

**Washington Area Bicyclist Association**

Financial Statements  
and Independent Auditor's Report

December 31, 2021 and 2020

# Washington Area Bicyclist Association

Financial Statements  
December 31, 2021 and 2020

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## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of  
Washington Area Bicyclist Association

### ***Opinion***

We have audited the accompanying financial statements of Washington Area Bicyclist Association (“the Association”), which comprise the statement of financial position as of December 31, 2021; the related statements of activities, functional expenses, and cash flows for the year then ended; and the related notes to the financial statements.

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, 2021, 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 audit 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 the Association and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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.

***Responsibilities of Management for the Financial Statements (continued)***

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 the Association'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 the Association'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Association's ability to continue as a going concern for a reasonable period of time.

*Auditor's Responsibilities for the Audit of the Financial Statements (continued)*

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.

*Other Matter*

The financial statements of the Association as of and for the year ended December 31, 2020, were audited by other auditors whose report, dated July 8, 2021, expressed an unmodified opinion on those statements.

Handwritten signature in black ink that reads "Rogers + Company PLLC". The signature is written in a cursive, slightly stylized font.

Vienna, Virginia  
September 28, 2022

## Washington Area Bicyclist Association

### Statements of Financial Position December 31, 2021 and 2020

	2021	2020
<b>Assets</b>		
Cash and cash equivalents	\$ 1,295,893	\$ 1,246,722
Investments	60,973	60,710
Grants and contributions receivable	27,500	-
Government grants receivable	74,304	48,559
Prepaid expenses	31,353	32,544
Property and equipment, net	42,534	46,036
Deposits	4,325	4,325
Total assets	<u>\$ 1,536,882</u>	<u>\$ 1,438,896</u>
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 141,623	\$ 117,536
Due to sponsored projects	28,507	28,459
Total liabilities	<u>170,130</u>	<u>145,995</u>
<b>Net Assets</b>		
Without donor restrictions	1,366,752	1,192,901
With donor restrictions	-	100,000
Total net assets	<u>1,366,752</u>	<u>1,292,901</u>
Total liabilities and net assets	<u>\$ 1,536,882</u>	<u>\$ 1,438,896</u>

See accompanying notes.

## Washington Area Bicyclist Association

Statement of Activities  
For the Year Ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue and Support</b>			
Grants and contributions	\$ 652,682	\$ 86,459	\$ 739,141
Government grants	820,731	-	820,731
Sponsorships	65,355	-	65,355
Memberships	226,473	-	226,473
Registrations	132,559	-	132,559
Contracts	28,575	-	28,575
Investment return	636	-	636
Miscellaneous revenue	8,087	-	8,087
Released from restrictions	186,459	(186,459)	-
<b>Total revenue and support</b>	<b>2,121,557</b>	<b>(100,000)</b>	<b>2,021,557</b>
<b>Expenses</b>			
Program services:			
Member programs and development	201,999	-	201,999
Advocacy and promotion of cycling	495,849	-	495,849
Adult education	163,046	-	163,046
Youth education	116,423	-	116,423
Events	134,479	-	134,479
50 States Ride	4,186	-	4,186
Trail Rangers	109,132	-	109,132
Outreach	239,763	-	239,763
<b>Total program services</b>	<b>1,464,877</b>	<b>-</b>	<b>1,464,877</b>
Supporting services:			
Management and general	303,574	-	303,574
Fundraising	179,255	-	179,255
<b>Total supporting services</b>	<b>482,829</b>	<b>-</b>	<b>482,829</b>
<b>Total expenses</b>	<b>1,947,706</b>	<b>-</b>	<b>1,947,706</b>
<b>Change in Net Assets</b>	<b>173,851</b>	<b>(100,000)</b>	<b>73,851</b>
<b>Net Assets, beginning of year</b>	<b>1,192,901</b>	<b>100,000</b>	<b>1,292,901</b>
<b>Net Assets, end of year</b>	<b>\$ 1,366,752</b>	<b>\$ -</b>	<b>\$ 1,366,752</b>

See accompanying notes.

## Washington Area Bicyclist Association

Statement of Activities  
For the Year Ended December 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue and Support</b>			
Grants and contributions	\$ 751,162	\$ 101,000	\$ 852,162
Government grants	685,851	-	685,851
Sponsorships	193,250	-	193,250
Memberships	107,789	-	107,789
Registrations	77,630	-	77,630
Contracts	8,150	-	8,150
Investment return	3,147	-	3,147
Miscellaneous revenue	3,392	-	3,392
Released from restrictions	203,000	(203,000)	-
<b>Total revenue and support</b>	<b>2,033,371</b>	<b>(102,000)</b>	<b>1,931,371</b>
<b>Expenses</b>			
Program services:			
Member programs and development	159,197	-	159,197
Advocacy and promotion of cycling	545,398	-	545,398
Adult education	95,882	-	95,882
Youth education	93,380	-	93,380
Events	123,859	-	123,859
50 States Ride	12,990	-	12,990
Trail Rangers	162,003	-	162,003
Outreach	189,316	-	189,316
<b>Total program services</b>	<b>1,382,025</b>	<b>-</b>	<b>1,382,025</b>
Supporting services:			
Management and general	217,133	-	217,133
Fundraising	163,834	-	163,834
<b>Total supporting services</b>	<b>380,967</b>	<b>-</b>	<b>380,967</b>
<b>Total expenses</b>	<b>1,762,992</b>	<b>-</b>	<b>1,762,992</b>
<b>Change in Net Assets</b>	<b>270,379</b>	<b>(102,000)</b>	<b>168,379</b>
<b>Net Assets, beginning of year</b>	<b>922,522</b>	<b>202,000</b>	<b>1,124,522</b>
<b>Net Assets, end of year</b>	<b>\$ 1,192,901</b>	<b>\$ 100,000</b>	<b>\$ 1,292,901</b>

See accompanying notes.



**Washington Area Bicyclist Association**

Statement of Functional Expenses  
For the Year Ended December 31, 2021

	Program Services									Supporting Services			Total Expenses
	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	
Salaries	\$ 118,621	\$ 314,327	\$ 72,862	\$ 78,142	\$ 92,925	\$ -	\$ 79,198	\$ 182,565	\$ 938,640	\$ 111,581	\$ 123,079	\$ 234,660	\$ 1,173,300
Employee benefits	12,790	33,893	7,856	8,426	10,020	-	8,540	19,685	101,210	12,031	13,271	25,302	126,512
Payroll taxes	10,281	27,244	6,315	6,773	8,054	-	6,864	15,824	81,355	9,671	10,668	20,339	101,694
Consultants	12,990	93,676	45,786	15,362	-	-	-	1,250	169,064	72,757	-	72,757	241,821
Accounting	-	-	-	-	-	-	-	-	-	15,993	-	15,993	15,993
Equipment	-	-	21,075	-	351	450	25	-	21,901	6,172	-	6,172	28,073
Utilities	-	-	-	-	-	-	-	-	-	3,805	-	3,805	3,805
Insurance	-	-	-	-	-	-	-	-	-	20,697	-	20,697	20,697
Telephone and internet	818	-	268	-	-	-	373	-	1,459	11,627	-	11,627	13,086
Meetings and development	-	700	425	90	53	-	-	53	1,321	13,942	-	13,942	15,263
Supplies	1,595	822	877	67	3,343	729	4,639	170	12,242	74	-	74	12,316
Rent	8,828	23,393	5,422	5,815	6,916	-	5,894	13,587	69,855	10,104	9,160	19,264	89,119
Travel and subsistence	-	207	-	129	3,038	815	-	16	4,205	1,079	185	1,264	5,469
Advertising and mailing services	440	455	173	719	-	-	600	-	2,387	75	1,000	1,075	3,462
Miscellaneous	40	-	-	-	-	-	-	-	40	-	-	-	40
Freight, postage, and delivery	4,837	-	-	-	-	-	-	-	4,837	112	1,435	1,547	6,384
Printing and design	238	985	-	-	-	-	-	6,610	7,833	-	10,468	10,468	18,301
Bank charges	7,179	147	822	780	2,420	2,072	-	3	13,423	6	9,211	9,217	22,640
Depreciation and amortization	-	-	-	-	-	-	-	-	-	12,179	-	12,179	12,179
Permits and fees	-	-	1,165	120	802	120	-	-	2,207	1,048	778	1,826	4,033
Member premiums	23,342	-	-	-	6,557	-	2,999	-	32,898	621	-	621	33,519
<b>Total Expenses</b>	<b>\$ 201,999</b>	<b>\$ 495,849</b>	<b>\$ 163,046</b>	<b>\$ 116,423</b>	<b>\$ 134,479</b>	<b>\$ 4,186</b>	<b>\$ 109,132</b>	<b>\$ 239,763</b>	<b>\$ 1,464,877</b>	<b>\$ 303,574</b>	<b>\$ 179,255</b>	<b>\$ 482,829</b>	<b>\$ 1,947,706</b>

See accompanying notes.

**Washington Area Bicyclist Association**

Statement of Functional Expenses  
For the Year Ended December 31, 2020

	Program Services									Supporting Services			Total Expenses
	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	
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
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
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
Consultants	12,916	76,200	8,970	1,357	911	-	27,350	1,003	128,707	29,352	37	29,389	158,096
Accounting	-	-	-	-	-	-	-	-	-	15,850	-	15,850	15,850
Equipment	-	-	2,239	1,871	2,050	290	6,725	256	13,431	6,437	-	6,437	19,868
Utilities	304	1,127	204	216	255	304	275	434	3,119	379	-	379	3,498
Insurance	-	-	-	-	-	-	-	-	-	15,370	(91)	15,279	15,279
Telephone and internet	300	1,591	217	5	21	-	349	250	2,733	9,766	-	9,766	12,499
Meetings and development	-	1,433	65	66	235	-	-	206	2,005	1,124	260	1,384	3,389
Supplies	1,548	3,462	211	39	3,096	962	6,009	125	15,452	4,706	79	4,785	20,237
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
Travel and subsistence	114	771	-	-	3,628	-	-	193	4,706	920	135	1,055	5,761
Advertising and mailing services	-	269	11	841	1,000	-	95	326	2,542	166	106	272	2,814
Miscellaneous	1,000	3	-	-	-	-	-	-	1,003	-	38	38	1,041
Freight, postage, and delivery	3,175	-	-	-	297	-	-	-	3,472	220	4,133	4,353	7,825
Printing and design	-	-	-	-	-	-	6,517	9,147	15,664	-	10,259	10,259	25,923
Bank charges	3,717	314	90	611	2,343	827	-	8	7,910	2	7,606	7,608	15,518
Depreciation and amortization	1,084	4,023	728	772	911	-	981	1,550	10,049	2,437	-	2,437	12,486
Permits and fees	-	-	600	-	945	120	475	104	2,244	1,495	1,378	2,873	5,117
Member premiums	12,138	-	-	100	4,806	2,895	1,936	-	21,875	-	8	8	21,883
<b>Total Expenses</b>	<b>\$ 159,197</b>	<b>\$ 545,398</b>	<b>\$ 95,882</b>	<b>\$ 93,380</b>	<b>\$ 123,859</b>	<b>\$ 12,990</b>	<b>\$ 162,003</b>	<b>\$ 189,316</b>	<b>\$ 1,382,025</b>	<b>\$ 217,133</b>	<b>\$ 163,834</b>	<b>\$ 380,967</b>	<b>\$ 1,762,992</b>

See accompanying notes.

## Washington Area Bicyclist Association

### Statements of Cash Flows For the Years Ended December 31, 2021 and 2020

	2021	2020
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ 73,851	\$ 168,379
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Unrealized loss on investments	123	354
Depreciation and amortization	12,179	12,486
Change in operating assets and liabilities:		
(Increase) decrease in:		
Grants and contributions receivable	(27,500)	1,995
Government grants receivable	(25,745)	-
Prepaid expenses	1,191	(1,990)
Increase in:		
Accounts payable and accrued expenses	24,087	22,858
Due to sponsored projects	48	57
	58,234	204,139
<b>Net cash provided by operating activities</b>		
<b>Cash Flows from Investing Activities</b>		
Purchases of property and equipment	(8,677)	(27,566)
Reinvestment of dividends	(386)	(749)
	(9,063)	(28,315)
<b>Net cash used in investing activities</b>		
<b>Net Increase in Cash and Cash Equivalents</b>	49,171	175,824
<b>Cash and Cash Equivalents, beginning of year</b>	1,246,722	1,070,898
<b>Cash and Cash Equivalents, end of year</b>	\$ 1,295,893	\$ 1,246,722

*See accompanying notes.*

# Washington Area Bicyclist Association

Notes to Financial Statements  
December 31, 2021 and 2020

## 1. Nature of Operations

The Washington Area Bicyclist Association (“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.

## 2. Summary of Significant Accounting Policies

### Basis of Accounting and Presentation

The Association’s financial statements are prepared on the accrual basis of accounting. Net assets are reported based on the presence or absence of donor-imposed restrictions as follows:

- *Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.
- *Net Assets With Donor Restrictions* – Net assets subject to donor- (or certain grantor-) imposed restrictions. The Association reports contributions and grants restricted by donors 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 and grants 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 as net assets released from restrictions.

### Fiscal Sponsorship

The Association effects change, not only through the direct impact of its own programs, but also by supporting members who have yet to receive their tax-exempt status. One of the ways the Association does this is by becoming a fiscal sponsor to independent projects to further their mission. As a fiscal sponsor, the Association receives donations and provides organizational infrastructure, legal services, and tax-exempt status for the projects it sponsors for a small fee.

## Washington Area Bicyclist Association

Notes to Financial Statements  
December 31, 2021 and 2020

### 2. Summary of Significant Accounting Policies (continued)

#### Cash Equivalents

For the purpose of the statements of cash flows, the Association considers as cash equivalents all highly liquid investments, which can be converted into known amounts of cash and have a maturity period of 90 days or less at the time of purchase.

#### Investments

Investments are recorded at fair value based on quoted market prices. All interest and dividends, and realized and unrealized gains and losses are reported as a component of investment return in the accompanying statements of activities.

#### Grants and Contributions Receivable

Grants and contributions receivable represent unconditional amounts committed to the Association. All grants and contributions receivable are reflected at either net realizable value or at net present value based on projected cash flows. The Association may provide an allowance for uncollectible grants and contributions that is based on management's judgment considering historical information. At December 31, 2021 and 2020, all amounts are deemed to be fully collectible, and no allowance is deemed necessary.

#### Government Grants Receivable

Government grants receivable consist primarily of amounts to be reimbursed to the Association for expenses incurred under agreements with various government agencies. The Association uses the allowance method to account for amounts that are considered to be uncollectible, based on prior years' experience and management's current estimates of potentially uncollectible accounts. No allowance for doubtful government grants receivable is recorded at December 31, 2021 and 2020, as management believes that all amounts are fully collectible.

## Washington Area Bicyclist Association

Notes to Financial Statements  
December 31, 2021 and 2020

### 2. Summary of Significant Accounting Policies (continued)

#### Property and Equipment

Property and equipment acquisitions with a cost in excess of \$1,000 and a projected useful life exceeding one year are capitalized and recorded at cost. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the individual assets, which range from three to five years. Repairs and maintenance costs are expensed as incurred. Donated assets are capitalized at fair market value on the date of donation.

#### Revenue Recognition

##### *Revenue Accounted for in Accordance with Contribution Accounting*

Grants and contributions that are nonreciprocal are recognized as revenue when cash, securities, or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. The Association reports gifts of cash and other assets as restricted support if they are received or promised with donor stipulations that limit the use of the donated funds to one of the Association's programs or to a future year. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Conditional contributions contain a donor-imposed condition that represents a barrier that must be overcome before the Association is entitled to the assets transferred or promised. Failure to overcome the barrier gives the donor a right of return of the assets it has transferred or gives the promisor a right of release from its obligation to transfer its assets. Conditional contributions are recognized as revenue, either with or without donor restrictions, when donor-imposed conditions are substantially met, and any barriers are overcome. Donor restrictions are also satisfied when qualifying expenditures are incurred for the donor-specified program.

Memberships to the Association are accounted for in accordance with contribution accounting. Memberships run on an anniversary basis, and include benefits such as discounted and waived ride registrations and certain logo items. These benefits are provided to members almost immediately upon initial joining or renewal; and any unused portion of benefits is immaterial at the end of the calendar year. Management considers memberships to be contributions, and also offers memberships to be tax deductible contributions to the Association.

## Washington Area Bicyclist Association

Notes to Financial Statements  
December 31, 2021 and 2020

### 2. Summary of Significant Accounting Policies (continued)

#### Revenue Recognition (continued)

##### *Revenue Accounted for as Contracts with Customers*

Revenue is recognized when the Association 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 Association expects to receive in exchange for satisfying distinct performance obligations. If a performance obligation does not meet the criteria to be considered distinct, the Association combines it with other performance obligations until a distinct bundle of goods or services exists. Amounts and funds received in advance of satisfying contractual performance obligations are reflected as deferred revenue in the accompanying statements of financial position. Revenue is recognized either over time or at the point in time that contractual obligations are met.

Registration revenue consists of fees for events and services. Revenue is recognized when the events are held and services are provided. Amounts received in advance are deferred and recognized when the performance obligations are met.

Contracts revenue consists of agreements and contracts in which the Association provides services in support of its programs and mission, and meets performance obligations per the contract arrangements to earn revenue. Amounts received in advance are recorded as deferred revenue until the performance obligations are met and the revenue is earned.

#### Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

#### Advertising Expenses

The Association expenses advertising costs as incurred. Advertising expenses totaled \$3,462 and \$2,814 for the years ended December 31, 2021 and 2020, respectively.

## Washington Area Bicyclist Association

Notes to Financial Statements  
December 31, 2021 and 2020

### 2. Summary of Significant Accounting Policies (continued)

#### Use of Estimates

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

#### Recently Issued Accounting Pronouncement

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update 2016-02, *Leases*. The update requires a lessee to recognize a right-of-use asset and lease liability, initially measured at the present value of the lease payments, in its statements of financial position. The guidance also expands the required quantitative and qualitative lease disclosures. The guidance is effective beginning in 2022.

#### Reclassifications

Certain amounts in the 2020 financial statements have been reclassified to conform to the 2021 presentation. These reclassifications have no effect on the change in net assets previously reported.

#### Subsequent Events

In preparing these financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through September 28, 2022, the date the financial statements were available to be issued.

### 3. Liquidity and Availability

The Association strives to maintain liquid financial assets on hand to meet its general expenditures and obligations as they become due. Management periodically reviews the Association's liquid asset needs and adjusts the cash and cash equivalent balances as necessary. Amounts in excess of operating liquidity are invested in short-term and highly liquid securities.

Additionally, the Association considers net assets with donor restrictions for use in current programs that are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures.



## Washington Area Bicyclist Association

Notes to Financial Statements  
December 31, 2021 and 2020

### 3. Liquidity and Availability (continued)

Financial assets available for general expenditures within one year of the statements of financial position date, comprise the following at December 31:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 1,295,893	\$ 1,246,722
Investments	60,973	60,710
Grants and contributions receivable	27,500	-
Government grants receivable	<u>74,304</u>	<u>48,559</u>
Total available for general expenditures	<u>\$ 1,458,670</u>	<u>\$ 1,355,991</u>

### 4. Concentrations of Risk

#### Credit Risk

Financial instruments that potentially subject the Association to significant concentrations of credit risk consist of cash and cash equivalents, and investments. The Association maintains cash deposit and transaction accounts, along with investments, at a financial institution, and these values, from time to time, exceed insurable limits under the Federal Deposit Insurance Corporation (FDIC) and Securities Investor Protection Corporation (SIPC). The Association has not experienced any credit losses on its cash and cash equivalents, and investments to date as it relates to FDIC and SIPC insurance limits. Management periodically assesses the financial condition of the financial institution and believes that the risk of any credit loss is minimal.

#### Revenue Risk

For the years ended December 31, 2021 and 2020, a substantial portion of the Association's revenue was generated from one source. The revenues totaled approximately 35% of the Association's total revenue and support for both years ended December 31, 2021 and 2020. A potential reduction or change in funding from this donor in the future could significantly impact the Association's ability to carry out its program activities.

## Washington Area Bicyclist Association

Notes to Financial Statements  
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### 5. Investments and Fair Value Measurements

The Association follows FASB Accounting Standards Codification 820, *Fair Value Measurements and Disclosures*, for its financial assets. This standard establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. Fair value measurement standards require an entity to maximize the use of observable inputs (such as quoted prices in active markets) and minimize the use of unobservable inputs (such as appraisals or other valuation techniques) to determine fair value. The categorization of a financial instrument within the hierarchy is based upon the pricing transparency of the instrument and does not necessarily correspond to the entity's perceived risk of that instrument.

The inputs used in measuring fair value are categorized into three levels. Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and liabilities and have the highest priority. Level 2 is based upon observable inputs other than quoted market prices, and Level 3 is based on unobservable inputs. The Association recognizes transfers between levels in the fair value hierarchy at the end of the reporting period.

In general, and where applicable, the Association uses quoted prices in active markets for identical assets to determine fair value. This pricing methodology applies to Level 1 investments.

The following table presents the Association's fair value hierarchy for those investments measured on a recurring basis at December 31, 2021:

	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 60,973	\$ -	\$ -	\$ 60,973
Total investments	\$ 60,973	\$ -	\$ -	\$ 60,973

The following table presents the Association's fair value hierarchy for those investments measured on a recurring basis at December 31, 2020:

	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 60,710	\$ -	\$ -	\$ 60,710
Total investments	\$ 60,710	\$ -	\$ -	\$ 60,710

## Washington Area Bicyclist Association

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### 5. Investments and Fair Value Measurements (continued)

Investment return consists of the following for the years ended December 31:

	2021	2020
Interest and dividends	\$ 759	\$ 3,501
Unrealized loss	(123)	(354)
Total investment return	<u>\$ 636</u>	<u>\$ 3,147</u>

The Association did not have any investment fees during the years ended December 31, 2021 and 2020.

### 6. Property and Equipment

The Association held the following property and equipment at December 31:

	2021	2020
Computers	\$ 64,729	\$ 63,331
Furniture and equipment	5,650	5,650
Bikes	25,312	18,033
Total property and equipment	95,691	87,014
Less: accumulated depreciation and amortization	<u>(53,157)</u>	<u>(40,978)</u>
Property and equipment, net	<u>\$ 42,534</u>	<u>\$ 46,036</u>

### 7. Conditional Grant – Paycheck Protection Program

The Association applied for a loan under the Paycheck Protection Program (PPP) pursuant to Division A, Title 1 of the CARES Act, which was enacted on March 27, 2020. The PPP is a loan designed to provide a direct incentive for small businesses to keep their workers on the payroll through the COVID-19 coronavirus, for which the Association qualified. After the loans are granted, the Small Business Administration (SBA) will forgive loans if all employee retention criteria are met, and the funds are used for eligible expenses (which primarily consist of payroll costs, costs used to continue group healthcare benefits, rent, and utilities).

## Washington Area Bicyclist Association

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### 7. **Conditional Grant – Paycheck Protection Program (continued)**

The loan was granted to the Association on May 11, 2020 in the amount of \$167,042 with terms including a 1.00% fixed interest rate. The loan was scheduled to mature on May 11, 2022. On April 20, 2021, the SBA approved full forgiveness of the loan, and remitted the forgiveness amount to the financial institution, including applicable interest accruals. The full forgiveness amount is included in grants and contributions revenue in the accompanying statement of activities for the year ended December 31, 2020, as the Association expected to meet the PPP loan's eligibility criteria, and concluded that the PPP loan represented, in a substance, a grant that was expected to be forgiven and accounted for the PPP loan as a conditional grant.

### 8. **Net Assets With Donor Restrictions**

Net assets with donor restrictions were purpose restricted for Protected Bike Lanes, and totaled \$0 and \$100,000 at December 31, 2021 and 2020, respectively.

### 9. **Fiscal Sponsorship**

During the years ended December 31, 2021 and 2020, the Association had formal agreements to fiscally sponsor the District of Columbia Families for Safe Streets (DC-FSS) and Black Women Bike DC (BWBDC). The Association sponsors DC-FSS and BWBDC, as they are in the process of obtaining tax exemption under Internal Revenue Code (IRC) Section 501(c)(3). The sponsored organizations maintain similar missions to the Association. For the performance of its fiscal sponsor services with DC-FSS, the Association earns a 5% fiscal sponsorship administrative fee. This represents the fiscal sponsorship fee for providing financial, administrative, and legal responsibilities that the Association assumes on behalf of DC-FSS. There was no administrative fee associated with the BWBDC fiscal sponsor arrangement.

During the years ended December 31, 2021 and 2020, the Association received a total of \$6,459 and \$1,000, respectively, in revenue designated to support operations for the fiscally sponsored organizations. Total expenditures for the years ended December 31, 2021 and 2020 were also \$6,459 and \$1,000, respectively. The remaining balances of unspent funds are reflected in net assets with donor restrictions in the accompanying financial statements.

## Washington Area Bicyclist Association

Notes to Financial Statements  
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### 10. Commitment and Contingencies

#### Government Grants

Revenue that the Association receives from government sources is subject to audit and compliance under the provisions of the grant agreements. The ultimate determination of amounts received is based upon the allowance of costs reported to and accepted by the oversight agencies. Until such grants and contracts are closed out, there exists a contingency to refund any amount received in excess of allowable costs. Management is of the opinion that no material liability exists in the accompanying statements of financial position.

#### Operating Lease and Sublease

In May 2015, the Association entered into an operating lease agreement to utilize office space. The initial lease agreement expired on April 30, 2020. In May 2020, the lease was extended for an additional five-year term, expiring on April 30, 2025. The agreement and addendum require monthly rental payments with scheduled annual increases of 3%. The difference between the straight-line rent over the term of the lease and the cash payments required by the lease is not reflected as deferred rent in the accompanying statements of financial position due to immateriality. Rent expense for the years ended December 31, 2021 and 2020 totaled \$89,119 and \$87,467, respectively.

The Association entered into an agreement to sublease office space through February 28, 2020. The sublease agreement required fixed monthly rent payments, and was not renewed upon expiration. Rental revenue for the year ended December 31, 2020 totaled \$1,400.

Future minimum lease payments under the lease are as follows for the years ending December 31:

2022	\$	89,842
2023		92,441
2024		95,119
2025		32,007
		<hr/>
Total future minimum lease payments	\$	<u>309,409</u>

## Washington Area Bicyclist Association

Notes to Financial Statements  
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### 11. Functionalized Expenses

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Where feasible, the Association allocates its expenses directly to specific programs or functions. The Association also utilizes an indirect cost allocation methodology to allocate its expenses, such as salaries, employee benefits, payroll taxes, and other expenses, which are allocated on the basis of estimates of time and effort across specific programs or functions.

### 12. Related Party Transactions

During the years ended December 31, 2021 and 2020, the Association received contributions from Board members in the amount of \$11,356 and \$14,789, respectively.

### 13. Retirement Plan

The Association provides retirement benefits to its employees through a defined contribution plan qualified under Section 403(b) in the IRC. The plan covers all full-time employees with one year of eligible experience. The Association matches up to 5% of each full-time employee's salary. Employer contributions to the plan during the years ended December 31, 2021 and 2020 were \$33,464 and \$29,254, respectively.

### 14. Income Taxes

The Association is recognized as a tax-exempt organization under IRC Section 501(c)(3) and is exempt from income taxes except for taxes on unrelated business activities. No tax expense is recorded in the accompanying financial statements, as there was no significant net unrelated business taxable income. Contributions to the Association are deductible as provided in IRC Section 170(b)(1)(A)(vi). Management evaluated the Association's tax positions and concluded that the Association's financial statements do not include any uncertain tax positions.