

FINANCIAL STATEMENTS



WABA
WASHINGTON AREA
BICYCLIST ASSOCIATION

**FOR THE YEARS ENDED
DECEMBER 31, 2020 AND 2019**

WASHINGTON AREA BICYCLIST ASSOCIATION, INC.

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CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Washington Area Bicyclist Association, Inc.
Washington, D.C.

We have audited the accompanying financial statements of the Washington Area Bicyclist Association, Inc. (the Association), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

4550 MONTGOMERY AVENUE • SUITE 800 NORTH • BETHESDA, MARYLAND 20814
(301) 951-9090 • WWW.GRFCPA.COM

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MEMBER OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS' PRIVATE COMPANIES PRACTICE SECTION

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Association as of December 31, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Gelman Rosenberg & Friedman

July 8, 2021

WASHINGTON AREA BICYCLIST ASSOCIATION, INC.

STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2020 AND 2019

ASSETS		<u>2020</u>	<u>2019</u>
CURRENT ASSETS			
Cash and cash equivalents		\$ 1,246,722	\$ 1,070,898
Investments		60,710	60,315
Grants and contracts receivable		48,559	50,554
Prepaid expenses		<u>32,544</u>	<u>30,554</u>
Total current assets		<u>1,388,535</u>	<u>1,212,321</u>
FIXED ASSETS			
Furniture and equipment		87,014	59,448
Less: Accumulated depreciation		<u>(40,978)</u>	<u>(28,492)</u>
Net fixed assets		<u>46,036</u>	<u>30,956</u>
OTHER ASSETS			
		<u>4,325</u>	<u>4,325</u>
TOTAL ASSETS		<u>\$ 1,438,896</u>	<u>\$ 1,247,602</u>
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accounts payable and accrued liabilities		\$ 117,536	\$ 94,678
Due to sponsored projects		<u>28,459</u>	<u>28,402</u>
Total liabilities		<u>145,995</u>	<u>123,080</u>
NET ASSETS			
Without donor restrictions		1,192,901	922,522
With donor restrictions		<u>100,000</u>	<u>202,000</u>
Total net assets		<u>1,292,901</u>	<u>1,124,522</u>
TOTAL LIABILITIES AND NET ASSETS		<u>\$ 1,438,896</u>	<u>\$ 1,247,602</u>

WASHINGTON AREA BICYCLIST ASSOCIATION, INC.

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT						
Government contracts	\$ 685,851	\$ -	\$ 685,851	\$ 556,017	\$ -	\$ 556,017
Contributions	435,052	100,000	535,052	329,839	202,000	531,839
Corporate sponsorship	193,250	-	193,250	171,866	-	171,866
Annual membership support	107,789	-	107,789	142,650	-	142,650
Registration	77,630	-	77,630	133,723	-	133,723
Grants	150,068	-	150,068	57,013	-	57,013
Government grants	167,042	-	167,042	-	-	-
Contracts	8,150	-	8,150	27,121	-	27,121
Investment income	3,147	-	3,147	7,205	-	7,205
Miscellaneous income	3,392	-	3,392	6,363	-	6,363
Net assets released from donor restrictions	202,000	(202,000)	-	-	-	-
Total revenue and support	2,033,371	(102,000)	1,931,371	1,431,797	202,000	1,633,797
EXPENSES						
Program Services:						
Member Programs and Development	159,197	-	159,197	148,243	-	148,243
Advocacy and Promotion of Cycling	545,398	-	545,398	442,584	-	442,584
Adult Education	95,882	-	95,882	142,745	-	142,745
Youth Education	93,380	-	93,380	113,924	-	113,924
Events	123,859	-	123,859	137,452	-	137,452
50 States Ride	12,990	-	12,990	-	-	-
Trail Rangers	162,003	-	162,003	185,147	-	185,147
Outreach	189,316	-	189,316	169,107	-	169,107
Total program services	1,382,025	-	1,382,025	1,339,202	-	1,339,202
Supporting Services:						
Management and General	217,133	-	217,133	219,900	-	219,900
Fundraising	163,834	-	163,834	156,221	-	156,221
Total supporting services	380,967	-	380,967	376,121	-	376,121
Total expenses	1,762,992	-	1,762,992	1,715,323	-	1,715,323
Changes in net assets	270,379	(102,000)	168,379	(283,526)	202,000	(81,526)
Net assets at beginning of year	922,522	202,000	1,124,522	1,206,048	-	1,206,048
NET ASSETS AT END OF YEAR	\$ 1,192,901	\$ 100,000	\$ 1,292,901	\$ 922,522	\$ 202,000	\$ 1,124,522

See accompanying notes to financial statements.

WASHINGTON AREA BICYCLIST ASSOCIATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020

	Program Services								Supporting Services				
	Member Programs and Development	Advocacy and Promotion of Cycling	Adult Education	Youth Education	Events	50 States Ride	Trail Rangers	Outreach	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total Expenses
Salaries	\$ 96,610	\$ 358,613	\$ 64,889	\$ 68,784	\$ 81,250	\$ -	\$ 87,483	\$ 138,125	\$ 895,754	\$ 100,060	\$ 117,201	\$ 217,261	\$ 1,113,015
Payroll taxes	8,059	29,915	5,413	5,738	6,778	-	7,298	11,522	74,723	8,347	9,777	18,124	92,847
Employee benefits	10,640	39,495	7,146	7,575	8,948	-	9,635	15,212	98,651	11,020	12,908	23,928	122,579
Accounting	-	-	-	-	-	-	-	-	-	15,850	-	15,850	15,850
Advertising and mailing services	-	269	11	841	1,000	-	95	326	2,542	166	106	272	2,814
Bank charges	3,717	314	90	611	2,343	827	-	8	7,910	2	7,606	7,608	15,518
Consultants	12,916	76,200	8,970	1,357	911	-	27,350	1,003	128,707	29,352	37	29,389	158,096
Depreciation	1,084	4,023	728	772	911	-	981	1,550	10,049	2,437	-	2,437	12,486
Equipment	-	-	2,239	1,871	2,050	290	6,725	256	13,431	6,437	-	6,437	19,868
Freight, postage and delivery	3,175	-	-	-	297	-	-	-	3,472	220	4,133	4,353	7,825
Insurance	-	-	-	-	-	-	-	-	-	15,370	(91)	15,279	15,279
Meetings and development	-	1,433	65	66	235	-	-	206	2,005	1,124	260	1,384	3,389
Member premiums	12,138	-	-	100	4,806	2,895	1,936	-	21,875	-	8	8	21,883
Miscellaneous expense	1,000	3	-	-	-	-	-	-	1,003	-	38	38	1,041
Permits and fees	-	-	600	-	945	120	475	104	2,244	1,495	1,378	2,873	5,117
Printing and design	-	-	-	-	-	-	6,517	9,147	15,664	-	10,259	10,259	25,923
Rent	7,592	28,182	5,099	5,405	6,385	7,592	6,875	10,855	77,985	9,482	-	9,482	87,467
Supplies	1,548	3,462	211	39	3,096	962	6,009	125	15,452	4,706	79	4,785	20,237
Telephone and internet	300	1,591	217	5	21	-	349	250	2,733	9,766	-	9,766	12,499
Travel and subsistence	114	771	-	-	3,628	-	-	193	4,706	920	135	1,055	5,761
Utilities	304	1,127	204	216	255	304	275	434	3,119	379	-	379	3,498
TOTAL	\$ 159,197	\$ 545,398	\$ 95,882	\$ 93,380	\$123,859	\$ 12,990	\$ 162,003	\$ 189,316	\$ 1,382,025	\$ 217,133	\$ 163,834	\$ 380,967	\$ 1,762,992

See accompanying notes to financial statements.

WASHINGTON AREA BICYCLIST ASSOCIATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019

	Program Services							Supporting Services				Total Expenses
	Member Programs and Development	Advocacy and Promotion of Cycling	Adult Education	Youth Education	Events	Trail Rangers	Outreach	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Salaries	\$ 90,059	\$ 287,774	\$ 60,039	\$ 74,531	\$ 78,672	\$ 130,430	\$ 120,078	\$ 841,583	\$ 93,165	\$ 100,410	\$ 193,575	\$ 1,035,158
Payroll taxes	7,420	23,711	4,947	6,141	6,482	10,747	9,894	69,342	7,676	8,273	15,949	85,291
Employee benefits	10,483	33,499	6,989	8,676	9,158	15,183	13,978	97,966	10,845	11,688	22,533	120,499
Accounting	-	-	-	-	-	-	-	-	15,253	-	15,253	15,253
Advertising and mailing services	50	7,505	1,138	53	945	1,099	475	11,265	-	239	239	11,504
Bank charges	4,808	292	816	339	4,853	31	398	11,537	495	5,171	5,666	17,203
Consultants	19,000	24,676	45,685	4,000	1,991	5,372	1,848	102,572	26,894	4,500	31,394	133,966
Depreciation	737	2,354	491	610	644	1,067	982	6,885	763	821	1,584	8,469
Equipment	-	503	13,553	10,605	1,105	-	-	25,766	15,784	-	15,784	41,550
Freight, postage and delivery	3,203	55	-	-	-	-	-	3,258	437	848	1,285	4,543
Insurance	-	-	-	-	-	-	-	-	12,389	-	12,389	12,389
Meetings and development	-	6,290	2,435	85	42	233	515	9,600	918	40	958	10,558
Member premiums	2,592	179	549	-	4,391	5,517	3,269	16,497	-	-	-	16,497
Miscellaneous expense	21	-	-	-	-	-	-	21	-	-	-	21
Permits and fees	-	88	240	51	3,026	-	120	3,525	1,688	1,138	2,826	6,351
Printing and design	-	2,890	-	-	-	545	6,595	10,030	-	14,389	14,389	24,419
Rent	7,055	30,135	4,703	5,838	7,268	10,217	9,406	74,622	7,298	7,866	15,164	89,786
Supplies	1,433	3,787	604	190	9,442	2,715	345	18,516	11,091	248	11,339	29,855
Telephone and internet	876	572	-	-	28	611	60	2,147	9,759	-	9,759	11,906
Travel and subsistence	191	17,266	346	2,544	9,129	923	723	31,122	5,119	238	5,357	36,479
Utilities	315	1,008	210	261	276	457	421	2,948	326	352	678	3,626
TOTAL	\$ 148,243	\$ 442,584	\$ 142,745	\$ 113,924	\$ 137,452	\$ 185,147	\$ 169,107	\$ 1,339,202	\$ 219,900	\$ 156,221	\$ 376,121	\$ 1,715,323

See accompanying notes to financial statements.

WASHINGTON AREA BICYCLIST ASSOCIATION, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ 168,379	\$ (81,526)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	12,486	8,469
Unrealized loss (gain) on investments	354	(474)
Decrease (increase) in:		
Grants and contracts receivable	1,995	218,072
Prepaid expenses	(1,990)	(8,524)
Increase (decrease) in:		
Accounts payable and accrued liabilities	22,858	(9,974)
Due to sponsored projects	<u>57</u>	<u>(57)</u>
Net cash provided by operating activities	<u>204,139</u>	<u>125,986</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(27,566)	(20,521)
Reinvestment of dividends	<u>(749)</u>	<u>(1,456)</u>
Net cash used by investing activities	<u>(28,315)</u>	<u>(21,977)</u>
Net increase in cash and cash equivalents	175,824	104,009
Cash and cash equivalents at beginning of year	<u>1,070,898</u>	<u>966,889</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 1,246,722</u>	<u>\$ 1,070,898</u>

WASHINGTON AREA BICYCLIST ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Organization -

The Washington Area Bicyclist Association, Inc. (the Association) is a not-for-profit organization, incorporated in the District of Columbia in 1972, for the purpose of advocating the use of bicycling for recreation and transportation purposes; identifying bicycle problems and researching possible solutions; and studying and developing programs for advancing traffic safety including, but not limited to, education of motorists and bicyclists, and planning for efficient traffic systems.

Basis of presentation -

The accompanying financial statements are presented on the accrual basis of accounting, and in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. 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 are recorded as "net assets without donor restrictions". Assets restricted solely through the actions of the Board are referred to as Board designated and are also reported as net assets without donor restrictions.
- **Net Assets With Donor Restrictions** - 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 or 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 Statements of Activities and Changes in Net Assets as net assets released from donor restrictions. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue without donor restrictions when the assets are placed in service.

Cash and cash equivalents -

The Association considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents. Bank deposit accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to a limit of \$250,000. At times during the year, the Association maintains cash balances in excess of the FDIC insurance limits. Management believes the risk in these situations to be minimal.

Investments -

Investments are recorded at their readily determinable fair value. Interest, dividends, realized and unrealized gains and losses are included in investment income, which is presented net of investment expenses paid to external investment advisors, in the accompanying Statements of Activities and Changes in Net Assets.

Grants and contracts receivable -

Grants and contracts receivable approximate fair value. Management considers all amounts to be fully collectible within one year. Accordingly, an allowance for doubtful accounts has not been established.

WASHINGTON AREA BICYCLIST ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)

Fixed assets -

Fixed assets in excess of \$1,000 are capitalized and stated at cost. Fixed assets are depreciated on a straight-line basis over the estimated useful lives of the related assets, generally three to five years. The cost of maintenance and repairs is recorded as expenses are incurred. Depreciation expense for the years ended December 31, 2020 and 2019 totaled \$12,486 and \$8,469, respectively.

Income taxes -

The Association is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in the accompanying financial statements. The Association is not a private foundation.

Uncertain tax positions -

For the years ended December 31, 2020 and 2019, the Association has documented its consideration of FASB ASC 740-10, *Income Taxes*, that provides guidance for reporting uncertainty in income taxes and has determined that no material uncertain tax positions qualify for either recognition or disclosure in the financial statements.

Contributions, contracts and grants -

The majority of the Association's revenue is received through contributions as well as contracts and grants from the District of Columbia and other local governments. Contributions, contracts and grants are recognized in the appropriate category of net assets in the period received. The Association performs an analysis of the individual contribution, grant and contract to determine if the revenue streams follow the contributions rules or if considered an exchange transaction depending on whether the transaction is reciprocal or nonreciprocal.

For contributions and grants qualifying under the contributions rules, revenue is recognized upon notification of the award and satisfaction of all conditions, if applicable. Conditional promises to give are not recognized until the condition on which they depend are substantially met. Contributions and grants qualifying as contributions that are unconditional that have donor restrictions are recognized as "without donor restrictions" only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions; such funds in excess of expenses incurred are shown as net assets with donor restrictions in the accompanying financial statements.

Grant and contributions agreements qualifying as conditional contributions contain a right of return and a barrier. Revenue is recognized when the condition or conditions are satisfied. Most grants and contract awards from U. S. Federal and local Government and other entities are for direct and indirect program costs. These transactions are nonreciprocal and classified as conditional and are recognized as contributions when the revenue becomes unconditional. Typically, these agreements also contain a right of return or right of release from obligation provision and the entity has limited discretion over how funds transferred should be spent. As such, the Association recognizes revenue for these conditional contributions when the related barrier has been overcome (generally, when qualifying expenditures are incurred). Funds received in advance of the incurrence of qualifying expenditures are recorded as refundable advances.

WASHINGTON AREA BICYCLIST ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION**
(Continued)

Contributions, contracts and grants (continued) -

Grants and contracts classified as exchange transactions follow ASU 2014-09, *Revenue from Contracts With Customers* and record revenue when the performance obligations are met. The Association has elected to opt out of all (or certain) disclosures not required for nonpublic entities. Transaction price is based on cost. The revenue is recorded directly to without donor restrictions and the transaction price is based on expenses incurred in compliance with the criteria stipulated in the grant or contract agreements. Grants and contracts receivable represents amounts due from funding organizations for reimbursable expenses incurred in accordance with the grant and contract agreements. Funding received in advance of incurring the related expenses is recorded as deferred revenue.

Registration and sponsorship revenue -

Program revenue received for registrations of events and sponsorships is recorded as revenue when performance obligations are met which is when the related events have occurred. Transaction price is determined based on cost and/or sales price. Any amounts received in advance are recognized as deferred revenue in the Statements of Financial Position. There was no deferred revenue associated with registration and sponsorships as of December 31, 2020 and 2019.

Annual membership support -

Membership support is treated as contributions without donor restrictions and is considered to be substantially paid in support of the general mission of the Association. Membership support is recorded upon receipt.

Use of estimates -

The preparation of the 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 at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Fair value measurement -

The Association adopted the provisions of FASB ASC 820, Fair Value Measurement. FASB ASC 820 defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs (assumptions that market participants would use in pricing assets and liabilities, including assumptions about risk) used to measure fair value, and enhances disclosure requirements for fair value measurements. The Association accounts for a significant portion of its financial instruments at fair value or considers fair value in their measurement.

Functional allocation of expenses -

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statements of Activities and Changes in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses directly attributed to a specific functional area of the Association are reported as direct expenses to the programmatic area and those expenses that benefit more than one function are allocated on a basis of estimated time and effort.

WASHINGTON AREA BICYCLIST ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)

Risks and uncertainties -

The Association invests in various investment securities. Investment securities are exposed to various risks such as interest rates, market and credit risks.

Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying financial statements.

New accounting pronouncements (not yet adopted) -

FASB issued ASU 2019-01, *Leases* (Topic 842). The ASU changes the accounting treatment for operating leases by recognizing a lease asset and lease liability at the present value of the lease payments in the Statements of Financial Position and disclosing key information about leasing arrangements. During 2020, the FASB issued ASU 2020-05 and delayed the implementation date by one year. The ASU is effective for non public entities beginning after December 15, 2021. Early adoption is still permitted. The ASU can be applied at the beginning of the earliest period presented using a modified retrospective approach or applied at the beginning of the period of adoption recognizing a cumulative-effect adjustment.

The Association plans to adopt the new ASU at the required implementation date and management is currently in the process of evaluating the adoption method and the impact of the new standard on its accompanying financial statements.

Economic uncertainties -

On March 11, 2020, the World Health Organization declared the Coronavirus disease (COVID-19) a global pandemic. As a result of the spread of COVID-19, economic uncertainties have arisen which may negatively impact the Association's operations. The overall potential impact is unknown at this time.

2. INVESTMENTS

Investments, at fair value, consisted of the following at December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Mutual Funds	\$ <u>60,710</u>	\$ <u>60,315</u>

Included in investment income, net are the following:

	<u>2020</u>	<u>2019</u>
Interest and dividends, net	\$ 3,501	\$ 6,731
Unrealized (loss) gain	<u>(354)</u>	<u>474</u>
TOTAL INVESTMENT INCOME	\$ <u>3,147</u>	\$ <u>7,205</u>

WASHINGTON AREA BICYCLIST ASSOCIATION, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

3. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Subject to Expenditure for Specified Purpose:		
Protected Bike Lanes	\$ <u>100,000</u>	\$ <u>202,000</u>

The following net assets with donor restrictions were released from donor restrictions by incurring expenses (or through the passage of time) which satisfied the restricted purposes specified by the donors:

	<u>2020</u>	<u>2019</u>
Purpose Restrictions Accomplished:		
Protected Bike Lanes	\$ <u>202,000</u>	\$ <u>-</u>

4. LIQUIDITY AND AVAILABILITY

Financial assets available for use for general expenditures within one year of the Statements of Financial Position date comprise the following:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 1,246,722	\$ 1,070,898
Investments	60,710	60,315
Grants and contracts receivable	<u>48,559</u>	<u>50,554</u>
Subtotal financial assets available within one year	1,355,991	1,181,767
Less: Donor restricted funds	<u>(100,000)</u>	<u>(202,000)</u>
FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR	\$ <u>1,255,991</u>	\$ <u>979,767</u>

The Association has a policy to structure its financial assets to be available and liquid as its obligations become due. As of December 31, 2020 and 2019, the Association has financial assets equal to approximately nine months and seven months, respectively, of operating expenses.

5. PPP LOAN FUNDING

On May 11, 2020, the Association received loan proceeds in the amount of \$167,042 under the Paycheck Protection Program (PPP). Under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), the promissory note must be used for certain expenditures within a 24-week period to ultimately be forgiven by the Small Business Administration. During the year ended December 31, 2020, the Association expended and tracked the PPP funds for purposes outlined in the CARES Act guidance and believes they have met all conditions set forth for full forgiveness. Accordingly, under guidance found in FASB ASC 958-605, the Association has recognized the PPP funding as a conditional grant by which all conditions have been met. The Association has deemed the forgiveness by the SBA to be highly probable, an administrative task only, and not a barrier to recognition. The entire amount is included in Government grant in the accompanying Statements of Activities and Changes in Net Assets. Subsequent to year-end, the Association received forgiveness in its entirety.

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NOTES TO FINANCIAL STATEMENTS
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6. LEASE COMMITMENTS

In May 2015, the Association entered into a five year lease, expiring on April 30, 2020. Base rent is \$71,336 per year, plus a proportionate share of expenses, increasing by a factor of 3% per year. In May 2020, the lease was extended for an additional five year term, expiring on April 30, 2025. Base rent shall be \$85,669 per year, plus a proportionate share of expenses, increasing by a factor of 3% per year.

The Association entered into an agreement to sub-lease office space with terms commencing on March 1, 2016 and expiring on February 28, 2017. The agreement was subsequently renewed and later expired on February 28, 2020. Monthly rent for the sublease was \$700. Rental income for the years ended December 31, 2020 and 2019 totaled \$1,400 and \$8,400, respectively.

The following is a schedule of the future minimum lease payments:

<u>Year Ending December 31,</u>	<u>Rental Payments</u>
2021	\$ 87,318
2022	89,842
2023	92,441
2024	95,119
2025	<u>32,007</u>
	<u>\$ 396,727</u>

Rent expense, net of sublease income, was \$87,467 and \$89,786, respectively, for the years ended December 31, 2020 and 2019.

7. RETIREMENT PLAN

The Association provides retirement benefits to its employees through a defined contribution plan covering all full-time employees with one year of eligible experience. The Association matches up to 5% of each full-time employee's salary. Contributions to the Plan during the years ended December 31, 2020 and 2019 totaled \$29,254 and \$27,754, respectively.

8. CONCENTRATION OF REVENUE

Approximately 35% and 34% of the Association's revenue for the years ended December 31, 2020 and 2019, respectively, was derived from contracts with local governments. The Association has no reason to believe that these relationships will be discontinued in the foreseeable future. However, any interruption of these relationships (i.e., the failure to renew contracts or withholding of funds) would adversely affect the Association's ability to finance ongoing operations.

9. FAIR VALUE MEASUREMENT

In accordance with FASB ASC 820, *Fair Value Measurement*, the Association has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

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**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

9. FAIR VALUE MEASUREMENT (Continued)

Investments recorded in the Statements of Financial Position are categorized based on the inputs to valuation techniques as follows:

Level 1. These are investments where values are based on unadjusted quoted prices for identical assets in an active market the Association has the ability to access.

Level 2. These are investments where values are based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, or model-based valuation techniques that utilize inputs that are observable either directly or indirectly for substantially the full-term of the investments.

Level 3. These are investments where inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Following is a description of the valuation methodology used for investments measured at fair value. There have been no changes in the methodologies used at December 31, 2020 and 2019.

Mutual Funds - Valued at the daily closing price as reported by the fund. Mutual funds held by the Association are open-end mutual funds that are registered with the SEC. These funds are required to publish their daily value and to transact at that price. Mutual funds held by the Association are deemed to be actively traded.

The table below summarizes, by level within the fair value hierarchy, the Association's investments as of December 31, 2020:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Asset Class:				
Mutual Funds	\$ <u>60,710</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>60,710</u>

The table below summarizes, by level within the fair value hierarchy, the Association's investments as of December 31, 2019:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Asset Class:				
Mutual Funds	\$ <u>60,315</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>60,315</u>

There were no transfers between levels in the fair value hierarchy during the years ended December 31, 2020 and 2019. Transfers between levels are recorded at the end of the reporting period, if applicable.

10. SUBSEQUENT EVENTS

In preparing these financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through July 8, 2021, the date the financial statements were issued.