting services:			
Management and general	665,204	-	665,204
Fundraising	574,772	-	574,772
	<u>4,074,706</u>	<u>-</u>	<u>4,074,706</u>
Total expenses			
Change in Net Assets	111,897	(164,444)	(52,547)
Net Assets, Beginning	<u>686,044</u>	<u>189,444</u>	<u>875,488</u>
Net Assets, Ending	<u>\$ 797,941</u>	<u>\$ 25,000</u>	<u>\$ 822,941</u>

TRANSPORTATION ALTERNATIVES, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended March 31, 2020

	Program Services				Supporting Services		
	Advocacy	Membership	Outreach		Management and General	Fundraising	Total
			Tours and Events	Total			
Personnel costs:							
Salaries	\$ 997,869	\$ 196,847	\$ 230,722	\$ 1,425,438	\$ 370,149	\$ 269,968	\$ 2,065,555
Employee benefits	118,045	23,286	27,294	168,625	46,449	31,937	247,011
Payroll taxes	82,391	16,253	19,050	117,694	30,563	22,290	170,547
Total personnel costs	1,198,305	236,386	277,066	1,711,757	447,161	324,195	2,483,113
Accounting	-	-	-	-	10,500	-	10,500
Advertising	126	6,201	14,654	20,981	-	1,708	22,689
Apparel and promotional items	7,223	19,868	53,544	80,635	3,603	22,719	106,957
Conferences, meetings, and travel	32,160	1,486	6,403	40,049	661	2,662	43,372
Consultant, fee for service	62,828	32,593	78,874	174,295	41,805	32,379	248,479
Credit card fees	21,338	4,209	4,934	30,481	7,916	5,773	44,170
Depreciation and amortization	9,298	1,834	2,150	13,282	3,449	2,515	19,246
Information technology	41,617	8,180	10,557	60,354	15,492	13,115	88,961
Insurance	5,464	1,078	1,263	7,805	2,028	1,478	11,311
Office and postage expenses	24,616	14,004	12,491	51,111	23,050	12,201	86,362
Other operating expenses	5,514	-	-	5,514	5,846	255	11,615
Rent and occupancy costs	146,033	29,332	53,765	229,130	54,168	39,509	322,807
Special events	13,498	8,183	165,267	186,948	861	102,481	290,290
Streets for People Party - direct donor benefit	-	-	-	-	-	30,000	30,000
Total expenses	\$ 1,568,020	\$ 363,354	\$ 680,968	\$ 2,612,342	\$ 616,540	\$ 590,990	\$ 3,819,872

See notes to financial statements.

TRANSPORTATION ALTERNATIVES, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended March 31, 2019

	Program Services				Supporting Services		
	Advocacy	Membership	Outreach		Management and General	Fundraising	Total
			Tours and Events	Total			
Personnel costs:							
Salaries	\$ 923,760	\$ 196,208	\$ 241,014	\$1,360,982	\$ 358,744	\$ 241,749	\$ 1,961,475
Employee benefits	116,570	24,760	30,414	171,744	45,270	30,506	247,520
Payroll taxes	76,873	16,328	20,056	113,257	29,854	20,118	163,229
Total personnel costs	1,117,203	237,296	291,484	1,645,983	433,868	292,373	2,372,224
Accounting	-	-	-	-	14,400	-	14,400
Advertising	14,221	6,880	20,187	41,288	-	2,302	43,590
Apparel and promotional items	12,039	20,523	48,303	80,865	6,514	20,900	108,279
Conferences, meetings, and travel	32,555	1,352	4,533	38,440	235	1,318	39,993
Consultant, fee for service	181,919	45,615	123,452	350,986	97,177	56,633	504,796
Credit card fees	20,606	4,377	5,376	30,359	8,002	5,393	43,754
Depreciation and amortization	9,319	1,979	2,432	13,730	3,619	2,439	19,788
Information technology	59,167	17,296	16,128	92,591	22,818	15,682	131,091
Insurance	4,442	943	1,159	6,544	1,725	1,163	9,432
Office and postage expenses	34,713	13,961	14,649	63,323	18,354	14,062	95,739
Other operating expenses	4,747	61	75	4,883	4,656	2,105	11,644
Rent and occupancy costs	138,204	29,354	58,615	226,173	53,672	36,168	316,013
Special events	96,562	33,697	109,306	239,565	164	84,448	324,177
Streets for People Party - direct donor benefit	-	-	-	-	-	39,786	39,786
Total expenses	\$ 1,725,697	\$ 413,334	\$ 695,699	\$2,834,730	\$ 665,204	\$ 574,772	\$ 4,074,706

See notes to financial statements.

TRANSPORTATION ALTERNATIVES, INC.
STATEMENTS OF CASH FLOWS
For the years ended March 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash Flows from Operating Activities		
Change in net assets	\$ 224,673	\$ (52,547)
Adjustments to reconcile change in net assets to cash provided by operating activities:		
Depreciation and amortization	19,246	19,788
Unrealized (gains) losses on investments	4,940	(55)
Changes in operating assets and liabilities:		
Accounts and other receivables	51,641	(59,625)
Grants and pledges receivable	-	275,000
Prepaid expenses	27,460	76,746
Accounts payable	(14,104)	(22,083)
Accrued expenses	(3,363)	(13,220)
Deferred revenue	(36,850)	(150,750)
Deferred rent	7,931	15,070
	<u>281,574</u>	<u>88,324</u>
Net cash provided by operating activities		
Cash Flows from Investing Activities		
Purchases of investments	(9,337)	(14,792)
Purchases of property, equipment, and intangibles	(6,671)	(2,296)
	<u>(16,008)</u>	<u>(17,088)</u>
Net cash used by investing activities		
Cash Flows from Financing Activities		
Proceeds from line of credit	150,000	430,000
Repayments on line of credit	(150,000)	(430,000)
	<u>-</u>	<u>-</u>
Net cash provided (used) by investing activities		
Net Increase in Cash and Cash Equivalents	265,566	71,236
Cash and Cash Equivalents, Beginning	<u>419,814</u>	<u>348,578</u>
Cash and Cash Equivalents, Ending	<u>\$ 685,380</u>	<u>\$ 419,814</u>
Supplemental Cash Flow Information:		
Cash paid for interest	<u>\$ 2,764</u>	<u>\$ 2,295</u>

TRANSPORTATION ALTERNATIVES, INC.
NOTES TO FINANCIAL STATEMENTS
For the years ended March 31, 2020 and 2019

NOTE 1 - ORGANIZATION

Transportation Alternatives, Inc. (TA) was organized as a nonprofit corporation in New York in 1974 and operates in New York City. TA was formed to promote the creation, development, and implementation of all environmentally sound forms of transportation. These forms include bicycling, walking, and public transit. TA is supported primarily through membership support, donor contributions, and grants. These resources are used to fulfill TA's mission by focusing their efforts on the following programs:

Advocacy - The overarching goal of TA's Advocacy program is to engage and empower New Yorkers to increase biking, walking, and public transit options and achieve Vision Zero – the revolutionary goal of zero deaths or serious injuries caused by traffic. TA turned out activists to hundreds of separate public-facing events, including community board meetings, rallies, community visioning sessions, and petition drives, and held scores of meetings and engagements with elected officials. As a result of these activities, TA achieved numerous campaign milestones this year, including positive community board votes, the endorsement of elected officials, and the full implementation of many projects.

Membership - TA has approximately 6,000 dues-paying members which form the core of their supporter base. Throughout the year, members are kept up-to-date on TA's work and how members can get involved. These New Yorkers are avid readers of TA's award-winning twice-annual *Reclaim* magazine. TA also host membership events throughout the year to thank supporters and get them excited about TA's priority programs and campaigns. TA organizes a citywide Bike to Work Day annually, and hundreds of thousands of bicyclists demonstrate how simple using bicycle for transportation can be.

Outreach Tours and Events - TA's annual bike tours provide an entry-level path to on-street bicycling. The borough tour in Staten Island, attended by over 1,300 cyclists, offers a choice of either a 35-mile or a 50-mile family-oriented bicycle parades that loop through neighborhoods where New York City's bicycling population has exploded. TA's premier bicycle tour, the NYC Century Bike Tour, hosted an audience of over 3,800 bicyclists, and includes the nation's only all-urban 100-mile route. TA also cemented their reputation as an international leader on Vision Zero by hosting their fifth annual Vision Zero Cities conference in October 2019. The conference brought together traffic safety experts and policymakers from throughout the country and around the world to share common challenges, practical guidance, and cutting-edge solutions.

Supporting services include the following functional categories:

Management and General - Activities include program oversight, business management, general record-keeping, budgeting, and related administrative activities.

Fundraising - TA solicits contributions from individuals, foundations, and corporations, among others. TA also maintains donor mailing lists for communications purposes. Fundraising activities also include development and management of various activities involved with soliciting contributions.

TRANSPORTATION ALTERNATIVES, INC.
NOTES TO FINANCIAL STATEMENTS
For the years ended March 31, 2020 and 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (GAAP), whereby revenue is recognized when earned and expenses are recognized when incurred.

Cash and Cash Equivalents

For purposes of reporting cash flows, highly liquid investments with an initial maturity of three months or less are considered to be cash equivalents. Cash and short-term investments held by the investment advisors are reported as investments.

Accounts and Other Receivables

Receivables are carried at the original invoice amounts less an estimate made for doubtful receivables based on an annual review of all outstanding amounts. Management determines the allowance for doubtful accounts by annually evaluating individual receivables and considering the financial condition, credit history, and current economic conditions of the creditors. Receivables are written off when deemed uncollectible. Recoveries of receivables previously written off are recorded in revenue when received. A receivable is considered past due if any portion of the receivable balance is outstanding for more than ninety days. However, TA does not charge interest on past due receivables. All accounts receivable as of March 31, 2020 and 2019 are considered to be fully collectible and there is no allowance for doubtful accounts.

Property, Equipment, and Intangibles

Property, equipment, and intangibles are recorded at cost, and consist of equipment, intangibles, leasehold improvements, and furniture and fixtures. TA capitalizes all property and equipment with a useful life greater than one year and with a cost basis of \$1,000 or more. Depreciation and amortization of equipment, intangibles, and furniture and fixtures is computed over an estimated useful life 3 - 10 years on a straight-line basis. Depreciation of leasehold improvements is computed over the shorter of the lease term or the useful life of the improvement on a straight-line basis. When property, equipment, and intangibles are retired or otherwise disposed of, the cost and related accumulated depreciation or amortization are removed from the accounts with any resulting gain or loss reflected in income. Repairs and maintenance are expensed when incurred.

Investments

Investments are included in these statements at their fair value on the date of the statements of financial position, which may differ from the amount ultimately realized at the time of sale. The difference may be material. Interest and dividend income, realized and unrealized gains and losses, and investment management fees are reflected in investment income on the statements of activities.

TRANSPORTATION ALTERNATIVES, INC.
NOTES TO FINANCIAL STATEMENTS
For the years ended March 31, 2020 and 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurements

FASB ASC 820, *Fair Value Measurements and Disclosures*, established a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to the unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

- *Level 1*: Unadjusted quoted prices in active markets for identical assets or liabilities that are accessible at the measurement date (e. g., equity securities traded on the New York Stock Exchange).
- *Level 2*: Inputs from other than quoted market prices included in Level 1 that are observable for the asset or liability, either directly or indirectly (e. g., quoted market prices of similar assets or liabilities in active markets, or quoted market prices for identical or similar assets or liabilities in markets that are not active).
- *Level 3*: Unobservable inputs (e. g., a company's own data) and are used to measure fair value to the extent that observable inputs are not available.

Following is a description of the valuation methodologies used for assets measured at fair value.

Mutual Funds – Valued at the closing price reported in the active market on which the individual securities are traded (Level 1).

The fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used should maximize the use of the observable inputs and minimize the use of the unobservable inputs. All assets have been valued using a market approach. There were no changes in the valuation techniques during the current year.

Net Assets

Net assets, revenue, gains and losses are classified based on the existence or absence of contributions with donor-imposed restrictions. Accordingly, net assets of TA and changes therein are classified and reported as follows:

Net assets without donor restrictions - Net assets without donor restrictions are available for use at the discretion of the Board of Directors (the Board) and/or management for general operating purposes. From time to time, the Board may designate a portion of these net assets for specific purposes, which makes them unavailable for use at management's discretion.

TRANSPORTATION ALTERNATIVES, INC.
NOTES TO FINANCIAL STATEMENTS
For the years ended March 31, 2020 and 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net assets with donor restrictions - Net assets with donor restrictions consist of assets whose use is limited by donor-imposed time and/or purpose restrictions. TA reports gifts of cash and other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use of the donated asset. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, the net assets are reclassified as net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

See notes 6 and 7 for more information on the composition of net assets.

Revenue Recognition

Contributions and grants received, including unconditional grants receivable, are reported as revenue in the year that notification or cash is received from the donor. Contributions and grants are reported as either revenue without donor restrictions or revenue with donor restrictions. Contributions and grants with donor restrictions that are used for the purpose specified by the donor in the same year as the contribution or grants received are recognized as revenue without donor restrictions. Conditional contributions and grants, that is, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met.

Membership support is recognized when received. Registration fees and consulting income are recognized as services are provided. Sponsorship and special event revenues are recognized when the events occur. Fees received prior to the services being rendered or the event occurs are included in deferred revenue. Merchandise sales and other revenue and investment income are recognized when earned.

Expense Allocation

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities and the statements of functional expenses. Expenses that can be identified with a specific program or supporting service are charged directly to that program or supporting service.

Supporting services are comprised of management and general and fundraising expenses and include those costs that are not directly identifiable with any specific program, but provide for the overall support and direction of TA. Accordingly, certain overhead expenses have been allocated based on time and effort spent by TA's personnel in such functions.

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 the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue, support and expenses during the reporting period. Actual results could differ from those estimates.

TRANSPORTATION ALTERNATIVES, INC.
NOTES TO FINANCIAL STATEMENTS
For the years ended March 31, 2020 and 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Advertising Costs

TA expenses advertising costs as they are incurred. Advertising expense for the years ended March 31, 2020 and 2019 totaled \$22,689 and \$43,590, respectively.

Income Taxes

TA is exempt from federal and state income taxes (except taxes on unrelated business income) under Section 501(c)(3) of the Internal Revenue Code and is classified by the Internal Revenue Service as *other than a private foundation*. No provision for income taxes has been recorded for the years ended March 31, 2020 or 2019.

The income tax positions taken by TA for any years open under the various statutes of limitations are that TA continues to be exempt from income taxes and that they have properly reported unrelated business income that is subject to income taxes. TA believes that there are no tax positions taken or expected to be taken that would significantly increase unrecognized tax liabilities within 12 months of the reporting date. None of TA's federal or state income tax returns are currently under examination.

Accounting Pronouncements Not Yet Adopted

In 2014, the FASB issued ASU No. ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, as amended. In June 2020, the FASB deferred the effective date of this ASU to reporting periods beginning after December 15, 2019. The ASU is based on the principle that revenue is recognized 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 ASU also requires additional disclosures about the nature, amount, timing, and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. TA plans to adopt the ASU during the year ended March 31, 2021.

In 2018, the FASB issued ASU No. 2018-08, *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, effective for reporting periods beginning after December 15, 2019. This guidance is intended to clarify and improve the scope and the accounting guidance for contributions received and contributions made. Key provisions in this guidance include clarification regarding the accounting for grants and contracts as exchange transactions or contributions, and improves guidance to better distinguish between conditional and unconditional contributions. TA plans to adopt the ASU during the year ended March 31, 2021.

In 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. This ASU changes the accounting treatment for operating leases by recognizing both a lease asset and a lease liability, at the present value of the lease payments, in the statement of financial position. Additional disclosures regarding key information about the leasing arrangements will also be required. FASB also issued ASU 2019-10 that deferred the effective date until the year ended March 31, 2022.

TRANSPORTATION ALTERNATIVES, INC.
NOTES TO FINANCIAL STATEMENTS
For the years ended March 31, 2020 and 2019

NOTE 3 - PROPERTY, EQUIPMENT, AND INTANGIBLES

Property, equipment, and intangibles consisted of the following at March 31:

	<u>2020</u>	<u>2019</u>
Equipment	\$ 111,252	\$ 104,581
Intangibles	26,200	26,200
Leasehold improvements	85,644	85,644
Furniture and fixtures	<u>65,309</u>	<u>65,309</u>
	288,405	281,734
Less, accumulated depreciation and amortization	<u>(204,484)</u>	<u>(185,238)</u>
Net value of property, equipment, and intangibles	<u>\$ 83,921</u>	<u>\$ 96,496</u>

For the years ended March 31, 2020 and 2019, depreciation and amortization expense totaled \$19,246 and \$19,788, respectively.

NOTE 4 - INVESTMENTS AND FAIR VALUE MEASUREMENTS

The following are the major categories of assets measured at fair value on a recurring basis during the years ended March 31, 2020 and 2019. All investments are considered Level 1 (using quoted prices in active markets for identical assets):

	<u>2020</u>	<u>2019</u>
Mutual funds:		
Equity	\$ 56,264	\$ 55,693
Fixed income	<u>243,755</u>	<u>239,929</u>
Total investments	<u>\$ 300,019</u>	<u>\$ 295,622</u>

Net investment income is reflected in the statements of activities and consisted of the following for the years ended March 31:

	<u>2020</u>	<u>2019</u>
Interest income	\$ 112	\$ 187
Dividend income	9,124	14,792
Unrealized gains (losses)	<u>(4,940)</u>	<u>55</u>
Total net investment income	<u>\$ 4,296</u>	<u>\$ 15,034</u>

NOTE 5 - LINE OF CREDIT

TA has a \$400,000 unsecured line of credit for which any outstanding obligations are due on demand. Interest is accrued at the prime rate as published in the Wall Street Journal, plus 1.85%. As of March 31, 2020 and 2019, there were no advances outstanding.

TRANSPORTATION ALTERNATIVES, INC.
NOTES TO FINANCIAL STATEMENTS
For the years ended March 31, 2020 and 2019

NOTE 6 - NET ASSETS WITHOUT DONOR RESTRICTIONS - BOARD DESIGNATED

The Board has designated \$400,000 to be set aside as a minimum reserve for financial stability as of March 31, 2020 and 2019.

NOTE 7 - NET ASSETS WITH DONOR RESTRICTIONS

TA's net assets with donor restrictions for time consisted of \$18,333 and \$25,000 as of March 31, 2020 and 2019, respectively.

NOTE 8 – OPERATING LEASE COMMITMENT

TA leases office facilities under a 10-year lease agreement that expires on August 31, 2025. The lease includes an annual 2.75% escalation of payments. TA accounts for the escalating payments by spreading the total base rent payments on a straight-line basis over the term of the lease, resulting in a deferred rent liability. In addition, TA maintains leases for various office equipment.

Future minimum lease commitments under these lease agreements as of March 31 are as follows:

2021	\$ 276,457
2022	281,606
2023	289,350
2024	297,308
2025	305,484
Thereafter	<u>128,720</u>
	<u>\$ 1,578,925</u>

TA has been approved to receive an annual real estate tax abatement through June 2020. The tax abatement has been applied against rent expense during the corresponding periods.

Rent and occupancy expense consisted of the following for the years ended March 31:

	<u>2020</u>	<u>2019</u>
Office rent paid	\$ 273,438	\$ 265,479
Less, tax abatement	(5,678)	(12,782)
Deferred office rent amortization	<u>7,931</u>	<u>15,070</u>
	275,691	267,767
Storage, utilities and other	<u>47,116</u>	<u>48,246</u>
Total	<u>\$ 322,807</u>	<u>\$ 316,013</u>

TRANSPORTATION ALTERNATIVES, INC.
NOTES TO FINANCIAL STATEMENTS
For the years ended March 31, 2020 and 2019

NOTE 9 - RETIREMENT PLAN

TA has an established 401(k) defined contribution plan (the “Plan”) for all eligible employees. Eligible employees can elect to make pre-tax contributions to the Plan. In addition, TA can elect to contribute a percentage of all eligible employees’ gross salary on an annual basis. TA contributed \$34,812 and \$36,807 to the Plan for the years ended March 31, 2020 and 2019, respectively, which is included in employee benefits in the statements of functional expenses.

NOTE 10 - STREETS FOR PEOPLE PARTY

TA hosts an annual *Streets for People Party* to celebrate the many victories won in the name of safer streets and to honor individuals who have gone above and beyond to usher in the shared vision of a better New York. The *Streets for People Party* raises funds for operations and outreach efforts to support its vision. For the years ended March 31, 2020 and 2019, net revenue for the event was as follows:

	<u>2020</u>	<u>2019</u>
Revenue:		
Special events	\$ 836,585	\$ 865,644
Less, direct benefit costs to donors for meals and entertainment	<u>(30,000)</u>	<u>(39,786)</u>
Total revenue, net	<u>\$ 806,585</u>	<u>\$ 825,858</u>

NOTE 11 - CONCENTRATIONS OF CREDIT RISK

TA has placed its investments in a professionally managed portfolio that contains equity and fixed income mutual funds. Such investments are exposed to various risks such as interest rate, market, and credit risk. Due to the level of risk associated with such investments and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near term would materially affect investment balances and the amounts reported in the financial statements.

TA maintains bank accounts with a local financial institution and cash equivalents within the investment accounts. The balances may exceed the maximum amount covered by the Federal Deposit Insurance Corporation (FDIC) and the Securities Investor Protection Corporation (SIPC). TA has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk in cash and cash equivalents.

TRANSPORTATION ALTERNATIVES, INC.
NOTES TO FINANCIAL STATEMENTS
For the years ended March 31, 2020 and 2019

NOTE 12 - LIQUIDITY AND AVAILABILITY OF RESOURCES

The following represents TA's financial assets which are available to meet general operating expenditures within one year of March 31:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 685,380	\$ 419,814
Accounts and other receivables	44,102	95,743
Investments	<u>300,019</u>	<u>295,622</u>
Total financial assets available within one year	1,029,501	811,179
Less, amounts unavailable for general expenditures within one year, due to:		
Board designated	<u>(400,000)</u>	<u>(400,000)</u>
Total financial assets available to management for general expenditures within one year	<u>\$ 629,501</u>	<u>\$ 411,179</u>

Liquidity Management

TA maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due. To help manage unanticipated liquidity needs, TA has a line of credit available to draw upon. In addition, TA has board designated net assets of \$400,000 that, while TA does not intend to spend the funds, could be made available for current operations if necessary.

NOTE 13 - SUBSEQUENT EVENTS

Subsequent events have been evaluated through August 5, 2020, which is the date the financial statements were available to be issued. TA received a loan on April 28, 2020 for \$413,500 from a local bank under the U.S. Small Business Administration Paycheck Protection Program with an interest rate of 1% and due in two years. The loan may be eligible for forgiveness pursuant to the Paycheck Protection Program.

Towards the end of December 2019, an outbreak of a novel strain of coronavirus (COVID-19) emerged globally. There have been mandates from federal, state, and local authorities requiring forced closures of non-essential businesses. Although it is not possible to reliably estimate the length or severity of this outbreak and hence its financial impact, any significant reduction in revenue caused by COVID-19 could result in a reduction in programs and other material financial effects.

Except as previously disclosed, management has determined that there are no other subsequent events which require disclosure.