

TRANSPORTATION ALTERNATIVES, INC.

AUDITED FINANCIAL STATEMENTS

For the years ended March 31, 2022 and 2021



TRANSPORTATION ALTERNATIVES, INC.

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

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, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of Transportation Alternatives, Inc., as of March 31, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Transportation Alternatives, Inc. to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Transportation Alternatives, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Transportation Alternatives, Inc.'s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Transportation Alternatives, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

UHY LLP

Columbia, Maryland
October 24, 2022

TRANSPORTATION ALTERNATIVES, INC.
STATEMENTS OF FINANCIAL POSITION
March 31, 2022 and 2021

ASSETS	2022	2021
CURRENT ASSETS		
Cash and cash equivalents	\$ 2,913,765	\$ 2,534,340
Accounts and other receivables	8,582	17,820
Grants, sponsorships and contributions receivable	505,882	21,250
Prepaid expenses	89,997	80,367
	<u>3,518,226</u>	<u>2,653,777</u>
NON-CURRENT ASSETS		
Grants receivable	284,118	25,000
Investments	678,974	338,522
Property, equipment, and intangibles, net	58,297	75,571
Deposits	74,404	74,404
	<u>1,095,793</u>	<u>513,497</u>
	<u>\$ 4,614,019</u>	<u>\$ 3,167,274</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 22,848	\$ 27,933
Accrued expenses	32,564	49,219
Deferred revenue	30,001	47,020
Paycheck Protection Program Loan	-	803,897
	<u>85,413</u>	<u>928,069</u>
NON-CURRENT LIABILITIES		
Deferred rent	82,423	89,364
	<u>167,836</u>	<u>1,017,433</u>
NET ASSETS		
Without donor restrictions:		
Board designated	800,000	400,000
Undesignated	2,749,013	1,523,591
	<u>3,549,013</u>	<u>1,923,591</u>
Total net assets without donor restrictions	3,549,013	1,923,591
With donor restrictions	897,170	226,250
	<u>4,446,183</u>	<u>2,149,841</u>
Total net assets	4,446,183	2,149,841
	<u>\$ 4,614,019</u>	<u>\$ 3,167,274</u>

See notes to financial statements.

TRANSPORTATION ALTERNATIVES, INC.
STATEMENT OF ACTIVITIES
For the year ended March 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Support, Revenue, and Other Income			
Contributions	\$ 2,732,375	\$ -	\$ 2,732,375
Membership support	366,159	-	366,159
Paycheck Protection Program Loan debt forgiveness	803,897	-	803,897
Grants	224,952	874,588	1,099,540
Special events - Streets for People Party	525,108	-	525,108
Registration fees	70,778	-	70,778
Sponsorships	166,255	-	166,255
Consulting income	35,306	-	35,306
Investment loss, net	(9,447)	-	(9,447)
Merchandise sales and other	19,389	-	19,389
Net assets released from restrictions	203,668	(203,668)	-
	<u>5,138,440</u>	<u>670,920</u>	<u>5,809,360</u>
Total support, revenue, and other income			
Expenses			
Program services:			
Advocacy	1,546,571	-	1,546,571
Membership	270,755	-	270,755
Outreach tours and events	478,508	-	478,508
Research and reporting	369,287	-	369,287
Total program services	<u>2,665,121</u>	<u>-</u>	<u>2,665,121</u>
Supporting services:			
Management and general	332,986	-	332,986
Fundraising	514,911	-	514,911
	<u>3,513,018</u>	<u>-</u>	<u>3,513,018</u>
Total expenses			
Change in Net Assets	1,625,422	670,920	2,296,342
Net Assets, Beginning	<u>1,923,591</u>	<u>226,250</u>	<u>2,149,841</u>
Net Assets, Ending	<u>\$ 3,549,013</u>	<u>\$ 897,170</u>	<u>\$ 4,446,183</u>

TRANSPORTATION ALTERNATIVES, INC.
STATEMENT OF ACTIVITIES
For the year ended March 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Support, Revenue, and Other Income			
Contributions	\$ 2,157,283	\$ 32,500	\$ 2,189,783
Membership support	387,409	-	387,409
Grants	519,580	193,750	713,330
Special events - Streets for People Party	519,875	-	519,875
Registration fees	52,529	-	52,529
Sponsorships	108,350	-	108,350
Consulting income	148,914	-	148,914
Investment income, net	38,572	-	38,572
Merchandise sales and other	15,071	-	15,071
Net assets released from restrictions	18,333	(18,333)	-
	<u>3,965,916</u>	<u>207,917</u>	<u>4,173,833</u>
Total support, revenue, and other income			
Expenses			
Program services:			
Advocacy	1,351,107	-	1,351,107
Membership	260,952	-	260,952
Outreach tours and events	305,517	-	305,517
Research and reporting	300,567	-	300,567
Total program services	<u>2,218,143</u>	<u>-</u>	<u>2,218,143</u>
Supporting services:			
Management and general	346,177	-	346,177
Fundraising	507,286	-	507,286
	<u>3,071,606</u>	<u>-</u>	<u>3,071,606</u>
Total expenses			
Change in Net Assets	894,310	207,917	1,102,227
Net Assets, Beginning	<u>1,029,281</u>	<u>18,333</u>	<u>1,047,614</u>
Net Assets, Ending	<u>\$ 1,923,591</u>	<u>\$ 226,250</u>	<u>\$ 2,149,841</u>

TRANSPORTATION ALTERNATIVES, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended March 31, 2022

	Program Services				Supporting Services			Total
	Advocacy	Membership	Outreach Tours and Events	Research and Reporting	Total	Management and General	Fundraising	
Personnel costs:								
Salaries	\$ 956,761	\$ 165,744	\$ 254,082	\$ 236,161	\$ 1,612,748	\$ 194,559	\$ 295,577	\$ 2,102,884
Employee benefits	123,594	21,411	32,822	30,507	208,334	25,134	38,183	271,651
Payroll taxes	82,932	14,367	22,024	20,470	139,793	16,864	25,621	182,278
Total personnel costs	1,163,287	201,522	308,928	287,138	1,960,875	236,557	359,381	2,556,813
Professional fees	18,561	3,215	4,929	4,581	31,286	14,025	5,734	51,045
Advertising	-	1,479	3,635	-	5,114	-	549	5,663
Apparel and promotional items	3,828	3,703	7,945	230	15,706	189	19,667	35,562
Conferences, meetings, and travel	8,666	381	3,634	24	12,705	1,409	2,184	16,298
Consultant, fee for service	88,898	11,681	27,702	15,219	143,500	27,787	30,863	202,150
Credit card fees	12,520	2,169	3,325	3,090	21,104	2,546	3,868	27,518
Depreciation and amortization	7,859	1,361	2,087	1,940	13,247	1,599	2,428	17,274
Information technology	46,200	7,637	12,238	10,739	76,814	9,114	13,604	99,532
Insurance	6,334	1,097	1,682	1,564	10,677	1,288	1,957	13,922
Office and postage expenses	39,127	6,400	12,184	8,986	66,697	7,403	18,008	92,108
Other operating expenses	5,550	847	1,221	1,135	8,753	1,436	4,281	14,470
Rent and occupancy costs	140,343	25,291	56,929	34,641	257,204	28,539	43,357	329,100
Special events	5,398	3,972	32,069	-	41,439	1,094	9,030	51,563
Total expenses	\$ 1,546,571	\$ 270,755	\$ 478,508	\$ 369,287	\$ 2,665,121	\$ 332,986	\$ 514,911	\$ 3,513,018

See notes to financial statements.

TRANSPORTATION ALTERNATIVES, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended March 31, 2021

	Program Services				Supporting Services			Total
	Advocacy	Membership	Outreach Tours and Events	Research and Reporting	Total	Management and General	Fundraising	
Personnel costs:								
Salaries	\$ 848,514	\$ 163,067	\$ 177,149	\$ 149,258	\$ 1,337,988	\$ 181,037	\$ 323,362	\$ 1,842,387
Employee benefits	103,616	19,913	21,633	18,227	163,389	22,106	39,487	224,982
Payroll taxes	68,310	13,128	14,261	12,016	107,715	14,574	26,032	148,321
Total personnel costs	1,020,440	196,108	213,043	179,501	1,609,092	217,717	388,881	2,215,690
Professional fees	16,501	3,171	3,445	2,903	26,020	13,520	6,288	45,828
Advertising	6,701	1,087	5,895	929	14,612	2,246	2,511	19,369
Apparel and promotional items	4,263	2,397	2,699	27	9,386	323	13,141	22,850
Conferences, meetings, and travel	5,073	423	345	-	5,841	275	281	6,397
Consultant, fee for service	47,836	14,400	8,502	82,249	152,987	23,263	14,759	191,009
Credit card fees	11,706	1,945	2,292	1,663	17,606	4,019	3,137	24,762
Depreciation and amortization	8,166	1,357	1,599	1,160	12,282	2,803	2,189	17,274
Information technology	46,906	7,793	9,873	6,661	71,233	16,310	13,804	101,347
Insurance	5,369	892	1,051	763	8,075	1,843	1,439	11,357
Office and postage expenses	27,605	4,258	5,636	3,594	41,093	9,066	11,529	61,688
Other operating expenses	3,061	405	477	346	4,289	4,515	4,210	13,014
Rent and occupancy costs	146,253	25,278	47,870	20,771	240,172	50,208	41,906	332,286
Special events	1,227	1,438	2,790	-	5,455	69	3,211	8,735
Total expenses	\$ 1,351,107	\$ 260,952	\$ 305,517	\$ 300,567	\$ 2,218,143	\$ 346,177	\$ 507,286	\$ 3,071,606

See notes to financial statements.

TRANSPORTATION ALTERNATIVES, INC.
STATEMENTS OF CASH FLOWS
For the years ended March 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash Flows from Operating Activities		
Change in net assets	\$ 2,296,342	\$ 1,102,227
Adjustments to reconcile change in net assets to cash provided by operating activities:		
Depreciation and amortization	17,274	17,274
Unrealized (gains) losses on investments	18,608	(30,360)
Paycheck Protection Program debt forgiveness	(803,897)	-
Decrease (increase) in assets:		
Accounts and other receivables	9,238	26,282
Grants, sponsorships and contributions receivable	(743,750)	(46,250)
Prepaid expenses	(9,630)	19,856
Increase (decrease) in liabilities:		
Accounts payable	(5,085)	8,979
Accrued expenses	(16,655)	14,216
Deferred revenue	(17,019)	(50,690)
Deferred rent	(6,941)	596
	<u>738,485</u>	<u>1,062,130</u>
Net cash provided by operating activities		
Cash Flows from Investing Activities		
Purchases of investments	(359,060)	(8,143)
Purchases of property, equipment, and intangibles	-	(8,924)
	<u>(359,060)</u>	<u>(17,067)</u>
Net cash used in investing activities		
Cash Flows from Financing Activities		
Proceeds from Paycheck Protection Program Loan	-	803,897
	<u>-</u>	<u>803,897</u>
Net cash provided by financing activities		
Net Increase in Cash and Cash Equivalents	379,425	1,848,960
Cash and Cash Equivalents, Beginning	<u>2,534,340</u>	<u>685,380</u>
Cash and Cash Equivalents, Ending	<u>\$ 2,913,765</u>	<u>\$ 2,534,340</u>
Supplemental Cash Flow Information:		
Cash paid for interest	<u>\$ -</u>	<u>\$ 248</u>

TRANSPORTATION ALTERNATIVES, INC.
NOTES TO FINANCIAL STATEMENTS
For the years ended March 31, 2022 and 2021

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, which 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 3,500 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 35-mile or 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.

Research and Reporting - TA employs original research and reporting to push advocacy campaigns and policy areas forward. Through the leadership of its Director of Research and Senior Editor, TA researches and releases signature policy reports. In addition to these reports, TA has released more than a dozen original articles on the internet website, www.Medium.com, combining personal storytelling with statistical evidence to explore policies from restorative justice in traffic violence cases to tactical urbanism as a response to fiscal crisis.

TRANSPORTATION ALTERNATIVES, INC.
NOTES TO FINANCIAL STATEMENTS
For the years ended March 31, 2022 and 2021

NOTE 1 - ORGANIZATION (Continued)

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.

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, 2022 and 2021 are considered to be fully collectable and there is no allowance for doubtful accounts.

Grants, Sponsorships, and Contributions Receivable

Grants, sponsorships, and contributions receivable that are expected to be collected in future years are recorded at their fair value, measured as the present value of their future cash flows. The discounts on these amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in grants and contribution revenue. All

TRANSPORTATION ALTERNATIVES, INC.
NOTES TO FINANCIAL STATEMENTS
For the years ended March 31, 2022 and 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Grants, Sponsorships, and Contributions Receivable (Continued)

receivables as of March 31, 2022 and 2021 are considered to be fully collectable and there is no allowance for doubtful accounts. Conditional promises to give are not included as support until the conditions are substantially met. All contributions and grants receivable are considered by management to be fully collectable and due within one year. Accordingly, an allowance for doubtful accounts or discount has not been established.

Property, Equipment, and Intangibles

Property, equipment, and intangibles are recorded at cost, and consist of equipment, intangibles, leasehold improvements, 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, 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.

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).

TRANSPORTATION ALTERNATIVES, INC.
NOTES TO FINANCIAL STATEMENTS
For the years ended March 31, 2022 and 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurements (Continued)

- *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) 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.

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 7 and 8 for more information on the composition of net assets.

TRANSPORTATION ALTERNATIVES, INC.
NOTES TO FINANCIAL STATEMENTS
For the years ended March 31, 2022 and 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 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.

Advertising Costs

TA expenses advertising costs as they are incurred. Advertising expense for the years ended March 31, 2022 and 2021 totaled \$5,663 and \$19,369, respectively.

TRANSPORTATION ALTERNATIVES, INC.
NOTES TO FINANCIAL STATEMENTS
For the years ended March 31, 2022 and 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2022 or 2021.

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

The Financial Accounting Standards Board (FASB) issued Accounting Standards Update (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. The FASB also issued ASU 2020-05, which deferred the effective date until the year ended March 31, 2023 when TA plans to adopt Topic 842. Management is currently assessing the impact of the requirement to record a right-to-use asset and right-to-use liability for operating leases on TA's financial statements.

NOTE 3 - GRANTS, SPONSORSHIPS AND CONTRIBUTIONS RECEIVABLE

Grants, sponsorships, and contributions receivable are due as follows as of December 31:

	<u>2022</u>	<u>2021</u>
Due in less than one year	\$ 505,882	\$ 21,250
Due in one to five years	<u>284,118</u>	<u>25,000</u>
Total	<u>\$ 790,000</u>	<u>\$ 46,250</u>

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NOTE 4 - PROPERTY, EQUIPMENT, AND INTANGIBLES

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

	<u>2022</u>	<u>2021</u>
Equipment	\$ 120,176	\$ 120,176
Intangibles	26,200	26,200
Leasehold improvements	85,644	85,644
Furniture and fixtures	<u>65,309</u>	<u>65,309</u>
	297,329	297,329
Less, accumulated depreciation and amortization	<u>(239,032)</u>	<u>(221,758)</u>
Net value of property, equipment, and intangibles	<u>\$ 58,297</u>	<u>\$ 75,571</u>

For each of the years ended March 31, 2022 and 2021, depreciation and amortization expense totaled \$17,274.

NOTE 5 - 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, 2022 and 2021. All investments are considered Level 1 (using quoted prices in active markets for identical assets):

	<u>2022</u>	<u>2021</u>
Mutual funds:		
Short term investment fund - fixed income	\$ 288,105	\$ 148,115
Wellesley income fund - balanced	<u>390,869</u>	<u>190,407</u>
Total investments	<u>\$ 678,974</u>	<u>\$ 338,522</u>

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

	<u>2022</u>	<u>2021</u>
Interest income	\$ 101	\$ 111
Dividend income	9,060	8,101
Unrealized gains (losses)	<u>(18,608)</u>	<u>30,360</u>
Total net investment income (losses)	<u>\$ (9,447)</u>	<u>\$ 38,572</u>

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NOTE 6 - 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, 2022 and 2021, there were no advances outstanding.

NOTE 7 - NET ASSETS WITHOUT DONOR RESTRICTIONS - BOARD DESIGNATED

As of March 31, 2022 and 2021, the Board of Directors has designated \$800,000 and \$400,000, respectively, to be set aside as a minimum reserve for financial stability.

NOTE 8 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following:

	<u>2022</u>	<u>2021</u>
Purpose restricted:		
Bike Share	\$ -	\$ 15,000
Families for Safe Streets program	860,588	18,750
Harbor Ring	3,457	-
Trauma Training	<u>8,125</u>	<u>-</u>
Total purpose restricted net assets	872,170	33,750
Time restricted:		
Passage of time	<u>25,000</u>	<u>192,500</u>
Total net assets with donor restrictions	<u>\$ 897,170</u>	<u>\$ 226,250</u>

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NOTE 9 - 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:

2023	\$ 289,350
2024	297,308
2025	305,484
2026	<u>128,720</u>
	<u>\$ 1,020,862</u>

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

	<u>2022</u>	<u>2021</u>
Office rent and taxes	\$ 280,839	\$ 283,692
Less, tax abatement	-	(1,423)
Deferred office rent amortization	-	<u>596</u>
	<u>280,839</u>	<u>282,865</u>
Storage, utilities and other	<u>48,261</u>	<u>49,421</u>
Total	<u>\$ 329,100</u>	<u>\$ 332,286</u>

NOTE 10 - 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 \$49,814 and \$42,019 to the Plan for the years ended March 31, 2022 and 2021, respectively, which is included in employee benefits in the statements of functional expenses.

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NOTE 11 - PAYCHECK PROTECTION PROGRAM (PPP) LOANS

During the year ended March 31, 2021, TA received two loans for \$413,500 and \$390,397 from Pursuit Lending BDC, pursuant to the PPP under Division A, Title 1 of the CARES Act, which was enacted March 27, 2020. The PPP Loans, dated February 23, 2021 and May 1, 2020, have a two-year term and bear interest at a rate of 1.0% per annum. Monthly principal and interest payments are deferred for 10 months until the amount of forgiveness determined is remitted to Pursuit Lending BDC, or 10 months after the last day of the covered period, if the Company does not seek forgiveness. The PPP loan may be repaid at any time prior to maturity with no prepayment penalties. The Promissory Note contains events of default and other provisions customary for a loan of this type.

Under the terms of the CARES Act, PPP Loan participants can apply for and be granted forgiveness for all or a portion of loans granted under the PPP. Under the terms of the PPP, PPP Loans and accrued interest are forgivable, as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels.

According to the rules of the SBA, TA is required to retain PPP Loan documentation for six years after the date the loan is forgiven or repaid in full, and permit authorized representatives of the SBA, including representatives of its Office of Inspector General, to access such files upon request. Should the SBA conduct such a review and reject all or some of the Company's judgments pertaining to satisfying PPP Loan eligibility or forgiveness conditions, the Company may be required to adjust previously reported amounts and disclosures in the financial statements. On March 29, 2022, the second loan of \$390,397 was completely forgiven and on July 16, 2021, the first loan of \$413,500 was completely forgiven by the U.S. Small Business Administration. During the fiscal year ended March 31, 2022, the debt forgiveness amount of \$803,897 has been recognized in the statement of activities as a gain on debt extinguishment.

NOTE 12 - 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.

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NOTE 13 - 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. In 2021, the event was virtual due to the COVID-19 pandemic. For the years ended March 31, 2022 and 2021, net revenue for the event was as follows:

	<u>2022</u>	<u>2021</u>
Revenue:		
Special events	\$ 525,108	\$ 519,875
Less, direct benefit costs to donors for food and beverages	<u>(14,974)</u>	<u>-</u>
Total revenue, net	<u>\$ 510,134</u>	<u>\$ 519,875</u>

NOTE 14 - 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>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 2,913,765	\$ 2,534,340
Accounts and other receivables	8,582	17,820
Grants, sponsorships and contributions receivable	790,000	46,250
Investments	<u>678,974</u>	<u>338,522</u>
Total financial assets available within one year	4,391,321	2,936,932
Less, amounts unavailable for general expenditures within one year, due to:		
Donor restricted for purpose or time	(897,170)	(226,250)
Board designated	<u>(800,000)</u>	<u>(400,000)</u>
Total financial assets available to management for general expenditures within one year	<u>\$ 2,694,151</u>	<u>\$ 2,310,682</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 \$800,000 that, while TA does not intend to spend the funds, could be made available for current operations if necessary.

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NOTE 15 - IMPACT OF COVID-19

The COVID-19 pandemic, whose effects first became known in January 2020, is having a broad and negative impact on commerce and financial markets around the world. The United States and global markets experienced significant declines in value resulting from uncertainty caused by the pandemic. TA is closely monitoring its investment portfolio and liquidity and is actively working to minimize the impact of these declines. The extent of the impact of COVID-19 on TA's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and its impacts on TA's donors, employees, and vendors, all of which at present, cannot be determined. Accordingly, the extent to which COVID-19 may impact TA's financial position and changes in net assets and cash flows is uncertain and the accompanying financial statements include no adjustments relating to the effects of this pandemic.

NOTE 16 - SUBSEQUENT EVENTS

Subsequent events have been evaluated through October 24, 2022, which is the date the financial statements were available to be issued. Management has determined that there are no unrecognized subsequent events that require additional disclosure. Except as disclosed in Note 10, Management has determined that there are no unrecognized subsequent events that require additional disclosure.