

SAN FRANCISCO BICYCLE COALITION
Consolidated Financial Statements
December 31, 2022 and 2021
With Independent Auditor's Report

San Francisco Bicycle Coalition
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December 31, 2022 and 2021

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
San Francisco Bicycle Coalition:

Opinion

We have audited the consolidated financial statements of San Francisco Bicycle Coalition and its affiliate (the "Organization"), which comprise the consolidated statements of financial position as of December 31, 2022 and 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Organization as of December 31, 2022 and 2021, and the changes in their net assets and their cash flows for the years 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 ("GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Organization and 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.

Emphasis of Matter

As described in Note 2 to the consolidated financial statements, the Organization adopted Topic 842, *Leases*, as of January 1, 2022. Prior period amounts have not been adjusted and continue to be reported in accordance with the Organization's historic accounting under Topic 840, *Leases*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 GAAS 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 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 consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 the Organization's internal control. Accordingly, no such opinion is expressed.
- 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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying consolidating statements of financial position and consolidating statements of activities as of and for the years ended December 31, 2022 and 2021 are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

A handwritten signature in blue ink that reads "Withum Smith & Brown, PC".

January 9, 2024

San Francisco Bicycle Coalition
Consolidated Statements of Financial Position
December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Assets		
Cash and cash equivalents	\$ 159,543	\$ 806,855
Accounts receivable, net	197,301	147,003
Inventory	33,142	24,553
Prepays and deposits	38,227	38,227
Property and equipment, net	6,203	13,247
Right of use asset, operating	<u>403,513</u>	<u>-</u>
 Total assets	 <u>\$ 837,929</u>	 <u>\$ 1,029,885</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 22,392	\$ 56,066
Accrued vacation	71,166	78,973
Deferred revenue	30,502	68,100
Deferred rent	-	8,409
Lease payable, operating	<u>407,869</u>	<u>-</u>
Total liabilities	<u>531,929</u>	<u>211,548</u>
Net assets		
Without donor restrictions	<u>306,000</u>	<u>818,337</u>
 Total liabilities and net assets	 <u>\$ 837,929</u>	 <u>\$ 1,029,885</u>

The Notes to Consolidated Financial Statements are an integral part of these statements.

San Francisco Bicycle Coalition
Consolidated Statements of Activities
Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
	<u>Without Donor Restrictions</u>	<u>Without Donor Restrictions</u>
Revenue		
Membership dues	\$ 253,795	\$ 299,580
Foundation grants	101,086	246,500
Contributions	794,505	695,979
Contracts	583,277	429,027
Program fees	121,303	203,459
Special events, net	223,558	88,861
Loan forgiveness revenue	-	606,644
Other income	3,860	6,896
Total revenue	<u>2,081,384</u>	<u>2,576,946</u>
Expenses		
Program services	1,955,673	1,839,519
General and administrative	395,270	349,363
Fundraising	242,778	306,244
Total expenses	<u>2,593,721</u>	<u>2,495,126</u>
Change in net assets	(512,337)	81,820
Net assets		
Beginning of year	<u>818,337</u>	<u>736,517</u>
End of year	<u>\$ 306,000</u>	<u>\$ 818,337</u>

The Notes to Consolidated Financial Statements are an integral part of these statements.

San Francisco Bicycle Coalition
Consolidated Statement of Functional Expenses
Year Ended December 31, 2022

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 1,277,728	\$ 206,911	\$ 140,438	\$ 1,625,077
Payroll taxes	105,983	16,480	11,680	134,143
Employee benefits	153,925	18,263	22,270	194,458
Professional fees	125,268	104,658	12,468	242,394
Occupancy	136,485	16,772	28,695	181,952
Information technology	33,897	4,964	9,790	48,651
Office expenses	30,460	11,235	22,347	64,042
Depreciation	1,385	166	295	1,846
Advertising and promotion	16,321	1,703	9,703	27,727
Meals, entertainment, and travel	6,682	7,771	287	14,740
Grant expenses	50,313	68	27,619	78,000
Interest expenses	-	5,057	-	5,057
Insurance expense	17,226	1,222	3,742	22,190
Total expenses by function	<u>1,955,673</u>	<u>395,270</u>	<u>289,334</u>	<u>2,640,277</u>
Less: Expenses included with revenues on the statement of activities				
Special events expenses	<u>-</u>	<u>-</u>	<u>(46,556)</u>	<u>(46,556)</u>
Total expenses	<u>\$ 1,955,673</u>	<u>\$ 395,270</u>	<u>\$ 242,778</u>	<u>\$ 2,593,721</u>

The Notes to Consolidated Financial Statements are an integral part of this statement.

San Francisco Bicycle Coalition
Consolidated Statement of Functional Expenses
Year Ended December 31, 2021

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 1,176,062	\$ 162,905	\$ 193,122	\$ 1,532,089
Payroll taxes	94,135	12,908	15,729	122,772
Employee benefits	108,845	12,368	25,407	146,620
Professional fees	151,301	116,457	15,183	282,941
Occupancy	126,210	16,384	35,059	177,653
Information technology	29,873	6,498	5,814	42,185
Office expenses	43,148	4,322	21,063	68,533
Depreciation	2,595	334	563	3,492
Advertising and promotion	14,399	2,780	1,846	19,025
Meals, entertainment, and travel	11,557	1,318	475	13,350
Grant expenses	114,381	-	12,211	126,592
Interest expenses	-	741	-	741
Insurance expense	13,241	1,529	2,583	17,353
Bad debt expense	-	10,819	-	10,819
Total expenses by function	<u>1,885,747</u>	<u>349,363</u>	<u>329,055</u>	<u>2,564,165</u>
Less: Expenses included with revenues on the statement of activities				
Special events expenses	<u>-</u>	<u>-</u>	<u>(69,039)</u>	<u>(69,039)</u>
Total expenses	<u>\$ 1,885,747</u>	<u>\$ 349,363</u>	<u>\$ 260,016</u>	<u>\$ 2,495,126</u>

The Notes to Consolidated Financial Statements are an integral part of this statement.

San Francisco Bicycle Coalition
Consolidated Statements of Cash Flows
Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Operating activities		
Change in net assets	\$ (512,337)	\$ 81,820
Adjustments to reconcile change in net assets to net cash used in operating activities		
Depreciation expense	1,846	3,492
PPP Loan forgiveness	-	(606,644)
Bad debt expense	-	10,819
Non-cash operating lease expense	63,049	-
Changes in assets and liabilities		
Accounts receivable	(50,298)	34,461
Inventory	(8,589)	(1,083)
Prepays and deposits	-	3,966
Accounts payable	(33,674)	23,343
Accrued vacation	(7,807)	23,093
Deferred revenue	(37,598)	(29,401)
Deferred rent	(8,409)	(11,439)
Payments on lease liabilities	<u>(58,692)</u>	<u>-</u>
Net cash used in operating activities	<u>(652,509)</u>	<u>(467,573)</u>
Investing activities		
Other fixed-asset adjustments	<u>5,197</u>	<u>8,338</u>
Net cash provided by investing activities	<u>5,197</u>	<u>8,338</u>
Financing activities		
Repayment of loan	-	(150,000)
Loan obtained	<u>-</u>	<u>263,944</u>
Net cash provided by financing activities	<u>-</u>	<u>113,944</u>
Net change in cash and cash equivalents	(647,312)	(345,291)
Cash and cash equivalents		
Beginning of year	<u>806,855</u>	<u>1,152,146</u>
End of year	<u>\$ 159,543</u>	<u>\$ 806,855</u>

The Notes to Consolidated Financial Statements are an integral part of these statements.

San Francisco Bicycle Coalition
Notes to Consolidated Financial Statements
December 31, 2022 and 2021

1. ORGANIZATION

The San Francisco Bicycle Coalition (“SFBC”) is a nonprofit organization whose mission is to transform San Francisco’s streets and neighborhoods into more livable and safe places by promoting the bicycle for everyday transportation. It does this through day-to-day advocacy, education, and working partnerships with government and community agencies. SFBC is exempt from income taxes under Internal Revenue Code Section 501(c)(4) and is governed by a board of directors.

In 2006, San Francisco Bicycle Coalition Education Fund (the “Education Fund”) was formed as a 501(c)(3) nonprofit organization to support SFBC’s operations, except for lobbying and political activities. Although SFBC and the Education Fund are two distinct legal entities, and each are governed by its own Board of Directors in accordance with its own bylaws; the majority the Education Fund’s board members are also board members of SFBC.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation and Business

The consolidated financial statements include the accounts of San Francisco Bicycle Coalition and San Francisco Bicycle Coalition Education Fund (collectively, the “Organization”). All significant intercompany balances and transactions have been eliminated in consolidation.

Basis of Accounting

The accompanying consolidated financial statements are presented on the accrual basis of accounting, and in accordance with accounting principles generally accepted in the United States of America (“US GAAP”). As such, net assets are reported within two net asset classifications: without donor restrictions and with donor restrictions. Descriptions of the two net asset categories are as follows:

Net assets without donor restrictions: Net assets available for use in general operations and not subject to donor restrictions. Assets restricted solely through the actions of the Board of Directors are referred to as Board-designated net assets and are also reported as net assets without donor restrictions. As of December 31, 2022 and 2021, there were no Board-designated net assets.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends and/or a purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as contributions with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports the expiration of donor restrictions when the donated or acquired assets are placed in service. If restricted donations are made and restrictions are satisfied during the same fiscal year, activity is reported as without donor restrictions in the consolidated statements of activities. As of December 31, 2022 and 2021, there were no net assets with donor restrictions.

San Francisco Bicycle Coalition
Notes to Consolidated Financial Statements
December 31, 2022 and 2021

Use of Estimates

The preparation of consolidated financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues, expenses, gains, losses and other changes in net assets during the reporting period. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

The Organization considers all cash and other highly liquid investments with initial maturities of three months or less to be cash and cash equivalents.

Concentration of Credit Risk

The Organization has significant cash balances at financial institutions which throughout the year regularly exceed the amounts insured by the Federal Deposit Insurance Corporation (“FDIC”) up to \$250,000. Any loss incurred or lack of access to such funds could have a significant adverse impact on the Organization’s financial condition, results of operations, and cash flows.

Accounts Receivable

Accounts receivable consist of amounts due for program service contracts, membership dues, and event sponsorship revenue. Accounts receivable are recorded at net present value, which approximates fair value. The Organization determines whether an allowance for uncollectible accounts should be provided for accounts receivable. Such estimates are based on management's assessment of the aged basis of its receivables, current economic conditions, subsequent collections, and historical information. Accounts receivable are written off against the allowance for doubtful accounts when all reasonable collection efforts have been exhausted. There was no allowance recorded as of December 31, 2022 or 2021.

The following table provides information about significant changes to accounts receivable for the years ended December 31:

	2022			2021		
	Program Service and Contract Fee Receivables	Event Sponsorship and Donation Receivables	Total	Program Service and Contract Fee Receivables	Event Sponsorship and Donation Receivables	Total
Accounts receivable - beginning balance	\$ 91,995	\$ 55,008	\$ 147,003	\$ 121,647	\$ 70,636	\$ 192,283
Outstanding receivables received during the year	(91,995)	(55,008)	(147,003)	(113,314)	(70,636)	(183,950)
Increases in accounts receivable	<u>168,967</u>	<u>28,334</u>	<u>197,301</u>	<u>83,662</u>	<u>55,008</u>	<u>138,670</u>
Accounts receivable - ending balance	\$ <u>168,967</u>	\$ <u>28,334</u>	\$ <u>197,301</u>	\$ <u>91,995</u>	\$ <u>55,008</u>	\$ <u>147,003</u>

Revenue and Revenue Recognition

Revenue Accounted for in Accordance with Contribution Accounting

Contributions are recognized when cash, securities, other assets, an unconditional promise to give or a notification of a beneficial interest is received. Conditional promises to give (that is, those with a measurable performance or other measurable barrier and a right of return or release) are not recognized until the conditions on which they depend have been substantially met. When collected prior to satisfaction of donor restrictions, amounts are reported as refundable advances. All contributions are considered to be net assets without donor restrictions unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as net assets with donor-restricted support that increases that net asset class.

San Francisco Bicycle Coalition
Notes to Consolidated Financial Statements
December 31, 2022 and 2021

Government grants and assistance are nonreciprocal and recognized as contributions. Typically, these arrangements are cost-reimbursable, and are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific grant provisions. Costs incurred in excess of cash received are reflected as accounts receivable in the accompanying consolidated statements of financial position. Amounts received prior to incurring qualifying expenditures are reported as deferred revenue in the consolidated statements of financial position.

Contributed property and equipment and other noncash assets are recorded at fair value at the date of donation. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Revenue Accounted for as Contracts with Customers

Revenue is recognized when the Organization satisfies a performance obligation by transferring a promised good to, or performing a service for, a customer. The amount of revenue recognized reflects the consideration the Organization expects to receive in exchange for satisfying distinct performance obligations. If a performance obligation does not meet the criteria to be considered distinct, the Organization combines it with other performance obligations until a distinct bundle of goods or services exists. Fees or amounts received in advance of satisfying contractual performance obligations are reflected as deferred revenue in the consolidated statements of financial position. Revenue is recognized either over time or at the point in time that contractual obligations are met. Specifically, for the various types of contracts, the Organization recognizes revenue as follows:

- Membership dues are comprised of an exchange element and a contribution element. The exchange element is based on the benefits received and includes a bundle of membership benefits that represent the performance obligation. The contribution element for the difference and is treated as revenue without donor restrictions. The contribution portion is recognized as revenue when received. The Organization has concluded the performance obligations related to member benefits are satisfied throughout the membership period, as member benefits are received and consumed simultaneously during the membership period. Such membership dues are recognized ratably over the applicable dues period. Membership dues received that are applicable to the following year are included in deferred revenue in the accompanying consolidated statements of financial position.
- Program fees include bike valet parking services, educational webinars/workshops, and other similar sources. These fees are recognized at the point in time where benefits are exchanged, which is when the sole performance obligation is satisfied. All amounts received that are applicable to the following year are included in deferred revenue in the accompanying consolidated statements of financial position.
- Special event revenue is recorded net of direct costs and in the period the event occurs. Special event revenue comprises an exchange element based on benefits received and a contribution element for the difference and is treated as revenue without donor restrictions. The contribution portion is recognized as revenue when received. For the exchange portion, funds received in advance of the event date are recorded as deferred revenue in the consolidated statements of financial position. Revenue from the exchange portion is recognized at a point in time, at the date the event is held.

San Francisco Bicycle Coalition
Notes to Consolidated Financial Statements
December 31, 2022 and 2021

The following table provides information about significant changes to deferred revenue for the years ended December 31:

	2022			2021		
	Membership			Membership		
	Dues	Events	Total	Dues	Events	Total
Deferred revenue - beginning balance	\$ 37,857	\$ 30,243	\$ 68,100	\$ 45,923	\$ 51,578	\$ 97,501
Revenue recognized during the year	(37,857)	(30,243)	(68,100)	(32,295)	(36,606)	(68,901)
Increases in deferred revenue	28,002	2,500	30,502	24,229	15,271	39,500
Deferred revenue - ending balance	\$ 28,002	\$ 2,500	\$ 30,502	\$ 37,857	\$ 30,243	\$ 68,100

Property and Equipment

The Organization records property and equipment of \$500 or more at cost, or if donated, at fair value on the date of donation. When donors stipulate how long the assets must be used, the contributions are recorded as support with donor restrictions. Depreciation and amortization are computed using the straight-line method and accelerated methods over the estimated useful lives of the assets ranging from 3 to 7 years, or in the case of leasehold improvements, the lesser of the useful life of the asset or the lease term. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any resulting gain or loss is included in the consolidated statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed.

Carrying values of property and equipment are reviewed for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the years ended December 31, 2022 and 2021.

Inventory

Inventories of supplies and membership premiums are carried at the lower of cost, using the first-in, first-out method, or net realizable value. The major classes of inventory are cycling kits, clothing and maps.

Functional Allocation of Expenses

The costs of providing various programs and supporting services have been summarized on a functional basis in the consolidated statements of activities and detailed within the consolidated statements of functional expenses. The Organization's consolidated financial statements report certain categories of expenses that are attributable to one or more of the Organization's programs or supporting services. Therefore, certain expenses require allocation where the Organization can demonstrate direct conduct and direct supervision of programs or supporting services that receive a benefit. Such expenses include salaries and benefits, professional services, rent, information technology, office expenses, depreciation, insurance, meals, entertainment and travel, and other expense. Salaries and benefits are allocated based on time and effort estimated by employee, and all other expense allocations are based on estimates of use or benefit received to the program or supporting functions of the Organization.

Advertising

Advertising costs are expensed as incurred.

San Francisco Bicycle Coalition
Notes to Consolidated Financial Statements
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Leases

The Organization categorizes leases with contractual terms longer than twelve months as either operating or finance. Finance leases are generally those leases that allow the Organization to substantially utilize or pay for the entire asset over its estimated life. All other leases are categorized as operating leases. Leases with contractual terms of 12 months or less are not recorded on the consolidated balance sheets. The Organization had one operating leases during the years ended December 31, 2022 and 2021.

Certain lease contracts include obligations to pay for other services, such as operations, property taxes, and maintenance. For leases of property, the Organization accounts for these other services as a separate component of the lease accounted for separately and the Organization allocates payments to the lease and other services components based on billed stand-alone prices.

Lease liabilities are recognized at the present value of the fixed lease payments using a discount rate based on the risk-free rate. Right of use assets are recognized based on the initial present value of the fixed lease payments plus any direct costs from executing the leases. Lease assets are tested for impairment in the same manner as long-lived assets used in operations.

Options to extend lease terms, terminate leases before the contractual expiration date, or purchase the leased assets, are evaluated for their likelihood of exercise. If it is reasonably certain that the option will be exercised, the option is considered in determining the classification and measurement of the lease.

Income Taxes

SFBC and its Education Fund have been granted exemptions from federal income taxes under Sections 501(c)(4) and 501(c)(3), respectively, of the Internal Revenue Code. The Organization is subject to income taxes on revenue generated from other sources unrelated to its exempt purpose. There was no unrelated business income tax for the years ended December 31, 2022 and 2021.

Uncertain Tax Positions

US GAAP requires management to evaluate tax positions taken by the Organization and to recognize a tax liability (or asset) if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by applicable taxing authorities. For the years ended December 31, 2022 and 2021, the Organization has determined that no material uncertain tax positions qualify for either recognition or disclosure in the consolidated financial statements. There have been no tax related interest or penalties for the years presented in these consolidated financial statements.

Accounting Pronouncements Adopted in the Current Year

Leases

In February 2016, the Financial Accounting Standards Board (“FASB”) issued an Accounting Standards Update (“ASU”) amending the accounting for leases. The Organization adopted the new standard effective January 1, 2022, using the modified retrospective approach. Comparative prior periods were not adjusted upon adoption, as the Organization utilized the practical expedient available under the guidance. Further, the Organization elected to implement the package of practical expedients, whereby the Organization did not (i) reassess existing contracts for embedded leases, (ii) reassess existing lease agreements for finance or operating classification, or (iii) reassess existing lease agreements in consideration of initial direct costs. The implementation of this standard did not have a material impact to the consolidated financial statements.

Upon adoption, the Organization recognized \$458,153 in right-of-use (“ROU”) assets related to its leased property and equipment. Corresponding lease liabilities of \$466,562 were also recognized. Deferred rent liabilities of \$8,409 were reclassified and netted against the ROU asset. There was no cumulative effect of applying the new standard and accordingly there was no adjustment to net assets upon adoption.

San Francisco Bicycle Coalition
Notes to Consolidated Financial Statements
December 31, 2022 and 2021

Contributed Nonfinancial Assets

The Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2020-07, *Not-for-Profit Entities: Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This pronouncement requires not-for-profit entities to present contributed non-financial assets in the consolidated statement of activities as a line that is separate from other contributions and provide additional disclosure information related to these items. The Organization adopted the provisions of ASU 2020-07 on a retrospective basis as of January 1, 2021. The Organization did not have any non-financial asset contributions for the years ended December 31, 2022 and 2021.

Reclassifications

Certain reclassifications have been made to the prior year amounts to conform to the current year presentation. The reclassifications had no impact on previously reported net assets.

3. LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the date of the consolidated statements of financial position, comprise the following at December 31:

	<u>2022</u>	<u>2021</u>
Financial assets available at year-end		
Cash and cash equivalents	\$ 159,543	\$ 806,855
Accounts receivable, net	197,301	147,003
Inventory	<u>33,142</u>	<u>24,553</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 389,986</u>	<u>\$ 978,411</u>

The Organization has a policy to structure its financial assets to be available and liquid as its obligations become due. As part of the Organization's liquidity management, the Organization invests excess cash in interest-bearing savings and money market accounts.

4. PROPERTY AND EQUIPMENT, NET

Property and equipment consists of the following at December 31:

	<u>2022</u>	<u>2021</u>
Leasehold improvements	\$ 49,485	\$ 49,485
Office furniture and equipment	21,611	21,611
Software and website	<u>45,400</u>	<u>45,400</u>
	116,496	116,496
Accumulated depreciation	<u>(110,293)</u>	<u>(103,249)</u>
	<u>\$ 6,203</u>	<u>\$ 13,247</u>

Depreciation expense amounted to approximately \$1,846 and \$3,492 for the years ended December 31, 2022 and 2021, respectively.

San Francisco Bicycle Coalition
Notes to Consolidated Financial Statements
December 31, 2022 and 2021

5. LEASE

The Organization has a non-cancelable operating lease agreement for its headquarters office space in San Francisco, California, that was set to expire on August 1, 2022. The lease required minimum monthly lease payments of approximately \$14,171 from August 1, 2020 through July 31, 2021 and minimum monthly lease payments of approximately \$14,596 from August 1, 2021 through July 31, 2022. However, in March 2022, the Organization signed an amendment to the lease agreement extending the lease through August 31, 2025. The extension of the lease requires minimum monthly lease payments of \$12,750 from August 1, 2022 to July 1, 2023, minimum monthly lease payments of approximately \$13,132 from August 1, 2023 to July 1, 2024, minimum monthly lease payments of approximately \$13,526 from August 1, 2024 to July 1, 2025, and minimum monthly lease payment of approximately \$13,932 on August 1, 2025.

Because the rate implicit in the lease is not available, the Organization utilized a risk-free rate as the discount rate. The weighted average discount rate associated with the operating lease as of December 31, 2022, is 2.82%. The weighted average remaining term of the operating lease as of December 31, 2022 is approximately 2.67 years. Operating lease expense for the years ended December 31, 2022 and 2021 totaled \$173,381 and \$172,672, respectively. Cash paid for amounts included in the measurement of the operating lease was \$165,920 and \$173,023 as of December 31, 2022 and 2021, respectively.

The following is the maturity analysis of the annual undiscounted cash flows of the operating lease liability as of December 31, 2022:

2023	\$	154,913
2024		159,560
2025		<u>108,617</u>
		423,090
Less: Imputed interest		<u>(15,221)</u>
Lease liability at December 31, 2022	\$	<u>407,869</u>

6. SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through January 9, 2024, the date the consolidated financial statements were available to be issued. Management concluded that no material subsequent events have occurred since December 31, 2022 that require recognition or disclosure in the consolidated financial statements.

SUPPLEMENTARY INFORMATION

San Francisco Bicycle Coalition
Consolidating Statement of Financial Position
December 31, 2022

	<u>SFBC</u>	<u>Education Fund</u>	<u>Eliminations</u>	<u>Consolidated</u>
Assets				
Cash	\$ 100,436	\$ 59,107	\$ -	\$ 159,543
Accounts receivable, net	132,549	64,752	-	197,301
Inventory	33,142	-	-	33,142
Prepays and deposits	38,227	-	-	38,227
Property and equipment, net	6,203	-	-	6,203
Right of use asset, operating	<u>403,513</u>	<u>-</u>	<u>-</u>	<u>403,513</u>
Total assets	<u>\$ 714,070</u>	<u>\$ 123,859</u>	<u>\$ -</u>	<u>\$ 837,929</u>
Liabilities and Net Assets				
Liabilities				
Accounts payable	\$ 22,392	\$ -	\$ -	\$ 22,392
Accrued vacation	71,166	-	-	71,166
Deferred revenue	18,592	11,910	-	30,502
Lease payable, operating	<u>407,869</u>	<u>-</u>	<u>-</u>	<u>407,869</u>
Total liabilities	<u>520,019</u>	<u>11,910</u>	<u>-</u>	<u>531,929</u>
Net assets				
Without donor restrictions	<u>194,051</u>	<u>111,949</u>	<u>-</u>	<u>306,000</u>
Total liabilities and net assets	<u>\$ 714,070</u>	<u>\$ 123,859</u>	<u>\$ -</u>	<u>\$ 837,929</u>

See Independent Auditor's Report.

San Francisco Bicycle Coalition
Consolidating Statement of Financial Position
December 31, 2021

	<u>SFBC</u>	<u>Education Fund</u>	<u>Eliminations</u>	<u>Consolidated</u>
Assets				
Cash	\$ 754,269	\$ 52,586	\$ -	\$ 806,855
Accounts receivable, net	65,989	81,014	-	147,003
Inventory	24,553	-	-	24,553
Prepays and deposits	38,227	-	-	38,227
Property and equipment, net	<u>13,247</u>	<u>-</u>	<u>-</u>	<u>13,247</u>
Total assets	<u>\$ 896,285</u>	<u>\$ 133,600</u>	<u>\$ -</u>	<u>\$ 1,029,885</u>
 Liabilities and Net Assets				
Liabilities				
Accounts payable	\$ 56,066	\$ -	\$ -	\$ 56,066
Accrued vacation	78,973	-	-	78,973
Deferred revenue	24,697	43,403	-	68,100
Deferred rent	<u>8,409</u>	<u>-</u>	<u>-</u>	<u>8,409</u>
Total liabilities	<u>168,145</u>	<u>43,403</u>	<u>-</u>	<u>211,548</u>
Net assets				
Without donor restrictions	<u>728,140</u>	<u>90,197</u>	<u>-</u>	<u>818,337</u>
Total liabilities and net assets	<u>\$ 896,285</u>	<u>\$ 133,600</u>	<u>\$ -</u>	<u>\$ 1,029,885</u>

See Independent Auditor's Report.

San Francisco Bicycle Coalition
Consolidating Statement of Activities
Year Ended December 31, 2022

	<u>SFBC</u>	<u>SFBC Education Fund</u>		
	<u>Without Donor Restrictions</u>	<u>Without Donor Restrictions</u>	<u>Eliminations</u>	<u>Consolidated</u>
Revenue				
Membership dues	\$ 157,472	\$ 96,323	\$ -	\$ 253,795
Foundation grants	2,000	99,086	-	101,086
Contributions	7,523	786,982	-	794,505
Contracts	583,277	-	-	583,277
Program fees and sponsorships	98,248	23,055	-	121,303
Special events, net	20,057	203,501	-	223,558
Other income	3,782	78	-	3,860
Total revenue	<u>872,359</u>	<u>1,209,025</u>	<u>-</u>	<u>2,081,384</u>
Expenses				
Program services	1,082,145	873,528	-	1,955,673
General and administrative	209,269	186,001	-	395,270
Fundraising	115,034	127,744	-	242,778
Total expenses	<u>1,406,448</u>	<u>1,187,273</u>	<u>-</u>	<u>2,593,721</u>
Change in net assets	(534,089)	21,752	-	(512,337)
Net assets				
Beginning of year	<u>728,140</u>	<u>90,197</u>	<u>-</u>	<u>818,337</u>
End of year	<u>\$ 194,051</u>	<u>\$ 111,949</u>	<u>\$ -</u>	<u>\$ 306,000</u>

See Independent Auditor's Report.

San Francisco Bicycle Coalition
Consolidating Statement of Activities
Year Ended December 31, 2021

	<u>SFBC</u>	<u>SFBC Education Fund</u>		
	<u>Without Donor Restrictions</u>	<u>Without Donor Restrictions</u>	<u>Eliminations</u>	<u>Consolidated</u>
Revenue				
Membership dues	\$ 176,880	\$ 122,700	\$ -	\$ 299,580
Foundation grants	-	246,500	-	246,500
Contributions	286	695,693	-	695,979
Contracts	429,027	-	-	429,027
Program fees and sponsorships	103,143	100,316	-	203,459
Special events, net	(774)	89,635	-	88,861
Loan forgiveness revenue	-	606,644	-	606,644
Other income	6,832	64	-	6,896
Total revenue	<u>715,394</u>	<u>1,861,552</u>	<u>-</u>	<u>2,576,946</u>
Expenses				
Program services	487,408	1,352,111	-	1,839,519
General and administrative	121,201	228,162	-	349,363
Fundraising	81,381	224,863	-	306,244
Total expenses	<u>689,990</u>	<u>1,805,136</u>	<u>-</u>	<u>2,495,126</u>
Change in net assets	25,404	56,416	-	81,820
Net assets				
Beginning of year	<u>702,736</u>	<u>33,781</u>	<u>-</u>	<u>736,517</u>
End of year	<u>\$ 728,140</u>	<u>\$ 90,197</u>	<u>\$ -</u>	<u>\$ 818,337</u>

See Independent Auditor's Report.