

# **TRANSPORTATION ALTERNATIVES, INC.**

AUDITED FINANCIAL STATEMENTS

For the years ended March 31, 2019 and 2018



# TRANSPORTATION ALTERNATIVES, INC.

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## **INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
Transportation Alternatives, Inc.  
New York City, New York

We have audited the accompanying financial statements of Transportation Alternatives, Inc. (a nonprofit organization) which comprise the statements of financial position as of March 31, 2019 and 2018, 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**

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 Transportation Alternatives, Inc. as of March 31, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

*UHY LLP*

Columbia, Maryland  
December 13, 2019

**TRANSPORTATION ALTERNATIVES, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**March 31, 2019 and 2018**

<b>ASSETS</b>	<u>2019</u>	<u>2018</u>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 419,814	\$ 348,578
Accounts and other receivables, net	95,743	36,118
Grants and pledges receivable	-	275,000
Prepaid expenses	<u>127,683</u>	<u>204,429</u>
Total current assets	<u>643,240</u>	<u>864,125</u>
PROPERTY, EQUIPMENT, AND INTANGIBLES, net	<u>96,496</u>	<u>113,988</u>
<b>OTHER ASSETS</b>		
Investments	295,622	280,775
Deposits	<u>74,404</u>	<u>74,404</u>
Total other assets	<u>370,026</u>	<u>355,179</u>
Total assets	<u><u>\$ 1,109,762</u></u>	<u><u>\$ 1,333,292</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 32,317	\$ 54,400
Accrued expenses	39,107	52,327
Deferred revenue	<u>134,560</u>	<u>285,310</u>
Total current liabilities	<u>205,984</u>	<u>392,037</u>
DEFERRED RENT	<u>80,837</u>	<u>65,767</u>
Total liabilities	<u>286,821</u>	<u>457,804</u>
<b>NET ASSETS</b>		
Without donor restrictions:		
Board designated	400,000	400,000
Undesignated	<u>397,941</u>	<u>286,044</u>
Total net assets without donor restrictions	<u>797,941</u>	<u>686,044</u>
With donor restrictions	<u>25,000</u>	<u>189,444</u>
Total net assets	<u>822,941</u>	<u>875,488</u>
Total liabilities and net assets	<u><u>\$ 1,109,762</u></u>	<u><u>\$ 1,333,292</u></u>

See notes to financial statements.

**TRANSPORTATION ALTERNATIVES, INC.**  
**STATEMENT OF ACTIVITIES**  
For the year ended March 31, 2019

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Support and Revenue</b>			
Contributions	\$ 1,473,747	\$ 73,920	\$ 1,547,667
Membership support	361,654	-	361,654
Grants	391,934	166,100	558,034
Special events - Streets for People Party	865,644	-	865,644
Program service fees	357,788	-	357,788
Sponsorships	287,040	-	287,040
Consulting income	11,874	-	11,874
Investment income, net	15,034	-	15,034
Merchandise sales and other	17,424	-	17,424
Net assets released from restrictions	404,464	(404,464)	-
	<u>4,186,603</u>	<u>(164,444)</u>	<u>4,022,159</u>
<b>Total support and revenue</b>			
	<u>4,186,603</u>	<u>(164,444)</u>	<u>4,022,159</u>
<b>Expenses</b>			
Program services:			
Advocacy	1,725,697	-	1,725,697
Membership	413,334	-	413,334
Outreach tours and events	695,699	-	695,699
Total program services	<u>2,834,730</u>	<u>-</u>	<u>2,834,730</u>
Management and general	665,204	-	665,204
Fundraising	574,772	-	574,772
	<u>4,074,706</u>	<u>-</u>	<u>4,074,706</u>
<b>Total expenses</b>			
	<u>4,074,706</u>	<u>-</u>	<u>4,074,706</u>
<b>Change in Net Assets</b>	111,897	(164,444)	(52,547)
<b>Net Assets, Beginning of Year</b>	<u>686,044</u>	<u>189,444</u>	<u>875,488</u>
<b>Net Assets, End of Year</b>	<u>\$ 797,941</u>	<u>\$ 25,000</u>	<u>\$ 822,941</u>

**TRANSPORTATION ALTERNATIVES, INC.**  
**STATEMENT OF ACTIVITIES**  
For the year ended March 31, 2018

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Support and Revenue</b>			
Contributions	\$ 1,453,131	\$ 337,583	\$ 1,790,714
Membership support	440,693	-	440,693
Grants	371,126	90,000	461,126
Special events - Streets for People Party	854,980	-	854,980
Program service fees	381,281	-	381,281
Sponsorships	237,565	-	237,565
Consulting income	25,272	-	25,272
Investment income, net	8,659	-	8,659
Merchandise sales and other	30,512	-	30,512
Net assets released from restrictions	448,163	(448,163)	-
	<u>4,251,382</u>	<u>(20,580)</u>	<u>4,230,802</u>
<b>Total support and revenue</b>			
	<u>4,251,382</u>	<u>(20,580)</u>	<u>4,230,802</u>
<b>Expenses</b>			
Program services:			
Advocacy	1,890,463	-	1,890,463
Membership	465,801	-	465,801
Outreach tours and events	709,395	-	709,395
Total program services	<u>3,065,659</u>	<u>-</u>	<u>3,065,659</u>
Management and general	746,043	-	746,043
Fundraising	488,950	-	488,950
	<u>4,300,652</u>	<u>-</u>	<u>4,300,652</u>
<b>Total expenses</b>			
	<u>4,300,652</u>	<u>-</u>	<u>4,300,652</u>
<b>Change in Net Assets</b>	(49,270)	(20,580)	(69,850)
<b>Net Assets, Beginning of Year</b>	<u>735,314</u>	<u>210,024</u>	<u>945,338</u>
<b>Net Assets, End of Year</b>	<u>\$ 686,044</u>	<u>\$ 189,444</u>	<u>\$ 875,488</u>

**TRANSPORTATION ALTERNATIVES, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
For the year ended March 31, 2019

	Program Services				Management and General	Fundraising	Total
	Advocacy	Membership	Outreach Tours and Events	Total			
Salaries	\$ 923,760	\$ 196,208	\$ 241,014	\$1,360,982	\$ 358,744	\$ 241,749	\$1,961,475
Employee benefits	116,570	24,760	30,414	171,744	45,270	30,506	247,520
Payroll taxes	76,873	16,328	20,056	113,257	29,854	20,118	163,229
Total salaries and related expenses	1,117,203	237,296	291,484	1,645,983	433,868	292,373	2,372,224
Accounting	-	-	-	-	14,400	-	14,400
Advertising	14,221	6,880	20,187	41,288	-	2,302	43,590
Apparel and promotional items	12,039	20,523	48,303	80,865	6,514	20,900	108,279
Conferences, meetings, and travel	32,555	1,352	4,533	38,440	235	1,318	39,993
Consultant, fee for service	181,919	45,615	123,452	350,986	97,177	56,633	504,796
Credit card fees	20,606	4,377	5,376	30,359	8,002	5,393	43,754
Depreciation and amortization	9,319	1,979	2,432	13,730	3,619	2,439	19,788
Information technology	59,167	17,296	16,128	92,591	22,818	15,682	131,091
Insurance	4,442	943	1,159	6,544	1,725	1,163	9,432
Office and postage expenses	34,713	13,961	14,649	63,323	18,354	14,062	95,739
Other operating expenses	4,747	61	75	4,883	4,656	2,105	11,644
Rent and occupancy costs	138,204	29,354	58,615	226,173	53,672	36,168	316,013
Special events	96,562	33,697	109,306	239,565	164	84,448	324,177
Streets for People Party - direct donor benefit	-	-	-	-	-	39,786	39,786
Total expenses	<u>\$ 1,725,697</u>	<u>\$ 413,334</u>	<u>\$ 695,699</u>	<u>\$2,834,730</u>	<u>\$ 665,204</u>	<u>\$ 574,772</u>	<u>\$4,074,706</u>



**TRANSPORTATION ALTERNATIVES, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
For the year ended March 31, 2018

	Program Services				Management and General	Fundraising	Total
	Advocacy	Membership	Outreach Tours and Events	Total			
Salaries	\$ 1,075,283	\$ 214,199	\$ 223,055	\$1,512,537	\$ 454,140	\$ 203,933	\$2,170,610
Employee benefits	127,670	25,432	26,484	179,586	53,921	24,213	257,720
Payroll taxes	90,848	18,098	18,845	127,791	38,369	17,230	183,390
Total salaries and related expenses	1,293,801	257,729	268,384	1,819,914	546,430	245,376	2,611,720
Accounting	-	-	-	-	15,350	-	15,350
Advertising and promotion	21,926	6,835	15,634	44,395	-	1,746	46,141
Apparel and promotional items	14,611	34,798	53,059	102,468	31	13,996	116,495
Bad debt	3,468	691	719	4,878	1,465	1,307	7,650
Conferences, meetings, and travel	38,292	1,209	6,315	45,816	283	2,122	48,221
Consultant, fee for service	158,824	55,596	86,895	301,315	40,350	43,767	385,432
Credit card fees	20,699	4,123	11,621	36,443	8,742	3,926	49,111
Depreciation and amortization	11,623	2,316	2,411	16,350	4,909	2,204	23,463
Information technology	85,308	16,925	18,161	120,394	35,871	16,815	173,080
Insurance	4,578	912	949	6,439	1,933	868	9,240
Office and postage expenses	40,127	16,317	14,717	71,161	26,238	12,024	109,423
Other operating expenses	4,604	661	872	6,137	4,450	2,052	12,639
Rent and occupancy costs	142,042	28,295	48,641	218,978	59,991	26,939	305,908
Special events	50,560	39,394	181,017	270,971	-	38,113	309,084
Streets for People Party - direct donor benefit	-	-	-	-	-	77,695	77,695
Total expenses	\$ 1,890,463	\$ 465,801	\$ 709,395	\$3,065,659	\$ 746,043	\$ 488,950	\$4,300,652

**TRANSPORTATION ALTERNATIVES, INC.**  
**STATEMENTS OF CASH FLOWS**  
For the years ended March 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ (52,547)	\$ (69,850)
Adjustments to reconcile change in net assets cash provided by operating activities		
Depreciation and amortization	19,788	23,463
Unrealized (gains) losses on investments	(55)	524
Bad debt allowance	-	7,000
Decrease (increase) in assets:		
Accounts and other receivables	(59,625)	47,335
Grants and pledges receivable	275,000	110,611
Prepaid expenses	76,746	(76,912)
Increase (decrease) in liabilities:		
Accounts payable	(22,083)	27,338
Accrued expenses	(13,220)	22,801
Deferred revenue	(150,750)	155,477
Deferred rent	15,070	22,018
	<u>88,324</u>	<u>269,805</u>
<b>Cash Flows from Investing Activities</b>		
Purchases of investments	(14,792)	(8,951)
Purchases of property, equipment, and intangibles	(2,296)	-
	<u>(17,088)</u>	<u>(8,951)</u>
<b>Cash Flows from Financing Activities</b>		
Proceeds from line of credit	430,000	250,000
Repayments on line of credit	(430,000)	(250,000)
	<u>-</u>	<u>-</u>
<b>Increase in Cash and Cash Equivalents</b>	<b>71,236</b>	<b>260,854</b>
<b>Cash and Cash Equivalents, Beginning</b>	<b>348,578</b>	<b>87,724</b>
<b>Cash and Cash Equivalents, Ending</b>	<b>\$ 419,814</b>	<b>\$ 348,578</b>
<b>Supplemental Cash Flow Information:</b>		
Interest paid	<u>\$ 2,295</u>	<u>\$ 1,826</u>

See notes to financial statements.

**TRANSPORTATION ALTERNATIVES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the years ended March 31, 2019 and 2018**

**NOTE 1 - ORGANIZATION**

Transportation Alternatives, Inc. (TransAlt) was organized as a nonprofit corporation in New York in 1974 and operates in New York City. TransAlt was formed to promote the creation, development, and implementation of all environmentally sound forms of transportation. These forms include bicycling, walking, and public transit. TransAlt is supported primarily through membership, donor contributions and grants. These resources are used to fulfill TransAlt's mission by focusing their efforts on the following:

Advocacy - The overarching goal of TransAlt's Advocacy program is to engage and empower New Yorkers to increase biking, walking and public transit options and achieve Vision Zero – the revolutionary goal of zero deaths or serious injuries caused by traffic. TransAlt turned out activists to hundreds of separate public-facing events, including community board meetings, rallies, community visioning sessions, and petition drives, and held scores of meetings and engagements with elected officials. As a result of these activities, TransAlt achieved numerous campaign milestones this year, including positive community board votes, the endorsement of elected officials, and the full implementation of many projects.

Membership – TransAlt has approximately 7,900 dues-paying members which form the core of their supporter base. Throughout the year, members are kept up-to-date on TransAlt's work and how members can get involved. These New Yorkers are avid readers of TransAlt's award-winning twice-annual *Reclaim* magazine. TransAlt also host membership events throughout the year to thank supporters and get them excited about TransAlt's priority programs and campaigns. TransAlt organizes a citywide Bike to Work Day annually, and hundreds of thousands of bicyclists demonstrate how simple using bicycle for transportation can be.

Outreach Tours and Events - TransAlt's annual bike tours provide an entry-level path to on-street bicycling. The borough tour in Staten Island, attended by over 1,900 cyclists, offers a choice of either a 35-mile or a 50-mile family-oriented bicycle parades that loop through neighborhoods where New York City's bicycling population has exploded. TransAlt's premier bicycle tour, the NYC Century Bike Tour, hosted an audience of over 4,000 bicyclists, and includes the nation's only all-urban 100-mile route. TransAlt also cemented their reputation as an international leader on Vision Zero by hosting their fourth annual Vision Zero Cities conference in May 2018. The conference brought together traffic safety experts and policymakers from throughout the country and around the world to share common challenges, practical guidance, and cutting-edge solutions.

Supporting services include the following functional categories:

Management and General - Activities include program oversight, business management, general record-keeping, budgeting, and related administrative activities.

Fundraising - TransAlt solicits contributions from individuals, foundations, and corporations, among others. TransAlt also maintains donor mailing lists for communications purposes. Fundraising activities also include development and management of various activities involved with soliciting contributions.

**TRANSPORTATION ALTERNATIVES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
For the years ended March 31, 2019 and 2018

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting**

The accompanying financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (GAAP), whereby revenue is recognized when earned and expenses are recognized when incurred.

**Cash and Cash Equivalents**

For purposes of reporting cash flows, highly liquid investments with an initial maturity of three months or less are considered to be cash equivalents. Cash and short-term investments held by the investment advisors are reported as investments.

**Accounts Receivable**

Receivables are carried at the original invoice amounts less an estimate made for doubtful receivables based on an annual review of all outstanding amounts. Management determines the allowance for doubtful accounts by annually evaluating individual receivables and considering the financial condition, credit history, and current economic conditions of the creditors. Receivables are written off when deemed uncollectible. Recoveries of receivables previously written off are recorded in revenue when received. A receivable is considered past due if any portion of the receivable balance is outstanding for more than ninety days. However, TransAlt does not charge interest on past due receivables. At March 31, 2019 and 2018, the allowance is \$0 and \$7,000, respectively, based on management's evaluation of the collectability of accounts receivable.

**Grants and Pledges Receivable**

Grants and pledges receivable represent unconditional amounts committed to TransAlt and recorded at the earlier of the date received or the date of receipt of a donor's non-contingent promise or pledge. Unconditional promises to give that are expected to be collected in one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. For the years ended March 31, 2019 and 2018, no allowance for doubtful accounts has been recorded based on management's evaluation of the grants and contributions receivable. As of March 31, 2019, the grants and pledges receivable are due within one year. No discount has been recorded since the amount was not material to the financial statements.

**Investments**

Investments in exchange traded funds with readily determinable fair values are reflected at fair market value. The change in fair market value is recorded as a component of realized and unrealized gains on investments in the statement of activities. Interest and dividends are recorded in revenue when earned.

**TRANSPORTATION ALTERNATIVES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
For the years ended March 31, 2019 and 2018

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Fair Value Measurements**

TransAlt complies with the accounting standard on accounting for fair value measurements. This standard defines fair value and establishes 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 measurement) and the lowest priority to unobservable inputs (level 3 measurement).

The three levels of the fair value hierarchy under this topic are described below:

Basis of Fair Value Measurement

- Level 1 Unadjusted quoted prices in active markets that are accessible at the measurement date for identical unrestricted assets or liabilities.
- Level 2 Quoted prices in markets that are not considered to be active or financial instruments for which all significant inputs are observable, either directly or indirectly.
- Level 3 Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

The 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 the observable inputs and minimize the use of the unobservable inputs. The following is a description of the valuation methodology used for investments measured at fair value. There have been no changes in the methodology used at March 31, 2019 and 2018.

Mutual Funds – Valued at the closing price reported in the active market on which the individual securities are traded (Level 1).

**Property, Equipment, and Intangibles**

Property, equipment, and intangibles are recorded at cost, and consist of equipment, intangibles, leasehold improvements, and furniture and fixtures. TransAlt capitalizes all property and equipment with a useful life greater than one year and with a cost basis of \$1,000 or more. Depreciation and amortization of equipment, intangibles, and furniture and fixtures is computed over an estimated useful life 3 - 10 years on a straight-line basis. Depreciation of leasehold improvements is computed over the shorter of the lease term or the useful life of the improvement on a straight-line basis. When property, equipment, and intangibles are retired or otherwise disposed of, the cost and related accumulated depreciation or amortization are removed from the accounts with any resulting gain or loss reflected in income. Repairs and maintenance are expensed when incurred.

**TRANSPORTATION ALTERNATIVES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
For the years ended March 31, 2019 and 2018

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Net Assets**

Net assets, revenue, gains and losses are classified based on the existence or absence of contributions with donor-imposed restrictions. Accordingly, net assets of TransAlt and changes therein are classified and reported as follows:

Net assets without donor restrictions - Net assets without donor restrictions are available for use at the discretion of the Board of Directors (the Board) and/or management for general operating purposes. From time to time, the Board may designate a portion of these net assets for specific purposes, which makes them unavailable for use at management's discretion.

Net assets with donor restrictions - Net assets with donor restrictions consist of assets whose use is limited by donor-imposed time and/or purpose restrictions. TransAlt reports gifts of cash and other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use of the donated asset. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, the net assets are reclassified as net assets without donor restriction and reported in the statements of activities as net assets released from restrictions.

See notes 6 and 7 for more information on the composition of net assets.

**Contributions and Grants**

TransAlt recognizes contributions received and made, including unconditional promises to give, as revenue in the period received or made. Contributions received are reported as either revenue without donor restrictions or revenue with donor restrictions. Contributions with donor restrictions that are used for the purpose specified by the donor in the same year as the contribution is received are recognized as revenue without donor restrictions. Conditional promises to give are not recognized until the conditions on which they depend are substantially met.

**Revenue Recognition**

Membership revenue is recognized when received. Program service fees and consulting fees are recognized as services are provided. Sponsorship and event revenues are recognized when the events occur. Fees received prior to the services being rendered or the event occurrence are included in deferred revenue. Other revenue is recognized when earned. Other income and investment income are recognized when earned. In-kind gifts received through donations are valued and recorded as revenue and expense at their fair value at the time the contribution is received.

**Expense Allocation**

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities and the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**TRANSPORTATION ALTERNATIVES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the years ended March 31, 2019 and 2018**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The financial statements report expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. All expenses are allocated on the basis of estimates of time and effort except for direct costs associated with specific programs, which are recorded as expenses for the program benefited.

**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.

**Advertising Costs**

Advertising costs are expensed as incurred. For the years ended March 31, 2019 and 2018, advertising costs totaled \$43,590 and \$46,141, respectively.

**Income Taxes**

TransAlt is recognized as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code, as amended, and classified as other than a private foundation. However, income from certain activities not directly related to TransAlt's tax-exempt purpose may be subject to taxation as unrelated business income. No provision for income taxes is required for the years ended March 31, 2019 or 2018 since TransAlt had no taxable income from unrelated business activities.

The income tax positions taken by TransAlt for any years open under the various statutes of limitations are that TransAlt continues to be exempt from income taxes and that they have properly reported unrelated business income that is subject to income taxes. TransAlt believes that there are no tax positions taken or expected to be taken that would significantly increase unrecognized tax liabilities within 12 months of the reporting date. None of TransAlt's federal or state income tax returns are currently under examination.

**New Accounting Pronouncements Adopted**

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, Presentation of Financial Statements of Not-for-Profit Entities (Topic 958). The ASU amends the current reporting model for nonprofit organizations and enhances their required disclosures. The major changes include: (a) requiring the presentation of only two classes of net assets now entitled "net assets without donor restrictions" and "net assets with donor restrictions", (b) modifying the presentation of underwater endowment funds and related disclosures, (c) requiring the use of the placed in service approach to recognize the expirations of restrictions on gifts used to acquire or construct long-lived assets absent explicit donor stipulations otherwise, (d) requiring that all nonprofits present an analysis of expenses by function and nature in either the statement of activities, a separate statement, or in the notes and disclose a summary of the allocation methods used to allocate costs, (e) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources, (f) presenting investment return net of external and direct internal investment expenses, and

**TRANSPORTATION ALTERNATIVES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
For the years ended March 31, 2019 and 2018

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

(g) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of nonprofit financial statements. TransAlt has adopted this ASU for the year ended March 31, 2019 and has chosen to present its statements of cash flows using the indirect method.

**Accounting Pronouncements Not Yet Adopted**

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which is a comprehensive new revenue recognition standard that will supersede existing revenue recognition guidance. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. FASB issued ASU 2015-14 that deferred the effective date for TransAlt until annual periods beginning after December 15, 2018. The amendments to this update are required to be applied retrospectively to each prior reporting period presented or with the cumulative effect being recognized at the date of initial application.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, a new accounting pronouncement for leases. This guidance significantly changes the accounting for a lessee. Under previous guidance, the lessee did not have to record an operating lease on the statement of financial position. Under the new guidance, a lessee must record both a liability for the lease payments and an asset for the right to use the leased property during the lease term. The new accounting pronouncement also adds comprehensive qualitative and quantitative disclosures for lease arrangements. The disclosure requirements include information about management's significant judgments in its accounting for a leasing arrangement. Adoption of this accounting standard is required for the year ended March 31, 2021, although early adoption is permitted, and is expected to result in additions to TransAlt's assets and liabilities for the office leases to the statement of financial position and adding information to the lease disclosures in the notes to the financial statements.

TransAlt plans to adopt the new ASUs at their respective implementation dates.

**NOTE 3 - INVESTMENTS AND FAIR VALUE MEASUREMENTS**

The following are the major categories of assets measured at fair value on a recurring basis during the years ended March 31. All assets have been valued using a market approach. There have been no changes in the valuation techniques related inputs. All investments are considered Level 1 (using quoted prices in active markets for identical assets):

	<u>2019</u>	<u>2018</u>
Mutual Funds:	<u>\$ 295,622</u>	<u>\$ 280,775</u>



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**NOTE 3 - INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)**

Investment income is reflected in the statements of activities and consisted of the following for the years ended March 31:

	<u>2019</u>	<u>2018</u>
Interest income	\$ 187	\$ 232
Dividend income	14,792	8,952
Unrealized gains (losses)	<u>55</u>	<u>(524)</u>
Total	<u>\$ 15,034</u>	<u>\$ 8,659</u>

**NOTE 4 - PROPERTY, EQUIPMENT, AND INTANGIBLES**

TransAlt's property, equipment, and intangibles consisted of the following for the years ended March 31:

	<u>2019</u>	<u>2018</u>
Equipment	\$ 104,581	\$ 102,286
Intangibles	26,200	26,200
Leasehold improvements	85,644	85,644
Furniture and fixtures	<u>65,309</u>	<u>65,309</u>
	281,734	279,439
Less, accumulated depreciation and amortization	<u>(185,238)</u>	<u>(165,451)</u>
Net value of property, equipment, and intangibles	<u>\$ 96,496</u>	<u>\$ 113,988</u>

For the years ended March 31, 2019 and 2018, depreciation and amortization expense totaled \$19,788 and \$23,463, respectively.

**NOTE 5 - LINE OF CREDIT**

TransAlt has a \$400,000 unsecured line of credit for which any outstanding obligations are due on demand. Interest accrues at the prime rate as published in the Wall Street Journal, plus 1.85%. As of March 31, 2019 and 2018, there were no advances outstanding.

**NOTE 6 - NET ASSETS WITHOUT DONOR RESTRICTIONS - BOARD DESIGNATED**

The Board has designated \$400,000 to be set aside as a minimum reserve for financial stability as of March 31, 2019 and 2018.

**TRANSPORTATION ALTERNATIVES, INC.**  
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**NOTE 7 - NET ASSETS WITH DONOR RESTRICTIONS**

TransAlt's net assets with donor restrictions consisted of the following as of March 31:

	<u>2019</u>	<u>2018</u>
Advocacy	\$ -	\$ 137,444
Restricted for time	<u>25,000</u>	<u>52,000</u>
	<u>\$ 25,000</u>	<u>\$ 189,444</u>

**NOTE 8 - LEASE COMMITMENT**

**Operating Leases**

TransAlt leases office facilities under a 10 year lease agreement that expires on August 31, 2025. The lease includes an annual 2.75% escalation of payments. TransAlt accounts for the escalating payments by spreading the total base rent payments on a straight-line basis over the term of the lease, resulting in a deferred rent liability. In addition, TransAlt maintains leases for various office equipment.

Future minimum lease commitments under these lease agreements as of March 31 are as follows:

2020	\$ 272,409
2021	276,457
2022	281,606
2023	289,350
2024	297,308
Thereafter	<u>434,204</u>
	<u>\$ 1,851,334</u>

TransAlt has been approved to receive a real estate tax abatement each year. The tax abatement has been applied against rent expense during the corresponding periods.

Rent and occupancy expense consisted of the following for the years ended March 31:

	<u>2019</u>	<u>2018</u>
Office rent paid	\$ 265,479	\$ 254,800
Less, tax abatement	(12,782)	(17,042)
Deferred office rent amortization	<u>15,070</u>	<u>22,018</u>
	267,767	259,776
Storage, utilities and other	<u>48,246</u>	<u>46,132</u>
Total	<u>\$ 316,013</u>	<u>\$ 305,908</u>

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**NOTE 9 - RETIREMENT PLAN**

TransAlt has an established 401(k) defined contribution plan (the “Plan”) for all eligible employees. Eligible employees can elect to make pre-tax contributions to the Plan. In addition, TransAlt can elect to contribute a percentage of all eligible employees’ gross salary on an annual basis. TransAlt contributed \$36,807 and \$44,662 to the Plan for the years ended March 31, 2019 and 2018, respectively, which is included in employee benefits in the statements of functional expenses.

**NOTE 10 - STREETS FOR PEOPLE PARTY**

TransAlt hosts an annual *Streets for People Party* to celebrate the many victories won in the name of safer streets and to honor individuals who have gone above and beyond to usher in the shared vision of a better New York. The *Streets for People Party* raises funds for operations and outreach efforts to support its vision. For the years ended March 31, 2019 and 2018, net revenue for the event was as follows:

	<u>2019</u>	<u>2018</u>
Revenue:		
Contributions, grants, and sponsors	\$ 865,644	\$ 854,980
Less, direct benefit costs to donors for meals and entertainment	<u>(39,786)</u>	<u>(77,695)</u>
Total revenue, net	<u>\$ 825,858</u>	<u>\$ 777,285</u>

**NOTE 11 - CONCENTRATIONS OF CREDIT RISK**

TransAlt’s financial instruments that are exposed to concentrations of credit risk include cash and highly liquid, temporary cash investments. At times, such cash and temporary cash investment balances may be in excess of the Federal Deposit Insurance Corporation insurance limit. TransAlt places its cash and temporary cash investments with high credit quality financial institutions. TransAlt has not experienced any losses in these accounts, and believes it is not exposed to significant credit risk.

TransAlt invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect account balances and the amounts reported in the accompanying financial statements.

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**NOTE 12 - LIQUIDITY AND AVAILABILITY OF RESOURCES**

TransAlt's financial assets that are available for general operations during the fiscal year ending March 31, 2020 are as follows:

Cash and cash equivalents	\$	419,814
Accounts and other receivables, net		95,743
Investments		<u>295,622</u>
Total financial assets available within one year		811,179
Less, amounts unavailable for general operations within one year, due to:		
Board designated reserve		<u>(400,000)</u>
Total financial assets available to management for general operations within one year	\$	<u>411,179</u>

TransAlt structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. To help manage unanticipated liquidity needs, TransAlt has a committed line of credit of \$400,000 available. In addition, TransAlt has board designated net assets of \$400,000 that, while TransAlt does not intend to spend the funds, could be made available for current operations if necessary.

**NOTE 13 - SUBSEQUENT EVENTS**

Subsequent events have been evaluated through December 13, 2019, which is the date the financial statements were available to be issued.