

TRANSPORTATION ALTERNATIVES, INC.

FINANCIAL STATEMENTS

For the Year Ended December 31, 2013

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FINANCIAL STATEMENTS

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Harold L. Mohn, Jr. CPA, MST  
*Managing Partner*

James G. Z. Allen, CPA  
*Partner*

H. Mark Alexander, Jr., CPA  
*(1942-2012)*

R. Scott Handel, CPA, MBA  
*(1964-2008)*

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Transportation Alternatives, Inc.

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Transportation Alternatives, Inc. (a nonprofit organization) which comprise the statement of financial position as of December 31, 2013 and the related statements of activities and cash flows for the year 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.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 evaluation 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 December 31, 2013 and the changes in its net assets and cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

### **Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of functional expenses and program services expenses are presented for purposes of additional analysis and are not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

*Mohn Allen, P.C.*

May 29, 2014

TRANSPORTATION ALTERNATIVES, INC.  
STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2013

<b>ASSETS</b>		
Cash and cash equivalents	\$	957,366
Accounts receivable		373,401
Prepaid expenses		48,944
Deposits		16,583
Fixed assets, net of depreciation and amortization (Note 4)		<u>56,067</u>
<b>TOTAL ASSETS</b>	<b>\$</b>	<b><u><u>1,452,361</u></u></b>
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$	87,918
Deferred revenue		<u>7,500</u>
<b>TOTAL LIABILITIES</b>		<b>95,418</b>
<b>NET ASSETS</b>		
Unrestricted net assets - board designated (Note 9)		400,000
Unrestricted net assets		858,834
Temporarily restricted net assets		<u>98,109</u>
<b>TOTAL NET ASSETS</b>		<b><u><u>1,356,943</u></u></b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$</b>	<b><u><u>1,452,361</u></u></b>

TRANSPORTATION ALTERNATIVES, INC.  
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2013

	Unrestricted	Temporarily Restricted	Total
REVENUES AND OTHER SUPPORT			
Contributions	\$ 1,844,206	\$ -	\$ 1,844,206
Membership	353,399	-	353,399
Grants	161,228	328,844	490,072
Program service fees	446,502	-	446,502
Sponsorship	108,503	-	108,503
Interest income	2,238	-	2,238
Other	69,224	-	69,224
Funds released from restriction	288,368	(288,368)	-
	3,273,668	40,476	3,314,144
TOTAL REVENUE AND OTHER SUPPORT			
EXPENSES			
Program services	2,920,982	-	2,920,982
Management	351,399	-	351,399
Fundraising	224,290	-	224,290
	3,496,671	-	3,496,671
TOTAL EXPENSES			
CHANGE IN NET ASSETS	(223,003)	40,476	(182,527)
NET ASSETS AT BEGINNING OF YEAR	1,481,837	57,633	1,539,470
NET ASSETS AT END OF YEAR	\$ 1,258,834	\$ 98,109	\$ 1,356,943

TRANSPORTATION ALTERNATIVES, INC.  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2013

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Change in net assets	\$ (182,527)
Adjustments to reconcile change in net assets to net cash used by operating activities:	
Depreciation and amortization	23,756
(Increase) decrease in operating assets:	
Accounts receivable	(166,157)
Prepaid expenses	(21,084)
Increase (decrease) in operating liabilities:	
Accounts payable and accrued expenses	33,961
Deferred revenue	<u>7,500</u>
<b>NET CASH USED BY OPERATING ACTIVITIES</b>	<b>(304,551)</b>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Purchase of fixed assets	<u>(22,744)</u>
<b>NET CASH USED BY INVESTING ACTIVITIES</b>	<b><u>(22,744)</u></b>
 <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
<b>NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES</b>	<b><u>-</u></b>
<b>DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(327,295)</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>1,284,661</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b><u>\$ 957,366</u></b>

TRANSPORTATION ALTERNATIVES, INC.  
FINANCIAL STATEMENT FOOTNOTES  
FOR THE YEAR ENDED DECEMBER 31, 2013

NOTE 1 – NATURE OF 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 of Accounting - The financial statements of Transportation Alternatives, Inc. have been prepared on the accrual basis of accounting whereby, revenue is recognized when earned rather than when received, and expenses are recognized when the related liability is incurred rather than when paid.

Basis of Presentation - Financial statement presentation follows FASB Accounting Standards Codifications Topic 958 *Not-for-Profit Entities*. In accordance with the topic, Transportation Alternatives, Inc. is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Transportation Alternatives, Inc had no permanently restricted net assets for the year ended December 31, 2013. Temporarily restricted net assets total \$98,109 as of December 31, 2013 and are contributions received in 2013 for use in 2014 and for specific programs.

Cash and Cash Equivalents – For the purposes of the Statement of Cash Flows, the Organization considers all readily available money market assets to be cash equivalents.

Use of Estimates - Management uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were assumed in preparing the financial statements.

Promises to Give – Unconditional promises to give are recognized as revenue in the period received and as assets, decreases of liabilities or expenses depending on the form of the benefits received. Promises to give are recorded at net realizable value, if they are expected to be collected in one year and at fair value if they are expected to be collected in more than one year. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Fixed Assets and Depreciation – Furniture and equipment are recorded at cost. Fixed assets are being depreciated over estimated useful lives using the straight-line method of depreciation. It is the Organization’s practice to capitalize assets costing \$1,000 or more.

TRANSPORTATION ALTERNATIVES, INC.  
FINANCIAL STATEMENT FOOTNOTES  
FOR THE YEAR ENDED DECEMBER 31, 2013

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Receivables - Accounts receivables are reported at their outstanding balances. Accounts receivables considered uncollectible by management have been written off as bad debts.

Accounts receivable consisted of the following as of December 31, 2013:

Pledges receivable	\$ 242,702
Grants receivable	101,609
Other accounts receivable	<u>29,090</u>
Total accounts receivable	<u><u>\$ 373,401</u></u>

Functional Expenses – Indirect functional expenses have been allocated between Program Services, Management and Fundraising based on personnel time spent for each activity. Direct expenses are respectively recorded by function.

Concentration of Credit Risk

The Organization maintains cash deposits with various banks. Accounts are insured by the Federal Deposit Insurance Corporation (FDIC) for up to \$250,000. The Organization had bank deposits at two institutions that exceeded the FDIC insurance level by \$449,116 at December 31, 2013. The Organization has not experienced any losses in such accounts. Management believes it is not exposed to any significant credit risk on cash.

Advertising Costs - Advertising costs are expensed as they are incurred.

Income Taxes

Transportation Alternatives, Inc. qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and is not considered to be a private foundation within the meaning of Section 509(a) of the Code. Contributions to Transportation Alternatives, Inc. are tax deductible to donors under Section 170 of the Internal Revenue Code. Transportation Alternatives, Inc. is required to report unrelated business income to the IRS and the New York State taxing authority. The Organization did not have any unrelated business income for the year ended December 31, 2013.

TRANSPORTATION ALTERNATIVES, INC.  
FINANCIAL STATEMENT FOOTNOTES  
FOR THE YEAR ENDED DECEMBER 31, 2013

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes (Continued)

Transportation Alternatives, Inc. has adopted the accounting of uncertainty in income taxes as required by the Income Taxes topic (Topic 740) of the FASB Accounting Standards Codification. Topic 740 requires Transportation Alternatives, Inc. to determine whether a tax position is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The tax benefit to be recognized is measured as the largest amount of benefit that is more than fifty percent likely of being realized upon ultimate settlement, which could result in Transportation Alternatives, Inc. recording a tax liability that would reduce Transportation Alternatives, Inc.'s net assets.

Management has analyzed Transportation Alternatives, Inc.'s tax positions, and has concluded that no liability for unrecognized tax benefits should be recorded related to uncertain tax positions taken on returns filed for open tax years (2010-2012), or expected to be taken in its 2013 tax return. Transportation Alternatives, Inc. is not aware of any tax positions for which it believes that there is a reasonable possibility that the total amounts of unrecognized tax benefits will change materially in the next twelve months.

NOTE 3 – CONTRIBUTED SERVICES

The value of contributed services is not reflected in the accompanying financial statements since there are no objective basis available by which to measure the value of such services. Nevertheless, volunteers have donated significant amounts of their time to various Organization programs.

NOTE 4 – FIXED ASSETS

Fixed assets and accumulated depreciation consist of the following as December 31, 2013:

Furniture and equipment	\$ 118,050
Leasehold improvements	9,218
	<hr/> 127,268
Accumulated depreciation and amortization	(71,201)
	<hr/> <hr/> \$ 56,067

NOTE 5 – ALLOCATION OF JOINT COSTS

There were no joint costs of information during 2013.

TRANSPORTATION ALTERNATIVES, INC.  
 FINANCIAL STATEMENT FOOTNOTES  
 FOR THE YEAR ENDED DECEMBER 31, 2013

NOTE 6 – RESTRICTED NET ASSETS

Restricted contributions whose restrictions are met in the same reporting period are shown as unrestricted contributions. The Organization held no permanently restricted net assets as of December 31, 2013. Temporarily restricted revenue was received in 2013 for the following purposes:

Policy and Government Affairs	\$ 243,609
Campaign and Organizing	52,235
Restricted for time	25,000
Relocation expenses	<u>8,000</u>
Total temporarily restricted revenue	<u>\$ 328,844</u>

Temporarily restricted net assets at December 31, 2013 total \$98,109 and are restricted for the following purposes:

Policy and Government Affairs	\$ 65,109
Restricted for time	25,000
Relocation expenses	<u>8,000</u>
Total temporarily restricted net assets	<u>\$ 98,109</u>

NOTE 7 – FAIR VALUE

The carrying amounts reflected in the balance sheets for cash and cash equivalents, accounts receivable, prepaid expenses, accounts payable and deferred revenue are of a short term nature, and their recorded values approximate their respective fair values.

NOTE 8 – COMMITMENTS

In February of 2002, the Organization entered into an operating lease for office space. The lease agreement was amended in May, 2005, to extend the lease for ten years, through July, 2015, and provide a new location. The current gross rent payment under the amended agreement is \$9,870 per month, with an annual escalation of 3%. The Organization also leases additional storage units for \$800 per month.

The Organization is responsible for its own share of utilities that are billed separate from rent. The Organization's share of minimum future lease payments is as follows:

2014	133,723
2015	<u>79,214</u>
	<u>\$ 212,937</u>

Rent expense was \$127,531 for the year ended December 31, 2013.

TRANSPORTATION ALTERNATIVES, INC.  
FINANCIAL STATEMENT FOOTNOTES  
FOR THE YEAR ENDED DECEMBER 31, 2013

NOTE 9 – CONCENTRATIONS

Contributions Revenue – As of December 31, 2013, contributions revenue of \$925,000 have been received from three donors.

Grants Revenue – During the year ended December 31, 2013, grants revenue of \$210,000 have been received from one grantor.

NOTE 10 – BOARD DESIGNATED FUNDS

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

NOTE 11 – SUBSEQUENT EVENTS

As required by the Subsequent Events topic (Topic 855) of the FASB Accounting Standards Codification, Transportation Alternatives, Inc has evaluated the impact of its financial statements and disclosures of certain transactions occurring subsequent to its year-end through May 29, 2014, which is the date Transportation Alternatives, Inc.'s financial statements were available to be issued. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required.

SUPPLEMENTARY INFORMATION

TRANSPORTATION ALTERNATIVES, INC.  
SCHEDULE OF FUNCTIONAL EXPENSES  
FOR YEAR ENDED DECEMBER 31, 2013

	<u>Program Services</u>	<u>Management</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 1,566,635	\$ 196,521	\$ 93,306	\$ 1,856,462
Payroll taxes	128,343	16,100	7,644	152,087
Employee benefits	<u>107,749</u>	<u>13,516</u>	<u>6,418</u>	<u>127,683</u>
Total salaries and related expenses	1,802,727	226,137	107,368	2,136,232
Accounting	-	31,480	-	31,480
Advertising, promotion and printing	207,770	4,836	35,344	247,950
Special event expenses	129,609	-	40,061	169,670
Conferences, meetings and travel	37,066	1,005	2,173	40,244
Consultant/Fee for service	333,643	18,895	8,290	360,828
Depreciation	20,515	2,198	1,043	23,756
Information technology	85,805	10,750	6,980	103,535
Insurance	848	8,286	-	9,134
Occupancy expense	145,758	17,929	8,512	172,199
Office expenses	134,736	28,607	10,587	173,930
Other operating expenses	<u>22,505</u>	<u>1,276</u>	<u>3,932</u>	<u>27,713</u>
TOTAL EXPENSES	<u>\$ 2,920,982</u>	<u>\$ 351,399</u>	<u>\$ 224,290</u>	<u>\$ 3,496,671</u>

TRANSPORTATION ALTERNATIVES, INC.  
SCHEDULE OF PROGRAM SERVICES EXPENSES  
FOR YEAR ENDED DECEMBER 31, 2013

Policy and Government Affairs	\$ 1,118,636
Membership	427,515
Outreach Tours and Events	622,930
Campaigns and Organizing	<u>751,901</u>
Total Program Services Expenses	<u>\$ 2,920,982</u>