

TRANSPORTATION ALTERNATIVES, INC.

AUDITED FINANCIAL STATEMENTS

For the years ended March 31, 2017 and 2016

TRANSPORTATION ALTERNATIVES, INC.

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REPORT INDEPENDENT AUDITORS

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, 2017 and 2016 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, 2017 and 2016, and the results of its operations 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
December 1, 2017

TRANSPORTATION ALTERNATIVES, INC.
STATEMENTS OF FINANCIAL POSITION
MARCH 31, 2017 and 2016

ASSETS	<u>2017</u>	<u>2016</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 87,724	\$ 531,714
Receivables	476,064	144,187
Prepaid expenses	127,517	95,268
	<u>691,305</u>	<u>771,169</u>
PROPERTY AND EQUIPMENT, net	<u>137,170</u>	<u>158,066</u>
OTHER ASSETS		
Investments	272,348	261,288
Intangibles, net	281	656
Deposits	74,404	74,404
	<u>347,033</u>	<u>336,348</u>
	<u><u>\$ 1,175,508</u></u>	<u><u>\$ 1,265,583</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 27,062	\$ 39,994
Accrued expenses	29,526	36,205
Deferred revenue	129,833	67,014
	<u>186,421</u>	<u>143,213</u>
DEFERRED RENT	<u>43,749</u>	<u>14,970</u>
	<u>230,170</u>	<u>158,183</u>
NET ASSETS		
Unrestricted, board designated	400,000	400,000
Unrestricted, undesignated	335,314	601,483
	<u>735,314</u>	<u>1,001,483</u>
Temporarily restricted net assets	<u>210,024</u>	<u>105,917</u>
	<u>945,338</u>	<u>1,107,400</u>
	<u><u>\$ 1,175,508</u></u>	<u><u>\$ 1,265,583</u></u>

TRANSPORTATION ALTERNATIVES, INC.
STATEMENT OF ACTIVITIES
For the year ended March 31, 2017

	<u>Unrestricted</u>	<u>Temporary Restricted</u>	<u>Total</u>
Support and Revenue			
Contributions	\$ 1,722,294	\$ 276,116	\$ 1,998,410
Membership support	433,931	-	433,931
Grants	691,490	210,000	901,490
Program service fees	449,586	-	449,586
Sponsorships	202,079	-	202,079
Investment income	11,116	-	11,116
In-kind contributions	49,871	-	49,871
Other income	42,138	-	42,138
Funds released from restriction	382,009	(382,009)	-
	<u>3,984,514</u>	<u>104,107</u>	<u>4,088,621</u>
Total support and revenue			
Expenses			
Program services:			
Advocacy	1,818,875	-	1,818,875
Membership	399,573	-	399,573
Outreach tours and events	728,308	-	728,308
Total program services	<u>2,946,756</u>	<u>-</u>	<u>2,946,756</u>
Management and general	691,197	-	691,197
Fundraising	612,730	-	612,730
	<u>4,250,683</u>	<u>-</u>	<u>4,250,683</u>
Total expenses			
Change in Net Assets	(266,169)	104,107	(162,062)
Net Assets, Beginning of Year	<u>1,001,483</u>	<u>105,917</u>	<u>1,107,400</u>
Net Assets, End of Year	<u>\$ 735,314</u>	<u>\$ 210,024</u>	<u>\$ 945,338</u>

TRANSPORTATION ALTERNATIVES, INC.
STATEMENT OF ACTIVITIES
For the year ended March 31, 2016

	<u>Unrestricted</u>	<u>Temporary Restricted</u>	<u>Total</u>
Support and Revenue			
Contributions	\$ 2,456,975	\$ -	\$ 2,456,975
Membership support	443,112	-	443,112
Grants	422,356	170,720	593,076
Program service fees	533,855	-	533,855
Sponsorships	267,252	-	267,252
Investment income	8,191	-	8,191
In-kind contributions	35,767	-	35,767
Other income	67,678	-	67,678
Funds released from restriction	429,624	(429,624)	-
	<u>4,664,810</u>	<u>(258,904)</u>	<u>4,405,906</u>
Total support and revenue			
Expenses			
Program services:			
Advocacy	2,068,940	-	2,068,940
Membership	465,814	-	465,814
Outreach tours and events	697,474	-	697,474
Total program services	<u>3,232,228</u>	<u>-</u>	<u>3,232,228</u>
Management and general	550,462	-	550,462
Fundraising	548,242	-	548,242
	<u>4,330,932</u>	<u>-</u>	<u>4,330,932</u>
Total expenses			
Change in Net Assets	333,878	(258,904)	74,974
Net Assets, Beginning of Year	<u>667,605</u>	<u>364,821</u>	<u>1,032,426</u>
Net Assets, End of Year	<u>\$ 1,001,483</u>	<u>\$ 105,917</u>	<u>\$ 1,107,400</u>

TRANSPORTATION ALTERNATIVES, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended March 31, 2017

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 1,601,146	\$ 333,403	\$ 245,555	\$ 2,180,104
Employee benefits	169,887	35,375	26,054	231,316
Payroll taxes	131,447	27,371	20,159	178,977
 Total salaries and related expenses	 1,902,480	 396,149	 291,768	 2,590,397
Accounting	-	22,695	-	22,695
Advertising, promotion, and printing	160,615	148	41,786	202,549
Bad debt	-	18,000	-	18,000
Conferences, meetings, and travel	37,962	439	1,120	39,521
Consultant, fee for service	228,332	29,885	38,933	297,150
Credit card fees	-	64,074	-	64,074
Depreciation and amortization	19,440	4,048	2,981	26,469
Information technology	114,064	23,682	17,956	155,702
Insurance	-	9,849	-	9,849
Lobbying	6,000	-	-	6,000
Occupancy	222,884	42,642	31,406	296,932
Office expenses	67,693	70,171	15,606	153,470
Other operating expenses including in-kind	12,860	9,415	50,506	72,781
Special events	174,426	-	120,668	295,094
 Total expenses	 <u>\$ 2,946,756</u>	 <u>\$ 691,197</u>	 <u>\$ 612,730</u>	 <u>\$ 4,250,683</u>

TRANSPORTATION ALTERNATIVES, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended March 31, 2016

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 1,836,451	\$ 279,979	\$ 244,200	\$ 2,360,630
Employee benefits	149,974	22,865	19,943	192,782
Payroll taxes	158,034	24,093	21,014	203,141
	<hr/>	<hr/>	<hr/>	<hr/>
Total salaries and related expenses	2,144,459	326,937	285,157	2,756,553
Accounting	-	29,480	-	29,480
Advertising, promotion, and printing	170,893	10,753	24,725	206,371
Conferences, meetings, and travel	33,793	136	549	34,478
Consultant, fee for service	190,603	5,832	34,999	231,434
Credit card fees	-	75,851	-	75,851
Depreciation and amortization	33,530	5,112	4,459	43,101
Information technology	106,224	16,144	14,172	136,540
Insurance	-	12,621	-	12,621
Lobbying	6,000	-	-	6,000
Occupancy	197,105	28,931	25,234	251,270
Office expenses	92,792	31,118	12,404	136,314
Other operating expenses including in-kind	11,047	7,547	27,648	46,242
Special events	245,782	-	118,895	364,677
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenses	<u>\$ 3,232,228</u>	<u>\$ 550,462</u>	<u>\$ 548,242</u>	<u>\$ 4,330,932</u>

TRANSPORTATION ALTERNATIVES, INC.
STATEMENT OF CASH FLOWS
For the years ended March 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Cash Flows from Operating Activities		
Change in net assets	\$ (162,062)	\$ 74,974
Adjustments to reconcile change in net assets		
Receivables		
Unrealized losses (gains) on investments	(2,694)	2,385
Depreciation	26,094	24,901
Amortization	375	18,199
Bad debts	18,000	-
Net changes in:		
Receivables	(349,877)	(85,873)
Prepaid expenses	(32,249)	13,543
Deposits	-	(48,612)
Accounts payable	(12,932)	7,787
Accrued expenses	(6,679)	(1,925)
Deferred revenue	62,819	(56,261)
Deferred rent	28,779	14,970
	<u>(430,426)</u>	<u>(35,912)</u>
Cash Flows from Investing Activities		
Purchases of investments	(8,366)	(9,624)
Purchases of property and equipment	(5,198)	(137,014)
	<u>(13,564)</u>	<u>(146,638)</u>
Decrease in Cash and Cash Equivalents	(443,990)	(182,550)
Cash and Cash Equivalents, Beginning	<u>531,714</u>	<u>714,264</u>
Cash and Cash Equivalents, Ending	<u>\$ 87,724</u>	<u>\$ 531,714</u>

TRANSPORTATION ALTERNATIVES, INC.
NOTES TO FINANCIAL STATEMENTS
For the years ended March 31, 2017 and 2016

NOTE 1 – ORGANIZATION

Transportation Alternatives, Inc. (the “Organization”) was organized as a nonprofit corporation in New York in 1974 and operates out of its offices in New York City, New York. The Organization is supported primarily through membership, donor contributions and grants. The Organization was formed to promote the creation, development and implementation of all environmentally sound forms of transportation. These forms include bicycling, walking and mass transit.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis Accounting

The financial statements are presented on the accrual method of accounting.

Cash and Cash Equivalents

The Association considers all highly liquid investments that have an initial maturity of less than three months to be cash equivalents.

Basis of Presentation

The Organization is required to report information regarding financial position and activities according to three classes of net assets as follows:

Unrestricted net assets – net assets that are not subject to donor-imposed restrictions.

Temporarily restricted net assets – net assets that are subject to donor-imposed restrictions that require passage of time or the occurrence of a specific event.

Permanently restricted net assets – net assets subject to donor-imposed restrictions that they be maintained permanently. At March 31, 2017 and 2016, there were no permanently restricted net assets.

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).

TRANSPORTATION ALTERNATIVES, INC.
NOTES TO FINANCIAL STATEMENTS
For the years ended March 31, 2017 and 2016

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

- Level 1 inputs: Level 1 inputs are quoted prices (unadjusted) 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: Level 2 inputs are 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 inputs: Level 3 inputs are unobservable (e. g., a Cooperative's own data) and should be used to measure fair value to the extent that observable inputs are not available.

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 need to maximize the use of the observable inputs and minimize the use of the unobservable inputs.

Investments

Investments are included in these financial statements at the fair value that was in effect as of the date of the Statement of Financial Position, which may differ from the amount ultimately realized at the time of sale. These differences may be material. Realized and unrealized gains and losses are reflected in the Statements of Activities.

Receivables

Accounts receivable are valued at management's estimate of the amount that will be ultimately collectible within one year. All accounts receivable, grants receivable, and contributions receivable are considered to be fully collectible at March 31, 2017 and 2016, and as such, no allowance for doubtful accounts has been reflected.

Property and Equipment / Intangibles

Property and equipment and intangibles are stated at cost. The Organization uses the straight-line method of depreciation over the useful life of each respective asset. Estimated lives of the principal items are: equipment 5-6 years, leasehold improvements 10 years, furniture and fixtures 7-10 years, and intangibles 3 years. The Organization capitalizes assets costing \$1,000 or more with a useful life which is greater than one year.

Amortization of leasehold improvements is computed using the straight-line basis over the lesser of the estimated useful lives of the underlying assets or the term of the related lease.

TRANSPORTATION ALTERNATIVES, INC.
NOTES TO FINANCIAL STATEMENTS
For the years ended March 31, 2017 and 2016

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reclassifications

Certain prior year balances have been reclassified to conform to current year presentation.

Revenue Recognition

Program service fee revenue is comprised of registration fees from attendees and earned consulting fees for services provided. Sponsorships revenue is recognized when the event occurs. In-kind gifts received through donations are valued and recorded as a revenue and expense at their fair value at the time the contribution is received. Other income and investment income are recognized when earned.

Unconditional contributions, memberships, and grants are recorded at the earlier of when pledged or received and reported as unrestricted, temporarily restricted, or permanently restricted, depending on the existence and/or nature of any donor restrictions. When a restriction expires during the year or subsequent years, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. Restricted contributions whose restrictions are met in the same reporting period are recorded as unrestricted contributions. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Income Tax Status

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. However, the Organization is required to report unrelated business income to the Internal Revenue Service and the State of New York, as well as pay certain other taxes to local jurisdictions. The Organization had no unrelated business income tax liability for the years ended March 31, 2017 or 2016.

The income tax positions taken by the Organization for any years open under the various statutes of limitations are that the Organization continues to be exempt from income taxes and that the Organization has properly reported unrelated business income that is subject to income taxes. The Organization believes that there are no tax positions taken or expected to be taken that would require recognition in the financial statements or which may have an effect on tax-exempt status. None of the Organizations' federal or state income tax returns are currently under examination. However, fiscal years 2014 and later remain subject to examination by the IRS and state authorities.

Deferred Revenue

Deferred revenue represents revenue received and unearned. This revenue is for programs and events to be held after the end of the year and will be recognized as revenue in the year earned.

Advertising Costs

Advertising costs are expenses as incurred. For the years ended March 31, 2017 and 2016, advertising costs totaled \$202,549 and \$206,370, respectively.

TRANSPORTATION ALTERNATIVES, INC.
NOTES TO FINANCIAL STATEMENTS
For the years ended March 31, 2017 and 2016

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 3 – RECEIVABLES

Receivables consisted of the following as of March 31:

	<u>2017</u>	<u>2016</u>
Grants receivable	\$ 135,611	\$ 73,502
Pledges receivable	250,000	-
Other accounts receivable	<u>90,453</u>	<u>70,685</u>
	<u>\$ 476,064</u>	<u>\$ 144,187</u>

NOTE 4 – INVESTMENTS AND FAIR VALUE MEASUREMENTS

The following are the major categories of investments measured at fair value on a recurring basis during the years, using quoted market prices in active market for identical instruments at March 31:

<u>2017</u>	<u>Cost</u>	<u>Unrealized Gains (Losses)</u>	<u>Fair Value Level 1 Input</u>
Mutal funds	<u>\$ 270,485</u>	<u>\$ 1,863</u>	<u>\$ 272,348</u>
<u>2016</u>	<u>Cost</u>	<u>Unrealized Gains (Losses)</u>	<u>Fair Value Level 1 Input</u>
Mutal funds	<u>\$ 262,118</u>	<u>\$ (830)</u>	<u>\$ 261,288</u>

TRANSPORTATION ALTERNATIVES, INC.
NOTES TO FINANCIAL STATEMENTS
For the years ended March 31, 2017 and 2016

NOTE 4 – INVESTMENTS AND FAIR VALUE MEASUREMENTS (continued)

Investment income is reflected in the statement of activities and consisted of the following for the years ended March 31:

	<u>2017</u>	<u>2016</u>
Interest income	\$ 245	\$ 872
Dividend income	8,366	9,433
Realized gains (losses)	(189)	81
Unrealized gains (losses)	<u>2,694</u>	<u>(2,195)</u>
	<u>\$ 11,116</u>	<u>\$ 8,191</u>

All investments have been valued using a market approach. There were no changes in the valuation techniques during the current year.

NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment and accumulated depreciation is as follows at March 31:

	<u>2017</u>	<u>2016</u>
Equipment	\$ 102,286	\$ 97,087
Leasehold improvements	85,644	85,644
Furniture and fixtures	<u>65,309</u>	<u>65,309</u>
	253,239	248,040
Accumulated depreciation	<u>(116,069)</u>	<u>(89,974)</u>
Net value of property and equipment	<u>\$ 137,170</u>	<u>\$ 158,066</u>

For the years ended March 31, 2017 and 2016, depreciation expense totaled \$26,094 and \$24,901.

NOTE 6 – INTANGIBLES

Intangibles are as follows at March 31:

	<u>2017</u>	<u>2016</u>
Intangibles	\$ 26,200	26,200
Accumulated amortization	<u>(25,919)</u>	<u>(25,544)</u>
Net value of intangibles	<u>\$ 281</u>	<u>\$ 656</u>

For the years ended March 31, 2017 and 2016, amortization expense totaled \$375 and \$18,199.

TRANSPORTATION ALTERNATIVES, INC.
NOTES TO FINANCIAL STATEMENTS
For the years ended March 31, 2017 and 2016

NOTE 7 – LEASE COMMITMENT

Operating Leases

The Organization 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. The Organization 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 deferred rent liability.

Future minimum lease payments as of March 31 are:

2018	\$	252,647
2019		259,595
2020		266,734
2021		274,069
2022		281,606
Thereafter		<u>1,020,862</u>
	\$	<u>2,355,513</u>

During the year ended March 31, 2017, the Organization was approved to receive a real estate tax abatement. The tax abatement has been applied against rent expense during the corresponding periods.

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

	<u>2017</u>	<u>2016</u>
Rent paid	\$ 246,471	\$ 183,880
Less tax abatement	(23,873)	-
Deferred rent	<u>28,780</u>	<u>14,970</u>
	<u>\$ 251,378</u>	<u>\$ 198,850</u>

NOTE 8 – BOARD DESIGNATED NET ASSETS

The Board has designated \$400,000 to be set aside as a minimum reserve for financial stability.

TRANSPORTATION ALTERNATIVES, INC.
NOTES TO FINANCIAL STATEMENTS
For the years ended March 31, 2017 and 2016

NOTE 9 – TEMPORARILY RESTRICTED NET ASSETS

The Organization’s temporarily restricted net assets were designated for the following time or purposes as of March 31:

	<u>2017</u>	<u>2016</u>
Restricted for time	\$ 54,167	\$ 72,917
Advocacy	<u>155,857</u>	<u>33,000</u>
	<u>\$ 210,024</u>	<u>\$ 105,917</u>

NOTE 10 - CONCENTRATIONS OF CREDIT RISK

The Organization maintain their cash and cash equivalent and investment balances with major financial institutions. At times, these balances may exceed federal insurance limits; however, the Organization has not experienced any losses with respect to the balances. Management believes that no significant concentration of credit risk exists with respect to these cash balances as of March 31, 2017 and 2016.

NOTE 11 – RETIREMENT PLAN

The Organization 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, the Organization can elect to contribute a percentage of all eligible employees’ gross salary on an annual basis. The Organization contributed \$39,698 and \$41,932 to the Plan for the years ended March 31, 2017 and 2016, respectively.

NOTE 12 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through December 1, 2017, which is the date the financial statements were available to be issued.