

ACTIVE TRANSPORTATION ALLIANCE

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT**

SEPTEMBER 30, 2015 AND 2014

ACTIVE TRANSPORTATION ALLIANCE
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September 30, 2015 and 2014

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INDEPENDENT AUDITORS' REPORT

Board of Directors
ACTIVE TRANSPORTATION ALLIANCE
Chicago, Illinois

Report of Financial Statements

We have audited the accompanying financial statements of ACTIVE TRANSPORTATION ALLIANCE (an Illinois nonprofit organization), which comprise the statements of financial position as of September 30, 2015 and 2014, and the related statements of activities, 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

The Organization's 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 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 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of ACTIVE TRANSPORTATION ALLIANCE as of September 30, 2015 and 2014, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 14, 2016, on our consideration of ACTIVE TRANSPORTATION ALLIANCE's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standard* in considering ACTIVE TRANSPORTATION ALLIANCE's internal control over financial reporting and compliance.


Weiss, Sugar, Dvorak & Dusek, Ltd.

Chicago, Illinois
January 14, 2016

ACTIVE TRANSPORTATION ALLIANCE
Statements of Financial Position
September 30, 2015 and 2014

| | 2015 | | 2014 | | |
|--|---------------------|------------------------|---------------------|------------------------|---------------------|
| | Unrestricted | Temporarily Restricted | Unrestricted | Temporarily Restricted | Total |
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 257,358 | \$ 70,000 | \$ 327,358 | | \$ 391,917 |
| Investments | 1,575 | | 1,575 | | 22,307 |
| Accounts, grants, contracts and pledges receivable net of allowance for doubtful accounts of \$10,000 | 811,083 | 107,373 | 918,456 | 37,500 | 815,689 |
| Inventory | 1,284 | | 1,284 | | 3,964 |
| Prepaid expense | 41,679 | | 41,679 | | 30,470 |
| Deposits | 10,000 | | 10,000 | | 11,040 |
| Property and equipment, net of accumulated depreciation of \$189,783 and \$167,716, respectively | 40,077 | | 40,077 | | 44,907 |
| TOTAL ASSETS | \$ 1,163,056 | \$ 177,373 | 1,340,429 | \$ 154,092 | 1,320,294 |
| LIABILITIES AND NET ASSETS | | | | | |
| LIABILITIES | | | | | |
| Accounts payable and accrued expense | \$ 32,102 | | \$ 32,102 | | \$ 135,754 |
| Accrued payroll, payroll taxes, benefits and vacation | 111,968 | | 111,968 | | 119,250 |
| Deferred income | 100 | | 100 | | 13,000 |
| Funds held as fiscal agent | 2,111 | | 2,111 | | 2,041 |
| Total Liabilities | 146,281 | | 146,281 | | 270,045 |
| NET ASSETS | | | | | |
| Unrestricted net assets | 1,016,775 | | 1,016,775 | | 896,157 |
| Temporarily restricted net assets | | 177,373 | 177,373 | 154,092 | 154,092 |
| Permanently restricted net assets | | | | | |
| Total Net Assets | 1,016,775 | 177,373 | 1,194,148 | 154,092 | 1,050,249 |
| TOTAL LIABILITIES AND NET ASSETS | \$ 1,163,056 | \$ 177,373 | \$ 1,340,429 | \$ 154,092 | \$ 1,320,294 |

See independent auditors' report and notes to financial statements.

ACTIVE TRANSPORTATION ALLIANCE
Statements of Activities
For the Years Ended September 30, 2015 and 2014

| | 2015 | | 2014 | |
|---------------------------------------|---------------------|------------------------|-------------------|------------------------|
| | Unrestricted | Temporarily Restricted | Unrestricted | Temporarily Restricted |
| SUPPORT AND REVENUE | | | | |
| Support: | | | | |
| Contract revenue | \$ 1,238,525 | \$ 1,238,525 | \$ 1,426,488 | \$ 1,426,488 |
| Contributions and grants | 485,548 | 177,373 | 314,550 | 142,250 |
| Donated goods and services | 164,648 | 164,648 | 52,486 | 52,486 |
| Total Support | <u>1,888,721</u> | <u>2,066,094</u> | <u>1,793,524</u> | <u>1,426,488</u> |
| Revenue: | | | | |
| Membership dues | 139,212 | 139,212 | 132,522 | 132,522 |
| Program events | 1,242,395 | 1,242,395 | 1,189,390 | 1,189,390 |
| Sales of merchandise | 70,927 | 70,927 | 63,768 | 63,768 |
| Interest and investment income | 371 | 371 | 637 | 637 |
| Other | 6,564 | 6,564 | | |
| Net assets released from restriction | 154,092 | (154,092) | 65,523 | (65,523) |
| Total Revenue | <u>1,613,561</u> | <u>1,459,469</u> | <u>1,451,840</u> | <u>1,386,317</u> |
| TOTAL SUPPORT AND REVENUE | <u>3,502,282</u> | <u>3,525,563</u> | <u>3,245,364</u> | <u>3,322,091</u> |
| EXPENSES | | | | |
| Program services | 2,913,591 | 2,913,591 | 2,844,602 | 2,844,602 |
| Management and general | 348,528 | 348,528 | 326,240 | 326,240 |
| Fundraising | 119,545 | 119,545 | 95,206 | 95,206 |
| Total Expenses | <u>3,381,664</u> | <u>3,381,664</u> | <u>3,266,048</u> | <u>3,266,048</u> |
| CHANGE IN NET ASSETS | 120,618 | 143,899 | (20,684) | 56,043 |
| NET ASSETS - BEGINNING OF YEAR | 896,157 | 1,050,249 | 916,841 | 994,206 |
| NET ASSETS - END OF YEAR | <u>\$ 1,016,775</u> | <u>\$ 1,194,148</u> | <u>\$ 896,157</u> | <u>\$ 1,050,249</u> |

See independent auditors' report and notes to financial statements.

ACTIVE TRANSPORTATION ALLIANCE
Statements of Functional Expenses
For the Years Ended September 30, 2015 and 2014

| | 2015 | | | 2014 | | | |
|------------------------------|---------------------|-------------------------------|--------------------|---------------------|-------------------------------|--------------------|---------------------|
| | <u>Program</u> | <u>Management and General</u> | <u>Fundraising</u> | <u>Program</u> | <u>Management and General</u> | <u>Fundraising</u> | <u>Total</u> |
| Salaries and wages | \$ 1,276,783 | \$ 226,364 | \$ 75,074 | \$ 1,351,141 | \$ 230,505 | \$ 64,819 | \$ 1,646,465 |
| Payroll taxes | 118,842 | 21,070 | 6,988 | 110,190 | 18,798 | 4,827 | 133,815 |
| Employee benefits | 112,572 | 19,958 | 6,619 | 112,175 | 19,638 | 5,773 | 137,586 |
| Programs and events | 598,925 | | | 434,269 | | | 434,269 |
| Professional services | 28,736 | 23,379 | 8,928 | 48,241 | 4,479 | 1,600 | 54,320 |
| Contract expense | 425,117 | | | 391,883 | | | 391,883 |
| Supplies and office expense | 91,682 | 11,728 | 4,798 | 88,896 | 12,310 | 3,465 | 104,671 |
| Occupancy | 91,923 | 16,297 | 5,405 | 90,343 | 15,413 | 4,338 | 110,094 |
| Telephone and internet | 20,182 | 3,578 | 1,187 | 14,292 | 2,438 | 686 | 17,416 |
| Insurance | 34,517 | 6,119 | 2,030 | 29,629 | 5,055 | 1,421 | 36,105 |
| Printing | 26,406 | | | 21,599 | | | 21,599 |
| Postage | 3,636 | 1,110 | 6,995 | 6,584 | 1,170 | 7,231 | 14,985 |
| Travel and meetings | 11,183 | 6,401 | 471 | 14,287 | 5,189 | | 19,476 |
| Membership and promotion | 36,406 | | | 32,017 | | | 32,017 |
| Cost of inventory items sold | 2,680 | | | 6,124 | | | 6,124 |
| Bad debts | 16,149 | | | 71,121 | | | 71,121 |
| Miscellaneous | | 9,359 | | | 7,523 | | 7,523 |
| Depreciation | 17,852 | 3,165 | 1,050 | 21,811 | 3,722 | 1,046 | 26,579 |
| Total | \$ 2,913,591 | \$ 348,528 | \$ 119,545 | \$ 2,844,602 | \$ 326,240 | \$ 95,206 | \$ 3,266,048 |

See independent auditors' report and notes to financial statements.

ACTIVE TRANSPORTATION ALLIANCE
Statements of Cash Flows
For the Years Ended September 30, 2015 and 2014

| | <u>2015</u> | <u>2014</u> |
|---|-------------------|-------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Change in net assets | \$ 143,899 | \$ 56,043 |
| Adjustments to reconcile change in net assets to net cash from operating activities: | | |
| Depreciation | 22,067 | 26,579 |
| Bad debts | 16,149 | 71,121 |
| Realized loss on investments | | 933 |
| Unrealized (gain) loss on investments | 150 | (1,121) |
| Change in accounts, grants and contract receivable | (118,916) | (314,859) |
| Change in inventory | 2,680 | 7,844 |
| Change in prepaid expense | (11,209) | (12,408) |
| Change in deposits | 1,040 | 520 |
| Change in accounts payable and accrued expense | (110,934) | (103,328) |
| Change in deferred income | (12,900) | 13,000 |
| Change in funds held as fiscal agent | 70 | (32,752) |
| NET CASH (USED) BY OPERATING ACTIVITIES | <u>(67,904)</u> | <u>(288,428)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Sale of investments | 20,477 | 2,056 |
| Net change in investment cash and CD | 105 | 603 |
| Purchase of equipment | (17,237) | (4,949) |
| NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES | <u>3,345</u> | <u>(2,290)</u> |
| NET (DECREASE) IN CASH AND CASH EQUIVALENTS | (64,559) | (290,718) |
| CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR | <u>391,917</u> | <u>682,635</u> |
| CASH AND CASH EQUIVALENTS - END OF YEAR | <u>\$ 327,358</u> | <u>\$ 391,917</u> |
| SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION | | |
| Cash paid for interest | \$ 0 | \$ 0 |

ACTIVE TRANSPORTATION ALLIANCE
Notes to Financial Statements
September 30, 2015 and 2014

NOTE 1 - DESCRIPTION OF ORGANIZATION

The mission of Active Transportation Alliance (the "Organization") is to make bicycling, walking and public transit so safe, convenient and fun that residents of the Chicago area will achieve a significant shift from environmentally harmful, sedentary travel to clean, active travel. For over 30 years, the Organization has advocated for transportation that encourages and promotes safety, physical activity, health, recreation, social interaction, equity, environmental stewardship, and resource conservation. The Organization has developed a strategic plan that outlines a 20-year vision for a more livable region in which half of all trips are made by walking, biking or transit, with half as many traffic crashes.

Active Transportation Alliance was incorporated in 1985 as an Illinois not-for-profit corporation as the Chicagoland Bicycle Federation, an all-volunteer organization of bicyclists who sought to promote bicycling and fight for the safety of bicyclists on the road. Along the way, the Organization attracted members, donors, and political allies through years of respected work in bicycle safety, planning, and promotion. Since 1999, more than \$100 million worth of trails, bike lanes, bike racks and other projects became a reality because the Organization was helping, asking, training and working. In 2008, the Organization introduced a new brand and expanded mission statement to include advocating for pedestrians and transit users, and officially changed its name to Active Transportation Alliance. Today, the Organization has grown to become the largest advocacy organization for walking, biking and transit in the U.S. With over 7,000 members and 35 professional staff, along with donors and partners, stand poised to take on the next 25 years to make Chicagoland the most walkable, bikeable and transit friendly region in the country.

The major programs of the Organization are as follows:

Movement Building

The purpose of these programs is to demonstrate active transportation through events and activities.

Safety and Encouragement

The purpose of these programs and campaigns is to reduce bicycle and pedestrian crashes and injuries and increase active transportation.

World Class Network

The purpose of these programs is to enhance the size, safety, and convenience of the linear network through infrastructure improvement.

During May 2015, the Organization incorporated Walk Bike Go, a related Organization resulting from common control. In August 2015, notification was received from the Internal Revenue Service that Walk Bike Go was recognized as tax exempt under Section 501(c)(3) of the Internal Revenue Code. Walk Bike Go will focus on fee-for-service work while also exploring innovative mission-aligned partnerships and ventures, helping to amplify the Organization's goals of creating communities that are healthy, vibrant and environmentally

NOTE 1 - DESCRIPTION OF ORGANIZATION (Continued)

friendly through better biking, walking and transit. No activity has occurred on the books of Walk Bike Go through September 30, 2015, and it is anticipated that activity during the year ended September 30, 2016 will be consolidated into the Organization's financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting Method

The Organization's financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. These financial statements have been prepared to focus on the Organization as a whole. Net assets and revenue, expenses, and gains and losses are classified based on the existence or absence of donor imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

Permanently Restricted Net Assets

Net assets subject to donor imposed stipulations that they be maintained permanently by the Organization. The Organization had no permanently restricted net assets.

Temporarily Restricted Net Assets

Net assets subject to donor imposed stipulations that may be met by the actions of the Organization or by the passage of time.

Unrestricted Net Assets

Net assets not subject to donor imposed stipulations and represent expendable resources that are available for operations at management discretion.

Contributions

All contributions and non-governmental grants are considered to be available for unrestricted use unless specifically restricted by the donor for specific purposes. Amounts that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support. Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. Restricted contributions received and spent in the same year are treated as unrestricted support.

Support, Revenue and Accounts Receivable

The Organization receives its grant and contract support from various Federal, State and Local governmental units, as well as individuals, foundations, and corporations. Support received from those grants and contracts is recognized based on their contract length, or by other contract provisions of the specific contract. When temporarily restricted net assets are reclassified to unrestricted net assets, those net assets are reported in the statement of activities as net assets released from restrictions.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Support, Revenue and Accounts Receivable (Continued)

Accounts receivable are generally considered by management to be fully collectible, based on the Organization's history. However, an allowance for doubtful accounts has been established in the amount of \$10,000 to provide for any small uncollectable accounts, and this was recorded for the years ended September 30, 2015 and 2014.

Membership Dues

Revenue from membership dues is recognized when received.

Pervasiveness of Estimates

The preparation of financial statements in accordance 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, liabilities, and operations, and the related disclosures at the date of the financial statements and during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of reporting cash flows, cash and cash equivalents include all highly liquid investments purchased with an original maturity of three months or less.

Promises to Give

Unconditional promises to give are recognized as revenue in the period the promise is 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.

Investments

Investments are stated at fair value (as described in Note 4) based on quoted market prices.

Property and Equipment

Property and equipment are recorded at cost. Donations for property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. All property and equipment are depreciated using the straight-line method over the useful lives of the assets.

The Organization capitalizes those assets of \$1,000 or more with an estimated useful life greater than one year. Depreciation is calculated using the straight-line method, over periods of 3 to 5 years. Depreciation for the years ended September 30, 2015 and 2014 amounted to \$22,067 and \$26,579, respectively.

Compensated Absences

Compensated absences consist of accumulated unused vacation days. The total compensated absences at September 30, 2015 and 2014, amounted to \$32,447 and \$40,065, respectively.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Advertising Costs

The Organization expenses all advertising costs in the period incurred.

Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefitted. Direct expenses are charged to the related program. Indirect expenses are allocated to each program in proportion to the services provided.

Donated Services and In-Kind Contributions

The Organization receives donations of professional services, advertising, meeting room space, food and beverage, and raffle prizes. The estimated value of these donations amounted to \$164,648 and \$52,486 for the years ended September 30, 2015 and 2014, respectively. The value of these donated services and materials are recognized as revenues and expenses in the statement of activities. Additionally, individuals volunteer their time and perform a variety of services that do not meet the criteria for recognition as contributed services.

Long Lived Assets

Long-lived assets to be held and used are reviewed for impairment whenever events or changes in circumstances indicate that the related carrying amount may not be recoverable. When required, impairment losses on assets to be held and used are recognized based on the excess of the assets' carrying amount over the fair value of the asset. Fair value is based on market quotes, if available, or is based on valuation techniques. There were no impairment losses recognized during the years ended September 30, 2015 and 2014.

NOTE 3 - INVESTMENTS

Investments at September 30, 2015 and 2014 are summarized as follows:

| | 2015 | | 2014 | |
|---------------------------|-------------------------|---------------|-------------------------|------------------|
| | <u>MARKET VALUE</u> | <u>COST</u> | <u>MARKET VALUE</u> | <u>COST</u> |
| Equities and equity funds | \$ 1,577 | \$ 738 | \$ 1,727 | \$ 738 |
| Certificate of deposit | | | 20,477 | 20,477 |
| Cash | (2) | (2) | 103 | 103 |
| | <u>\$ 1,575</u> | <u>\$ 736</u> | <u>\$ 22,307</u> | <u>\$ 21,318</u> |

NOTE 3 - INVESTMENTS (Continued)

Investment income for each of the respective years ended September 30, 2015 and 2014 is as follows:

| | <u>2015</u> | <u>2014</u> |
|------------------------|---------------|---------------|
| Interest and dividends | \$ 521 | \$ 449 |
| Unrealized gain | (150) | 1,121 |
| Realized loss | | (933) |
| Total | <u>\$ 371</u> | <u>\$ 637</u> |

NOTE 4 - FAIR VALUE MEASUREMENTS

The Organization complies with the provisions of Accounting Standards Codification 820 (ASC 820), "Fair Value Measurements and Disclosures". Under ASC 820, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the "exit price") in an orderly transaction between market participants at the measurement date.

The Organization's significant financial instruments are investments. The carrying values of these financial instruments recorded in the accompanying statement of financial position approximate fair value.

ASC 820 establishes a tri-level fair value hierarchy that describes the inputs that are used to measure the fair values of respective assets and liabilities as follows:

- Level 1 Fair value is derived from accessible unadjusted quoted prices in active markets for identical assets or liabilities. Investments comprised of common stocks and mutual funds have been valued using level 1 inputs.
- Level 2 Fair value is derived from observable inputs that include: quoted market prices for similar assets or liabilities in active markets or inactive markets; inputs other than quoted prices that are observable in the market and can be corroborated by observable market data for substantially the full term of the asset or liability's life. The Organization does not currently hold any Level 2 assets or liabilities, which are required to be disclosed in accordance with ASC 820.
- Level 3 Fair value is derived from unobservable inputs, calculated by the use of pricing models and/or discounted cash flow methodologies and, may require significant management judgment or estimation. The Organization does not currently hold any Level 3 assets or liabilities, which are required to be disclosed in accordance with ASC 820.

The fair value inputs can vary between securities as they are affected by a wide variety of factors, including, the security type, market liquidity, etc. To the extent, valuation is based upon models or inputs that are less observable or unobservable, the determination of fair value requires more judgment.

NOTE 4 - FAIR VALUE OF INVESTMENTS (Continued)

The following table sets forth the Organization's investments measured at fair value on a recurring basis and the basis of measurement at September 30, 2015 and 2014:

| | Investments at Fair Value as of September 30, 2015 | | |
|---------------------------|---|----------------|----------------|
| | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> |
| Equities and equity funds | \$ 1,577 | \$ | \$ |
| Cash | (2) | | |
| | <u>\$ 1,575</u> | <u>\$</u> | <u>\$</u> |

| | Investments at Fair Value as of September 30, 2014 | | |
|---------------------------|---|----------------|----------------|
| | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> |
| Equities and equity funds | \$ 1,727 | \$ | \$ |
| Certificate of deposit | 20,477 | | |
| Cash | 103 | | |
| | <u>\$ 22,307</u> | <u>\$ 0</u> | <u>\$ 0</u> |

NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment as of September 30, 2015 and 2014, is summarized as follows:

| | <u>2015</u> | <u>2014</u> |
|--------------------------|------------------|------------------|
| Furniture and equipemnt | \$ 229,860 | \$ 212,623 |
| Less: | | |
| Accumulated depreciation | <u>(189,783)</u> | <u>(167,716)</u> |
| | <u>\$ 40,077</u> | <u>\$ 44,907</u> |

NOTE 6 - BANK LINE OF CREDIT

The Organization has a line of credit with a bank which provides borrowings up to \$200,000 with no stated maturity date. Advances bear interest at bank's Prime rate plus 1% and are secured by all Organization assets. The credit line was not drawn down as of September 30, 2015 or 2014.

NOTE 7 - RESTRICTIONS AND LIMITATIONS ON NET ASSETS

At September 30, 2015 and 2014, the Organization recorded \$177,373 and \$154,092, respectively, in temporarily restricted net assets for grants received for project expenditures in subsequent years. Those net assets consisted of funds from the following entities:

| | <u>2015</u> | <u>2014</u> |
|-----------------------------------|-------------------|-------------------|
| American Heart Association | \$ 107,373 | \$ |
| Good Heart Work Smart | 40,000 | |
| Blue Cross/Blue Shield Curriculum | | 45,592 |
| Law Office of Brendan H. Kevenies | | 25,000 |
| Chicago Community Trust | 25,000 | 73,500 |
| Other | 5,000 | 10,000 |
| | <u>\$ 177,373</u> | <u>\$ 154,092</u> |

NOTE 8 – LEASE COMMITMENTS

Office Lease

The Organization leases approximately 5,500 square feet of office facilities under the terms of a lease that commenced on May 1, 2008 and was renewed for a period of five years on January 16, 2013. The lease currently is due to expire on October 30, 2017. A security deposit of \$10,000 is on deposit with the landlord. Scheduled aggregate lease payments for the periods subsequent to September 30, 2015, is as follows:

| | |
|------|-------------------|
| 2016 | \$ 111,188 |
| 2017 | 114,523 |
| 2018 | <u>9,567</u> |
| | <u>\$ 235,278</u> |

Pursuant to lease terms, the Organization has the right to exercise an extension of the lease term for a period of five years, through October 30, 2022.

Rent expense under this operating lease amounted to \$107,949 and \$104,805 for the years ended September 30, 2015 and 2014, respectively.

Other Leases

In December 2013, the Organization entered into a lease for certain software effective January 1, 2014. The software lease requires quarterly installment payments amounting to \$9,144 through December 31, 2016.

In January 2014, the Organization entered into a copier equipment lease which requires 63 monthly payments of \$243.

NOTE 8 – LEASE COMMITMENTS (Continued)

Other Leases (Continued)

The future minimum rental payments for the software and copier leases for the periods subsequent to September 30, 2015, are as follows:

| | <u>Software Lease</u> | <u>Copier Lease</u> | <u>Total</u> |
|------|---------------------------|-------------------------|------------------|
| 2016 | \$ 36,576 | \$ 2,910 | \$ 39,486 |
| 2017 | 9,144 | 2,910 | 12,054 |
| 2018 | | 2,910 | 2,910 |
| 2019 | | 1,455 | 1,455 |
| | <u>\$ 45,720</u> | <u>\$ 10,185</u> | <u>\$ 55,905</u> |

NOTE 9 - INCOME TAXES AND UNCERTAIN TAX POSITIONS

The Organization is a tax-exempt entity under Section 501(c)(3) of the Internal Revenue Code, and as such, is generally exempt from income tax except for any unrelated business taxable income (UBIT). It qualifies for charitable contribution deductions under Section 170(b)(1)(iii) and has been classified as an organization that is not a private foundation under Section 509(a)(1).

Accounting standards provide guidance for how certain tax positions should be recognized, measured, disclosed and presented in the financial statements. This requires the evaluation of tax positions taken or expected to be taken in the course of preparing the Organization's returns to determine whether the tax positions are "more-likely-than-not" of being sustained "when challenged" or "when examined" by the applicable tax authority. Tax positions not deemed to meet the more-likely-than-not threshold would be recorded as a tax benefit and asset or expense and liability in the current year. The Organization files returns in the U.S. federal jurisdiction and Illinois state jurisdiction. The Organization is no longer subject to U.S. federal and state examinations by tax authorities for years before September 2012. As of and for the year ended September 30, 2015, management has determined that there are no uncertain tax positions.

NOTE 10 - RETIREMENT PLAN

Effective January 1, 2008 (amended April 15, 2015), the Organization adopted a 401(k) retirement plan available to all employees. The Organization, at its discretion, may make an elective contribution to each employee's account, based on a percentage of the employee's salary. Employer contributions vest to the employee at a rate of 25% per year commencing in year one, with full vesting after four years of service. Forfeited contributions will reduce the Organization's contribution to the plan. The Organization made contributions to the plan of \$14,816 and \$13,203, respectively during the years ended September 30, 2015 and 2014.

NOTE 11 - CONCENTRATIONS OF RISK

The Organization has concentrated its credit risk for cash by maintaining deposits in financial institutions which may at times exceed amounts covered by insurance provided by the U.S. Federal Deposit Insurance Corporation (FDIC). The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk to cash.

At September 30, 2015 and 2014 one governmental agency owed the Organization \$570,021 and \$507,125 respectively.

NOTE 12 - SUBSEQUENT EVENTS

The date through which events occurring after September 30, 2015 have been evaluated for possible adjustment to the financial statements or disclosure is January 14, 2016, which is the date on which the financial statements were available to be issued.

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors
ACTIVE TRANSPORTATION ALLIANCE
Chicago, Illinois

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of ACTIVE TRANSPORTATION ALLIANCE (an Illinois nonprofit organization), which comprise the statement of financial position as of September 30, 2015, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 14, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered ACTIVE TRANSPORTATION ALLIANCE's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of ACTIVE TRANSPORTATION ALLIANCE's internal control. Accordingly, we do not express an opinion on the effectiveness of ACTIVE TRANSPORTATION ALLIANCE's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Internal Control Over Financial Reporting (Continued)

Our consideration of internal control was for the limited purpose described in the first paragraph of this section as was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether ACTIVE TRANSPORTATION ALLIANCE's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion of the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Weiss, Sugar, Dvorak & Dusek, LTD.

Weiss, Sugar, Dvorak & Dusek, Ltd.

Chicago, Illinois
January 14, 2016