

May 22, 2023

To the Board of Directors of
Bike Walk KC and Affiliate
Kansas City, Missouri

We have audited the financial statements of The Bike Walk KC and Affiliate (the "Organization") for the year ended December 31, 2022 and have issued our report thereon dated May 22, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated December 18, 2022. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Organization are described in Note A to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed for the period ended December 31, 2022. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

Management's estimate of the fixed assets and related depreciation of the underlying asset is based on the cost, date placed in service, and useful life of the corresponding asset. We evaluated the key factors and assumptions used to develop the depreciation and useful life in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimates of the accounts receivable and corresponding allowance for uncollectable balances are based on payment history and a review of account activity. We evaluated the key factors and assumptions used to develop the amounts in determining that they appear reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There were no sensitive disclosures to the financial statements.

The financial statement disclosures appear neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated May 22, 2023.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.



Internal Control

In planning and performing our audit of the financial statements of the Organization as of and for the year ended December 31, 2022, in accordance with auditing standards generally accepted in the United States of America, we considered the Chamber's internal control over financial reporting (internal control) as a basis for designing 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 effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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.

Our consideration of internal control was for the limited purposes described above and was not designed to identify all deficiencies in internal control that might be material weaknesses. Give 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.

Comments to Management:

In the normal context of performing our audit and the related auditing procedures we generally note items which may provide benefit to members of the management team. These comments are generally limited to items which may show improvement in operational efficiency in the current year, or areas which may need attention.

Monitoring Risks to Information Technology – During our interaction with clients throughout the region, we are aware of a growing threat in relation to certain I/T operational controls - in the area of what is commonly referred to as "ransomware." Unfortunately, the narrative is all too familiar. We would remind management that a risk assessment – which includes review of policies and procedures as well as a documented action plan in the event of a breach is becoming a critical operational control for most entities. We would also recommend a review of the existing insurance coverage; as a basis for mitigating the risks from I/T related exposure.

Update of Policies and Procedures – A strong internal control environment must include documented and comprehensive policies and procedures. In order for these policies and procedures to remain relevant and effective, a periodic review must be performed to ensure that they comply with current requirements and address current needs. We recommend that management institute a policy that ensures all policies and procedures are reviewed and updated on at least a bi-annual basis.

Personnel Files - It was noted when reviewing the online personnel files with Lori Morgan that documentation was complete and that employees have gone online to update their Federal or Missouri withholding as needed. We did note that while some employees had employment contracts and performance reviews attached to their files, these did not contain the current rate of pay. We recommend that management document the rate of pay annually, or when changed, in order to prevent any misunderstanding between the employee and the organization.



Segregation of Duties - Deposits - During our walk-through of deposits, we noted that the part-time bookkeeper enters the deposits into the accounting system and takes the deposits to the bank. While we know staffing is limited, we suggest that a log of incoming checks be made by the person opening the mail and the log be compared against the deposit going to the bank. This will mitigate risk for both the employees and the organization.

We noted that the organization is considering going to mobile deposits transactions. If this does indeed happen, we recommend that management review the deposits on the statement against the check log each month.

Other Matters

This information is intended solely for the use of the Board of Directors and, if appropriate, management of the Organization and is not intended to be, and should not be, used by anyone other than these specified parties.

Novak Birks

Novak Birks, P.C.
Kansas City, Missouri

**BIKE WALK KC AND AFFILIATE
INDEPENDENT AUDITORS' REPORT
AND
FINANCIAL STATEMENTS**

December 31, 2022 and 2021

BIKE WALK KC AND AFFILIATE

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Bike Walk KC and Affiliate
Kansas City, Missouri

Opinion

We have audited the accompanying financial statements of Bike Walk KC and Affiliate (the Organization), which comprise the combined statements of financial position as of December 31, 2022, and the related combined 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 combined financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2022, 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 audits 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 Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Combined Financial Statements

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

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

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

Our objectives are to obtain reasonable assurance about whether the combined 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 combined 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 Bike Walk KC and Affiliate'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 combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Bike Walk KC and Affiliate's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Supplementary Information


Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The Supplementary Information is presented for the purpose of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such



information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Prior Period Combined Financial Statements

The combined financial statements for the year ended December 31, 2021 were audited by UHY, LLP and, whose report dated July 22, 2022, expressed an unmodified opinion on those statements.


Kansas City, Missouri
May 22, 2023

BIKE WALK KC AND AFFILIATE
COMBINED STATEMENTS OF FINANCIAL POSITION
As of December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 107,256	\$ 90,718
Investments	116,233	132,145
Accounts receivable, less allowance for uncollectible accounts of \$0 in 2022 and 2021	227,517	256,703
Pledges and Grants receivable, current	255,056	146,843
Inventories	7,209	5,526
Prepaid expenses	51,794	44,801
Total Current Assets	<u>765,065</u>	<u>676,736</u>
Pledges and grants receivable, noncurrent	54,600	32,452
Furniture and equipment, net	363,229	301,292
Right of use assets - leases	72,869	-
Other assets	5,837	5,941
Total Assets	<u>\$ 1,261,600</u>	<u>\$ 1,016,421</u>
 <u>LIABILITIES AND NET ASSETS</u>		
Liabilities:		
Line of credit	\$ 175,000	\$ 75,000
Accounts payable	32,459	40,692
Accrued expenses and deferred revenue	211,566	77,065
Right use liabilities - leases	72,869	-
Total Liabilities	<u>491,894</u>	<u>192,757</u>
Net Assets		
Without donor restrictions	660,372	716,611
With donor restrictions	109,334	107,053
Total Net Assets	<u>769,706</u>	<u>823,664</u>
Total Liabilities and Net Assets	<u>\$ 1,261,600</u>	<u>\$ 1,016,421</u>

The accompanying notes are an integral part of
this financial statement.

BIKE WALK KC AND AFFILIATE
COMBINED STATEMENTS OF ACTIVITIES
For the Year Ended December 31, 2022

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Support and Revenues:			
Contributions and public grants	283,702	109,333	393,035
Government grants and contracts	858,540	-	858,540
Special events	1,156	-	1,156
Bike share system	373,618	-	373,618
Loss on disposal of assets	(1,806)	-	(1,806)
In-kind contributions	34,893	-	34,893
Net investment loss	(15,912)	-	(15,912)
Other income	70,456	-	70,456
Net assets released from restrictions	<u>107,052</u>	<u>(107,052)</u>	<u>-</u>
 Total support and revenues	 <u>1,711,699</u>	 <u>2,281</u>	 <u>1,713,980</u>
 Expenses:			
Program services	1,231,421	-	1,231,421
General and administrative	317,166	-	317,166
Fundraising	<u>219,351</u>	<u>-</u>	<u>219,351</u>
 Total Expenses	 <u>1,767,938</u>	 <u>-</u>	 <u>1,767,938</u>
 Change in Net Assets	 (56,239)	 2,281	 (53,958)
 Net Assets, beginning of year	 <u>716,611</u>	 <u>107,053</u>	 <u>823,664</u>
 Net Assets, end of year	 <u>660,372</u>	 <u>109,334</u>	 <u>769,706</u>

The accompanying notes are an integral part of
this financial statement.

BIKE WALK KC AND AFFILIATE
COMBINED STATEMENTS OF ACTIVITIES
For the Year Ended December 31, 2021

	Without donor restrictions	With donor restrictions	Total
Support and Revenues:			
Contributions and public grants	\$ 225,320	\$ 74,601	\$ 299,921
Government grants and contracts	548,066	-	548,066
Special events	10,405	-	10,405
Bike share system	291,650	-	291,650
Consulting and program service revenue	74,723	-	74,723
Membership dues	31,081	-	31,081
In-kind contributions	50,319	-	50,319
Net investment income	6,080	-	6,080
Other income	11,316	-	11,316
Net assets released from restrictions	<u>137,457</u>	<u>(137,457)</u>	<u>-</u>
 Total support and revenues	 <u>1,386,417</u>	 <u>(62,856)</u>	 <u>1,323,561</u>
 Expenses:			
Program services	904,404	-	904,404
General and administrative	383,691	-	383,691
Fundraising	<u>180,047</u>	<u>-</u>	<u>180,047</u>
 Total Expenses	 <u>1,468,142</u>	 <u>-</u>	 <u>1,468,142</u>
 Change in Net Assets	 (81,725)	 (62,856)	 (144,581)
 Net Assets, beginning of year	 <u>798,336</u>	 <u>169,909</u>	 <u>968,245</u>
 Net Assets, end of year	 <u>\$ 716,611</u>	 <u>\$ 107,053</u>	 <u>\$ 823,664</u>

The accompanying notes are an integral part of
this financial statement.

BIKE WALK KC AND AFFILIATE
COMBINED STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2022

	Program Services						General and Administrative	Fundraising	Grand Total
	Ride KC Bike	Family Education	Public Policy	Community Planning	Program Total				
Payroll and related expenses	286,708	259,708	87,997	96,586	730,999	163,258	160,865	1,055,122	
Auto expenses	13,623	1,968	-	148	15,739	821	158	16,718	
Business expenses	1,494	223	1,640	149	3,506	1,124	370	5,000	
Bank and processing fees	8,131	200	567	40	8,938	1,204	2,317	12,459	
Contract services	39,705	2,465	69,647	7,510	119,327	21,663	20,418	161,408	
Depreciation	72,802	7,888	6,687	742	88,119	3,535	-	91,654	
Facilities and equipment	84,290	3,529	-	-	87,819	2,135	-	89,954	
Insurance	21,987	8,075	570	626	31,258	41,319	2,108	74,685	
Interest	-	-	-	-	-	5,988	-	5,988	
In-kind	20,550	12,660	-	-	33,210	-	-	33,210	
Marketing	1,307	-	-	-	1,307	-	19,300	20,607	
Other expenses	88	-	-	-	88	-	112	200	
Operations	4,285	21,064	145	299	25,793	24,540	6,080	56,413	
Rent	33,488	23,090	3,228	5,189	64,995	32,286	3,228	100,509	
Special events	-	-	-	-	-	-	1,389	1,389	
Utilities	3,736	-	-	-	3,736	18,238	-	21,974	
Sales and other taxes	10,917	-	-	-	10,917	-	-	10,917	
Travel and meetings	207	288	4,022	1,153	5,670	1,055	3,006	9,731	
TOTAL EXPENSES	\$ 603,318	\$ 341,158	\$ 174,503	\$ 112,442	\$ 1,231,421	\$ 317,166	\$ 219,351	\$ 1,767,938	

The accompanying notes are an integral part of this financial statement.

BIKE WALK KC AND AFFILIATE
COMBINED STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2021

	Program Services					General and Administrative	Fundraising	Grand Total
	Ride KC Bike	Family Education	Public Policy	Community Planning	Program Total			
Payroll and related expenses	220,737	222,769	65,400	62,713	571,619	146,309	122,841	840,769
Auto expenses	10,249	4,156	3	128	14,536	8	-	14,544
Business expenses	1,500	469	2,885	348	5,202	1,441	222	6,865
Bank and processing fees	10,322	333	1	2	10,658	536	2,522	13,716
Contract services	10,507	4,383	13,419	6,558	34,867	18,781	5,475	59,123
Depreciation	19,918	-	-	-	19,918	74,822	-	94,740
Facilities and equipment	50,901	42,292	-	348	93,541	2,738	-	96,279
Insurance	38,845	-	-	-	38,845	28,770	-	67,615
Interest	-	-	-	-	-	2,082	-	2,082
In-kind	21,750	21,668	-	-	43,418	-	5,000	48,418
Marketing	7,116	810	-	-	7,926	395	9,438	17,759
Operations	2,155	9,885	311	2,003	14,354	22,858	6,707	43,919
Rent	32,668	-	-	-	32,668	64,873	-	97,541
Special events	-	-	-	-	-	-	26,030	26,030
Utilities	4,684	-	-	-	4,684	17,736	-	22,420
Sales and other taxes	9,058	419	-	-	9,477	1,132	11	10,620
Travel and meetings	391	500	1,408	392	2,691	1,210	1,801	5,702
TOTAL EXPENSES	\$ 440,801	\$ 307,684	\$ 83,427	\$ 72,492	\$ 904,404	\$ 383,691	\$ 180,047	\$ 1,468,142

The accompanying notes are an integral part of this financial statement.

BIKE WALK KC AND AFFILIATE
COMBINED STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2022 and 2021

	2022	2021
Cash Flows From Operating Activities:		
Change in net assets	\$ (53,958)	\$ (144,581)
Adjustments to reconcile change in net assets to net cash provided from operating activities:		
Depreciation	91,654	94,740
Realized loss(gain) on investments	15,912	(3,141)
Unrealized loss(gain) on investments	-	(2,403)
Loss on disposal of property and equipment	1,806	-
Net (Increase) decrease in:		
Accounts receivable	29,186	(51,959)
Pledges and grants receivable	(108,213)	135,246
Inventories	(1,683)	3,099
Prepaid expenses	(6,993)	(1,659)
Other assets	104	(78)
Net Increase (decrease) in:		
Accounts payable	(8,233)	25,184
Accrued expenses and deferred revenue	134,501	4,223
Net Cash provided by (used in) Operating Activities	<u>94,083</u>	<u>58,671</u>
Cash Flows From Investing Activities:		
Purchases of investments	-	(73,677)
Proceeds from sale of investments	-	3,141
Purchases of property and equipment	(177,545)	(23,710)
Net Cash provided by (used in) investing activities	<u>(177,545)</u>	<u>(94,246)</u>
Cash Flows From Financing Activities:		
Net borrowings on line of credit	100,000	25,000
Net Cash provided by (used in) financing activities	<u>100,000</u>	<u>25,000</u>
Net Change In Cash	16,538	(10,575)
Cash, beginning of year	<u>90,718</u>	<u>101,293</u>
Cash, end of year	<u>107,256</u>	<u>90,718</u>
Supplementary disclosure of cash flow information:		
Cash paid for interest	<u>5,988</u>	<u>2,082</u>

The accompanying notes are an integral part of
this financial statement.

BIKE WALK KC AND AFFILIATE
NOTES TO COMBINED FINANCIAL STATEMENTS
December 31, 2022 and 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization – Bike Walk KC is a not-for-profit corporation that works to redefine our streets as places for people to build a culture of active living. Bike Walk KC's vision is a Greater Kansas City where everyone can move through the region and its public spaces equitably, safely, comfortably, and sustainably.

Bike Walk KC is affiliated with Bike Share KC (dba RideKC Bike), which was incorporated for the purpose of providing a public bike share system for transportation, recreation, and education which helps improve health and maintain a sustainable natural environment. Bike Walk KC and Bike Share KC are under common ownership, and therefore, the financial statements are combined.

The operations of Bike Walk KC and Bike Share KC (collectively, the Organization) include four programs:

1. RideKC Bike: A 24/7 public bike share system providing a unique mix of technologies that extend the fixed-route transit system and gives residents and visitors a variety of options for getting around the Greater Kansas City area. It features smart electric bikes, classic pedal bikes, and programming designed to offer innovative solutions for transportation, recreation, and physical health.
2. Family Education: Includes a comprehensive youth education program to empower kids to safely bike and walk to school and to advocate for their neighborhood. Components include bicycle safety education, youth ambassador training, maintain your ride, public engagement, and opportunities to "earn a bike." Other programs are designed to teach adults safe riding skills, rules of the road, and how to do basic bike maintenance and repairs.
3. Public Policy: Involves building relationships with elected officials and community leaders to implement policies that improve the built environment, especially in neighborhoods that have been historically underfunded and disinvested. Bike Walk KC also partners with local municipalities, school districts and regional, state, and federal agencies, as well as other active transportation advocacy organizations across Missouri and Kansas to improve walking and biking through public policy and school travel planning.
4. Community Planning: Bike Walk KC uses walk audits, technical assistance, built environment assessments, traffic counting/calming events, the Home Street Home exhibition, and other activities to help neighborhoods identify problems related to the built environment, street safety, walkability/bikeability, and other infrastructure issues.

Basis of Accounting – The accompanying combined financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (US GAAP). Interfund balances and transactions have been eliminated in combination.

All financial transactions have been recorded in and reported by the following net asset groups:

Net assets without donor restrictions which represent resources over which the Board of Directors has discretionary control and are used to carry out operations of the Organization in accordance with its bylaws.



BIKE WALK KC AND AFFILIATE
NOTES TO COMBINED FINANCIAL STATEMENTS
December 31, 2022 and 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net assets with donor restrictions represent resources available for use currently or in the future, but expendable only for purposes specified by the donor or within a donor- designated time period. Resources of these funds originate from contributions and grants.

The Organization reports gifts of cash, unconditional promises to give, and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities and change in net assets as net assets released from restrictions.

Donor-restricted contributions whose restrictions are met in the same reporting year are reported as unrestricted support.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income Taxes – The Organization is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization's policy is to provide liabilities for uncertain income tax provisions when a liability is probable and able to be estimated. The Organization has no uncertain tax positions for the years ended December 31, 2022 or 2021 and is not aware of any violation of its tax status as an organization exempt from income taxes. The Organization is not subject to audits for Federal or state income tax purposes for years prior to 2019.

Investments and Concentration of Credit Risk – Financial instruments which potentially subject the Organization to significant concentrations of credit risk consist principally of cash and investments. The Organization maintains cash with various major financial institutions where accounts are insured by the Federal Deposit Insurance Corporation to \$250,000. Balances rarely exceed federally insured limits.

The Organization has investments in pooled investment funds at the Greater Kansas City Community Foundation (GKCCF). The Organization accounts for these investments at net asset value as a practical expedient to fair value because these investments have readily determined value and transact frequently.

The underlying holdings of the GKCCF funds are valued by GKCCF using quoted market prices for publicly traded securities and fair value for other investments, using methodologies relevant to each asset class as provided by the respective investment custodians. The valuations provided by GKCCF are routinely evaluated by management, and management believes such values are reasonable. Unrealized gains and losses are included in net investment income in the combined statement of activities and change in net assets.

Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. 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 as net assets in the combined statements of financial position.

BIKE WALK KC AND AFFILIATE
NOTES TO COMBINED FINANCIAL STATEMENTS
December 31, 2022 and 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments and Concentration of Credit Risk (Continued)

For the years ended December 31, 2022 and 2021, Federal pass-through funds from state and local governments accounted for 28% and 19%, respectively, of combined total support and revenues.

Accounts Receivable and Pledges and Grants Receivable – Receivables are stated at the amount management expects to collect from balances outstanding at year end based on management's assessment of the credit history with customers, donors having outstanding balances, and current relationships with them. Unconditional pledges and grants receivable consist of pledge donations from various corporations, foundations, and individuals. Unconditional promises-to-give are recognized as support in the period they are received. The allowance for uncollectible accounts is estimated based on a review of outstanding balances and collection information. Management reviews account balances periodically and writes off accounts when deemed uncollectible through a charge to the allowance for uncollectible accounts and a credit to accounts receivable.

Inventories – Inventories consist of bicycles and helmets and are stated at the lower of cost or market, determined on the first-in, first-out basis, or market.

Property and Equipment – The Organization capitalizes all significant additions of property and equipment, which are recorded at acquisition cost if purchased, or fair value, if donated. Depreciation and amortization are provided on a straight-line basis over the estimated useful lives of the assets ranging from five to ten years. Expenditures for maintenance and repairs are charged against operations. Renewals and betterments that materially extend the life of the assets are capitalized.

Revenue Recognition – The Organization's revenue streams are comprised of public support and program service fees.

For each revenue stream identified above, revenue recognition is subject to the completion of performance obligations. The Organization's revenue is recognized when a performance obligation is satisfied, either over a period of time or at a given point in time. The Organization recognizes the revenue over a period of time if the customer receives and consumes the benefit that the Organization provided, or if the Organization's performance does not create an asset with an alternative use and has an enforceable right to payment for the performance.

The revenue is recognized at a given point in time when the control of the goods or service is transferred to the customer and when the customer can direct its use and obtain substantial benefit from the goods. The transaction price is calculated as the amount of consideration to which the Organization expects to be entitled (such as event agreements, price of program fees set in advance). In some situations (such as grant funds), the Organization bills and collects cash prior to the satisfaction of the performance obligation, which results in the Organization recognizing revenue upon receipt of payment.

The following explains the performance obligations related to each revenue stream and they are recognized.

BIKE WALK KC AND AFFILIATE
NOTES TO COMBINED FINANCIAL STATEMENTS
December 31, 2022 and 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

Public Support: The Organization records contributions and grants, when received, with or without donor restrictions, depending on the existence and/or nature of any donor restrictions. Conditional promises-to-give are recognized when the conditions on which they depend are substantially met. 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 in the combined statement of activities and change in net assets.

Special events consist of an exchange element equal to the fair value of direct benefits to donors and a contribution revenue for the difference. The Organization's revenue is recognized when a given performance obligation is satisfied, usually at the time of the event. The contribution portion is recognized immediately.

Program Service Fees: Certain revenue is derived from community planning services, programming, and cost-reimbursable state and local contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has completed the services or programs or has incurred expenditures in compliance with specific contract or grant provisions.

Contributed Goods and Services – The Organization regularly receives in-kind donations including vehicle usage, bikes, helmets, food and beverages for special events, event space, and advertising. All in-kind contributions are valued at fair value determined at the time of contribution. Unpaid volunteers make contributions of their time to the Organization. The value of this contributed time is not reflected in these combined financial statements since it is not susceptible to objective measurement or valuation.

Marketing Costs – The Organization expenses all marketing costs as they are incurred. Marketing costs were \$20,607 and \$17,759 for the years ended December 31, 2022 and 2021, respectively.

Functional Allocation of Expenses – The cost of providing the various programs and other activities have been summarized on a functional basis in the combined statement of functional expenses. Expenses that can be identified with a specific program or support service are allocated directly according to their natural expenditure classification. Salaries and wages, taxes, and benefits were allocated on the basis of estimates of time and effort. Other expenses that are common to several functions are allocated based on management's estimate of resources devoted to the program or support service.

Subsequent Events – Subsequent events have been evaluated through May 22, 2023, which is the date the financial statements were available to be issued.

Cash Equivalents – For purpose of the statement of cash flows, the Organization considers all cash, cash equivalents, and highly liquid investments purchased with initial maturities of less than three months to be cash equivalents.



BIKE WALK KC AND AFFILIATE
NOTES TO COMBINED FINANCIAL STATEMENTS
December 31, 2022 and 2021

NOTE B – FAIR VALUE MEASUREMENTS

FASB ASC 820, *Fair Value Measurements and Disclosures*, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

- | | |
|---------|--|
| Level 1 | Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability access. |
| Level 2 | <p>Inputs to the valuation methodology include</p> <ul style="list-style-type: none">• quoted prices for similar assets or liabilities in active markets;• quoted prices for identical or similar assets or liabilities in inactive markets;• inputs other than quoted prices that are observable for the asset or liability;• inputs that are derived principally from or corroborated by observable market data by correlation or other means. <p>If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.</p> |
| Level 3 | Inputs to the valuation methodology are unobservable and significant to the fair value measurement. |

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2022 and 2021.

- Funds held by the Greater Kansas City Community Foundation are valued based on quoted prices for the underlying securities assets or liabilities and are classified within Level 2 of the fair value hierarchy.

The following table sets forth by level, within the fair value hierarchy, the Plan's assets at fair value as of December 31, 2022 and 2021.



BIKE WALK KC AND AFFILIATE
NOTES TO COMBINED FINANCIAL STATEMENTS
December 31, 2022 and 2021

NOTE B – FAIR VALUE MEASUREMENTS (Continued)

<i>Assets at Fair Value as of December 31, 2022</i>				
	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments:				
Money market pool	\$ 11,809	\$ -	\$ 11,809	\$ -
Fixed income pool	59,239	-	59,239	-
Equity pool	45,185	-	45,185	-
	<u>\$ 116,233</u>	<u>\$ -</u>	<u>\$ 116,233</u>	<u>\$ -</u>

<i>Assets at Fair Value as of December 31, 2021</i>				
	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments:				
Money market pool	\$ 45,916	\$ -	\$ 45,916	\$ -
Fixed income pool	55,274	-	55,274	-
Equity pool	30,955	-	30,955	-
	<u>\$ 132,145</u>	<u>\$ -</u>	<u>\$ 132,145</u>	<u>\$ -</u>

NOTE C – PROPERTY AND EQUIPMENT

The following is a summary of property and equipment at cost less accumulated depreciation at December 31:

	<u>2022</u>	<u>2021</u>
Bicycles	\$ 605,842	\$ 467,832
Vehicles	61,189	59,375
Office equipment and furniture	<u>72,764</u>	<u>63,741</u>
	739,795	590,948
Accumulated depreciation	<u>(375,566)</u>	<u>(289,656)</u>
	<u>\$ 363,229</u>	<u>\$ 301,292</u>

Depreciation expense was \$91,654 and \$94,740 for the years ended December 31, 2022 and 2021.

NOTE D – PLEDGES AND GRANTS RECEIVABLE

Pledges and grants receivable are scheduled for payment as follows:

	<u>2022</u>	<u>2021</u>
Year Ended December 31:		
Current portion	\$ 255,056	\$ 148,141
Non-current	<u>54,600</u>	<u>32,452</u>
	<u>\$ 309,656</u>	<u>\$ 180,593</u>



BIKE WALK KC AND AFFILIATE
NOTES TO COMBINED FINANCIAL STATEMENTS
December 31, 2022 and 2021

NOTE D – PLEDGES AND GRANTS RECEIVABLE (Continued)

Pledges and grants due more than one year from December 31, 2022 and 2021 have been discounted at 4.00%.

NOTE E – NOTE PAYABLE AND LINE OF CREDIT

The Organization also had an available a line of credit, collateralized by the Organization's assets, in the amount of \$200,000, interest at the Wall Street Prime Rate with a floor of 4%, that matured on February 28, 2022. In February 2022, the Organization renewed their line of credit under the same terms maturing February 28, 2023. In May 2022, the Organization modified the terms of the line of credit agreement to increase the amount to \$500,000 and extend the maturity date to July 23, 2023. The amount outstanding on the line as of December 31, 2022 and 2021 was \$175,000 and \$75,000, respectively.

Interest expense for the years ended December 31, 2022 and 2021 was \$5,988 and \$2,082, respectively. All interest costs were expensed.

NOTE F – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are earmarked for the following purposes at December 31:

	<u>2022</u>	<u>2021</u>
Coalition for Building Active Communities	\$ -	\$ 41,250
Translation Services	-	16,000
Safe Routes to School	56,690	10,000
Healthy Communities	7,500	-
Other	45,144	7,351
Bike Share pledges receivable due after one year:		
Blue Cross Blue Shield	-	28,846
Exact Wonder LLC	-	3,606
	<u> </u>	<u> </u>
Total	<u>\$ 109,334</u>	<u>\$ 107,053</u>

BIKE WALK KC AND AFFILIATE
NOTES TO COMBINED FINANCIAL STATEMENTS
December 31, 2022 and 2021

NOTE G – GOVERNMENT GRANTS AND CONTRACTS

Government grants and contracts for years ended December 31:

	<u>2022</u>	<u>2021</u>
Missouri Department of Transportation		
Federal pass-through	\$ 321,777	\$ 196,740
Kansas Department of Transportation		
Federal pass-through	5,682	58,826
U.S. Environment Protection Agency	85,880	-
City of Kansas City, Missouri	245,291	175,000
Other governmental grants and contracts	<u>199,910</u>	<u>117,500</u>
Total	<u>\$ 858,540</u>	<u>\$ 548,066</u>

NOTE H – LEASES

The Organization leases office and storage space with noncancelable operating leases through October 2023. The leases have an option to renew for two additional terms of thirty-six months each. The Organization also rents storage space through a monthly rental agreement. These leases had not been renewed as of the date of this report.

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02 (Topic 842) as it applies to accounting for leases. This is an update to the accounting and financial reporting standards for periods with year-ends of December 31, 2022, and future periods. The standard requires lessees to recognize the assets and liabilities that arise from leases on the balance sheet. The Organization adopted ASU 2016-02 and its related amendments as of January 1, 2022. The adoption of this ASU resulted in the recognition of operating "right of use" assets and liabilities of \$72,869 in the current period.

NOTE I – EMPLOYEE BENEFIT PLAN

The Organization participates in a SIMPLE IRA employee benefit plan which covers employees who earn at least \$5,000 per year and have one year of service. Participants can elect to make tax deferred contributions to the Plan subject to statutory limits. The Organization matches participant contributions up to 3% of compensation. Contributions were \$16,328 and \$12,439 for the years ended December 31, 2022 and 2021, respectively, and are included in payroll and related expense.



BIKE WALK KC AND AFFILIATE
NOTES TO COMBINED FINANCIAL STATEMENTS
December 31, 2022 and 2021

NOTE J - LIQUIDITY

Financial assets, at year-ended :

	<u>2022</u>	<u>2021</u>
Cash	\$ 107,256	\$ 90,718
Investments	116,233	132,145
Accounts receivable	227,517	256,703
Pledges and grant receivables, current	<u>255,056</u>	<u>105,593</u>
Total financial assets, at year-end	<u>\$ 706,062</u>	<u>\$ 585,159</u>
Financial assets unavailable for general Expenditures:		
Accounts payable	\$ 32,459	\$ 40,692
Accrued expenses and deferred revenue	211,566	77,065
Amounts restricted by donor	<u>109,334</u>	<u>107,053</u>
	<u>\$ 353,359</u>	<u>\$ 224,810</u>
Financial assets available to meet cash needs for general expenditures	<u>\$ 352,703</u>	<u>\$ 360,349</u>

Supplemental Schedules

BIKE WALK KC AND AFFILIATE
COMBINING STATEMENT OF FINANCIAL POSITION
As of December 31, 2022

ASSETS

	<u>Bike Walk KC</u>	<u>Bike Share KC</u>	<u>Eliminations</u>	<u>Combined</u>
Current assets:				
Cash and cash equivalents	85,440	21,816	-	107,256
Investments	116,233	-	-	116,233
Accounts receivable, less allowance for uncollectible accounts of \$0 in 2022 and 2021	41,965	185,552	-	227,517
Pledges and Grants receivable, current	163,206	91,850	-	255,056
Intercompany receivable	-	884	(884)	-
Inventories	7,209	-	-	7,209
Prepaid expenses	28,725	23,069	-	51,794
Total Current Assets	442,778	323,171	(884)	765,065
Pledges and grants receivable, noncurrent	-	54,600	-	54,600
Furniture, equipment, net,	358,857	4,372	-	363,229
Right of use assets - leases	72,869	-	-	72,869
Other assets	5,837	-	-	5,837
Total Assets	880,341	382,143	(884)	1,261,600

LIABILITIES AND NET ASSETS

Liabilities:				
Line of credit	175,000	-	-	175,000
Accounts payable	29,439	3,020	-	32,459
Intercompany payable	884	-	(884)	-
Accrued expenses and deferred revenue	105,841	105,725	-	211,566
Right of use liability - leases	72,869	-	-	72,869
Total Liabilities	384,033	108,745	(884)	491,894
Net Assets				
Without donor restrictions	386,975	273,397	-	660,372
With donor restrictions	109,334	-	-	109,334
Total Net Assets	496,309	273,397	-	769,706
Total Liabilities and Net Assets	880,342	382,142	(884)	1,261,600

The accompanying notes are an integral part of
this financial statement.

	Bike Walk KC		Bike Share KC					
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total	Eliminations	TOTAL
Support and Revenues:								
Contributions and public grants	200,102	109,334	309,436	83,420	179	83,599	-	393,035
Government grants and contracts	533,226	-	533,226	325,314	-	325,314	-	858,540
Special events	1,156	-	1,156	-	-	-	-	1,156
Management Income	525,000	-	525,000	-	-	-	(525,000)	-
Bike share system	195,361	-	195,361	178,257	-	178,257	-	373,618
Loss on disposal of assets	(1,806)	-	(1,806)	-	-	-	-	(1,806)
In-kind contributions	34,893	-	34,893	-	-	-	-	34,893
Net investment loss	(15,912)	-	(15,912)	-	-	-	-	(15,912)
Other income	69,158	-	69,158	1,298	-	1,298	-	70,456
Net assets released from restrictions	74,601	(74,601)	-	32,452	(32,452)	-	-	-
Total support and revenues	1,615,779	34,733	1,650,512	620,741	(32,273)	588,468	(525,000)	1,713,980
Expenses:								
Program services	1,180,533	-	1,180,533	575,888	-	575,888	(525,000)	1,231,421
General and administrative	283,938	-	283,938	33,228	-	33,228	-	317,166
Fundraising	218,900	-	218,900	451	-	451	-	219,351
Total Expenses	1,683,371	-	1,683,371	609,567	-	609,567	(525,000)	1,767,938
Change in Net Assets	(67,592)	34,733	(32,859)	11,174	(32,273)	(21,099)	-	(53,958)
Net Assets, beginning of year	454,566	74,601	529,167	262,045	32,452	294,497	-	823,664
Net Assets, end of year	386,974	109,334	496,308	273,219	179	273,398	-	769,706

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