



Via Mobility Services

Years Ended December 31, 2018 and 2017
with
Independent Auditors' Report

Via Mobility Services

Years Ended December 31, 2018 and 2017
(See Independent Auditors' Report)

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Board of Directors
Via Mobility Services
Boulder, Colorado

Independent Auditors' Report

Report on the Financial Statements

We have audited the accompanying financial statements of Via Mobility Services which comprise the statements of financial position as of December 31, 2018 and 2017 and the related statements of activities, changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Via Mobility Services as of December 31, 2018 and 2017, and the changes in their net assets and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audits were performed for the purpose of forming an opinion on the basic financial statements of Via Mobility Services taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and the records used to prepare the 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 24, 2019, on our consideration of Via Mobility Services' 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 Accounting Standards* in considering Via Mobility Services' internal control over financial reporting and compliance.

Stratagem PC
Certified Public Accountants
Lakewood, Colorado

April 24, 2019

Via Mobility Services

Statements of Financial Position
December 31, 2018 and 2017
(See Independent Auditors' Report)

| | Assets | |
|-----------------------------------|---------------|---------------|
| | 2018 | 2017 |
| Current assets: | | |
| Cash and cash equivalents | \$ 624,334 | \$ 1,299,402 |
| Accounts receivable: | | |
| Trade | 3,903,936 | 2,809,712 |
| Other | 112,206 | 583,009 |
| Pledges receivable | - | 55,500 |
| Inventory | 78,678 | 58,317 |
| Prepaid expenses and other | 114,286 | 326,990 |
| Total current assets | 4,833,440 | 5,132,930 |
| Investments limited as to use | 1,601,812 | 1,715,116 |
| Property and equipment, at cost: | | |
| Facility | 8,661,650 | 8,421,801 |
| Land | 2,501,137 | 2,501,137 |
| Maintenance equipment | 466,872 | 428,096 |
| Office furniture and equipment | 1,877,122 | 1,689,196 |
| Vehicles | 8,582,073 | 8,654,028 |
| | 22,088,854 | 21,694,258 |
| Accumulated depreciation | 9,668,969 | 8,853,453 |
| Total property and equipment, net | 12,419,885 | 12,840,805 |
| Other assets: | | |
| Restricted cash | 57,622 | - |
| Deposits | 12,888 | 12,888 |
| Investments | 2,634,553 | 2,790,326 |
| Total other assets | 2,705,063 | 2,803,214 |
| Total assets | \$ 21,560,200 | \$ 22,492,065 |

(See Notes to Financial Statements)

Via Mobility Services

Statements of Financial Position
December 31, 2018 and 2017
(See Independent Auditors' Report)

Liabilities and Net Assets

| | 2018 | 2017 |
|--|---------------|---------------|
| Current and total liabilities: | | |
| Note payable, line of credit | \$ 250,000 | \$ - |
| Current portion of obligation under capital leases | 194,519 | 201,932 |
| Accounts payable, trade | 346,164 | 252,166 |
| Accrued payroll and vacation | 853,399 | 891,971 |
| Payroll taxes and related liabilities | 134,624 | 99,609 |
| Unearned income | 138,622 | 249,002 |
| Total current liabilities | 1,917,328 | 1,694,680 |
| Long-term liabilities, net of current portion: | | |
| Note payable, other | 150,000 | - |
| Obligation under capital leases | 45,417 | 173,475 |
| Gift annuity payments due | 21,637 | 21,637 |
| Total long-term liabilities | 217,054 | 195,112 |
| Total liabilities | 2,134,382 | 1,889,792 |
| Net assets: | | |
| Without donor restrictions: | | |
| Operating | 5,791,391 | 6,021,459 |
| Net investment in property and equipment | 11,779,949 | 12,465,398 |
| Board designated - other (Note 10) | 1,529,960 | 1,628,665 |
| Board designated - endowment (Note 9) | 129,474 | 141,951 |
| Total without donor restrictions | 19,230,774 | 20,257,473 |
| With donor restrictions | 195,044 | 344,800 |
| Total net assets | 19,425,818 | 20,602,273 |
| Total liabilities and net assets | \$ 21,560,200 | \$ 22,492,065 |

(See Notes to Financial Statements)

Via Mobility Services

Statement of Activities Year Ended December 31, 2018 (See Independent Auditors' Report)

| | Without Donor Restrictions | With Donor Restrictions | Total |
|--------------------------------------|-------------------------------|----------------------------|-----------------------|
| Revenue and other support: | | | |
| Grants: | | | |
| Federal | \$ 1,288,841 | \$ 105,260 | \$ 1,394,101 |
| Other | 2,164,009 | - | 2,164,009 |
| Earned income contracts | 14,605,559 | - | 14,605,559 |
| Rider fares | 316,644 | - | 316,644 |
| Fundraising | 487,543 | 1,000 | 488,543 |
| In-kind donations | 151,699 | - | 151,699 |
| Interest and dividend income | 97,383 | 1,318 | 98,701 |
| Other revenue | 25,067 | 36,600 | 61,667 |
| Unrealized loss on investments | (339,228) | (2,318) | (341,546) |
| Net assets released from restriction | 291,616 | (291,616) | - |
| | <u>19,089,133</u> | <u>(149,756)</u> | <u>18,939,377</u> |
| Total revenue and other support | | | |
| Expenses: | | | |
| Program services: | | | |
| Depreciation | 1,174,851 | - | 1,174,851 |
| Other program services | 16,168,883 | - | 16,168,883 |
| | <u>17,343,734</u> | <u>-</u> | <u>17,343,734</u> |
| Total program services expense | | | |
| Supporting services: | | | |
| General and administrative: | | | |
| Depreciation | 72,095 | - | 72,095 |
| Other general and administrative | 2,342,638 | - | 2,342,638 |
| | <u>2,414,733</u> | <u>-</u> | <u>2,414,733</u> |
| Total supporting services expense | | | |
| Fundraising | 357,365 | - | 357,365 |
| | <u>20,115,832</u> | <u>-</u> | <u>20,115,832</u> |
| Total expenses | | | |
| Increase (decrease) in net assets | <u>\$ (1,026,699)</u> | <u>\$ (149,756)</u> | <u>\$ (1,176,455)</u> |

(See Notes to Financial Statements)

Via Mobility Services

Statement of Activities Year Ended December 31, 2017 (See Independent Auditors' Report)

| | Without Donor Restrictions | With Donor Restrictions | Total |
|--------------------------------------|-------------------------------|----------------------------|--------------|
| Revenue and other support: | | | |
| Grants: | | | |
| Federal | \$ 1,625,913 | \$ 393,427 | \$ 2,019,340 |
| Other | 1,849,969 | 1,245,000 | 3,094,969 |
| Earned income contracts | 13,353,557 | - | 13,353,557 |
| Rider fares | 309,476 | - | 309,476 |
| Fundraising | 524,937 | - | 524,937 |
| In-kind donations | 185,338 | - | 185,338 |
| Interest and dividend income | 89,349 | 1,072 | 90,421 |
| Other revenue | 25,950 | 109,800 | 135,750 |
| Unrealized gain on investments | 525,535 | 13,068 | 538,603 |
| Net assets released from restriction | 1,568,727 | (1,568,727) | - |
| Total revenue and other support | 20,058,751 | 193,640 | 20,252,391 |
| Expenses: | | | |
| Program services: | | | |
| Depreciation | 963,417 | - | 963,417 |
| Other program services | 14,895,385 | - | 14,895,385 |
| Total program services expense | 15,858,802 | - | 15,858,802 |
| Supporting services: | | | |
| General and administrative: | | | |
| Depreciation | 97,939 | - | 97,939 |
| Other general and administrative | 2,268,768 | - | 2,268,768 |
| Total supporting services expense | 2,366,707 | - | 2,366,707 |
| Fundraising | 383,189 | - | 383,189 |
| Total expenses | 18,608,698 | - | 18,608,698 |
| Increase (decrease) in net assets | \$ 1,450,053 | \$ 193,640 | \$ 1,643,693 |

(See Notes to Financial Statements)

Via Mobility Services

Statement of Changes in Net Assets December 31, 2018 and 2017 (See Independent Auditors' Report)

| | Without Donor Restrictions | | | With Donor Restrictions | Total |
|------------------------------|-----------------------------|----------------------------|-----------------------------|----------------------------|-----------------------------|
| | Unrestricted | Board Designated | Total | | |
| Balance at December 31, 2016 | \$ 17,253,627 | \$ 1,539,653 | \$ 18,793,280 | \$ 165,300 | \$ 18,958,580 |
| Change in net assets - 2017 | <u>1,233,230</u> | <u>230,963</u> | <u>1,464,193</u> | <u>179,500</u> | <u>1,643,693</u> |
| Balance at December 31, 2017 | 18,486,857 | 1,770,616 | 20,257,473 | 344,800 | 20,602,273 |
| Change in net assets - 2018 | <u>(915,517)</u> | <u>(111,182)</u> | <u>(1,026,699)</u> | <u>(149,756)</u> | <u>(1,176,455)</u> |
| Balance at December 31, 2018 | <u><u>\$ 17,571,340</u></u> | <u><u>\$ 1,659,434</u></u> | <u><u>\$ 19,230,774</u></u> | <u><u>\$ 195,044</u></u> | <u><u>\$ 19,425,818</u></u> |

(See Notes to Financial Statements)

Via Mobility Services

Statements of Functional Expenses - Program Services Years Ended December 31, 2018 and 2017 (See Independent Auditors' Report)

| | 2018 | | 2017 | |
|-------------------------------------|---------------|--|---------------|--|
| | | Percentage of support without restrictions | | Percentage of support without restrictions |
| Depreciation | \$ 1,174,851 | 6.1 % | \$ 963,417 | 4.8 % |
| Fuel and oil | 258,759 | 1.3 | 192,998 | 1.0 |
| In-kind goods and services | 151,699 | 0.8 | 185,338 | 0.9 |
| Insurance | 1,105,650 | 5.8 | 906,724 | 4.5 |
| Office supplies | 127,771 | 0.7 | 134,556 | 0.7 |
| Outside services | 31,599 | 0.2 | 103,348 | 0.5 |
| Purchased transportation | 144,369 | 0.8 | 158,687 | 0.8 |
| Rent and leases | 248,172 | 1.3 | 200,756 | 1.1 |
| Salaries and related expenses | 12,750,963 | 66.8 | 11,804,903 | 58.8 |
| Taxes and licenses | 11,500 | 0.1 | 9,813 | - |
| Telephone | 53,011 | 0.3 | 47,109 | 0.2 |
| Travel and meetings | 64,223 | 0.3 | 40,532 | 0.2 |
| Utilities | 13,411 | 0.1 | 13,337 | 0.1 |
| Vehicle and facility maintenance | 1,207,757 | 6.3 | 1,097,284 | 5.5 |
| | \$ 17,343,734 | 90.9 % | \$ 15,858,802 | 79.1 % |
| Percentage of total expenses | | 86.2 % | | 85.2 % |

(See Notes to Financial Statements)

Via Mobility Services

Statements of Functional Expenses - Supporting Services Years Ended December 31, 2018 and 2017 (See Independent Auditors' Report)

| | 2018 | | 2017 | |
|-------------------------------------|--|---------------|--|---------------|
| | Percentage of support without restrictions | | Percentage of support without restrictions | |
| General and administrative: | | | | |
| Depreciation | \$ 72,095 | 0.4 % | \$ 97,939 | 0.5 % |
| Insurance | 38,313 | 0.2 | 34,700 | 0.2 |
| Marketing | 44,058 | 0.2 | 55,247 | 0.3 |
| Miscellaneous | 258,275 | 1.4 | 286,156 | 1.4 |
| Office supplies | 127,771 | 0.7 | 134,556 | 0.7 |
| Outside services | 7,428 | 0.0 | 78,537 | 0.4 |
| Professional fees | 130,194 | 0.7 | 104,097 | 0.5 |
| Rent and leases | 44,137 | 0.2 | 34,614 | 0.2 |
| Salaries and related expense | 1,345,126 | 7.0 | 1,276,408 | 6.4 |
| Telephone | 50,878 | 0.3 | 53,857 | 0.3 |
| Travel and meetings | 64,223 | 0.3 | 40,532 | 0.2 |
| Utilities | 167,239 | 0.9 | 122,580 | 0.6 |
| Vehicle and facility maintenance | 64,997 | 0.3 | 47,484 | 0.2 |
| | <u>\$ 2,414,733</u> | <u>12.6 %</u> | <u>\$ 2,366,707</u> | <u>11.9 %</u> |
| Percentage of total expenses | | <u>12.0 %</u> | | <u>12.7 %</u> |
| Fundraising: | | | | |
| Miscellaneous | \$ 19,391 | 0.1 % | \$ 20,152 | 0.1 % |
| Office supplies | 7,412 | - | 12,406 | - |
| Salaries and related expense | 323,951 | 1.7 | 347,313 | 1.8 |
| Travel and meetings | 6,611 | - | 3,318 | - |
| | <u>\$ 357,365</u> | <u>1.8 %</u> | <u>\$ 383,189</u> | <u>1.9 %</u> |
| Percentage of total expenses | | <u>1.8 %</u> | | <u>2.1 %</u> |

(See Notes to Financial Statements)

Via Mobility Services

Statements of Cash Flows Years Ended December 31, 2018 and 2017 (See Independent Auditors' Report)

| | 2018 | 2017 |
|--|---------------|---------------|
| Cash flows from operating activities: | | |
| Cash received from earned income contracts, grants, donors and customers | \$ 18,352,222 | \$ 18,616,206 |
| Cash paid to suppliers and employees | (18,451,052) | (17,061,640) |
| Interest paid | 18,579 | (4,909) |
| Interest received | 26,232 | 9,129 |
| Net cash provided (used) by operating activities | (54,019) | 1,558,786 |
| Cash flows from investing activities: | | |
| Purchases of property and equipment | (827,956) | (2,051,777) |
| Purchase of investments | - | (56,226) |
| Payment of deposits, net of refunds | - | (916) |
| Net cash used by investing activities | (827,956) | (2,108,919) |
| Cash flows from financing activities: | | |
| Note payable, line of credit: | | |
| Proceeds | 250,000 | 1,495,000 |
| Repayments | - | (1,495,000) |
| Proceeds from note payable, other | 150,000 | - |
| Obligation under capital leases: | | |
| Proceeds | 68,788 | - |
| Repayments | (204,259) | (189,779) |
| Net cash provided (used) by financing activities | 264,529 | (189,779) |
| Net decrease in cash and cash equivalents | (617,446) | (739,912) |
| Cash and cash equivalents, beginning | 1,299,402 | 2,039,314 |
| Cash and cash equivalents, ending | \$ 681,956 | \$ 1,299,402 |

(continued)
(See Notes to Financial Statements)

Via Mobility Services

Statements of Cash Flows (continued)
 Years Ended December 31, 2018 and 2017
 (See Independent Auditors' Report)

| | 2018 | 2017 |
|--|----------------|--------------|
| Cash flows from operating activities: | | |
| Change in net assets | \$ (1,176,455) | \$ 1,643,693 |
| Adjustments to reconcile change in net assets to net cash provided (used) by operating activities: | | |
| Unrealized (gain) loss on investments | 341,546 | (538,603) |
| Investment fees deducted from fund balance | 13,372 | 12,228 |
| Reinvested interest and dividends | (85,841) | (93,521) |
| Loss on disposal of property and equipment | 1,928 | - |
| Depreciation | 1,246,948 | 1,061,355 |
| (Increase) decrease in: | | |
| Accounts receivable: | | |
| Trade | (1,094,224) | (666,834) |
| Other | 470,803 | (317,645) |
| Pledges receivable | 55,500 | 55,500 |
| Inventory | (20,361) | 34,503 |
| Prepaid expenses | 212,704 | (74,045) |
| Increase (decrease) in: | | |
| Accounts payable, trade | 93,998 | 45,668 |
| Accrued payroll and vacation | (38,572) | 200,092 |
| Payroll taxes and related liabilities | 35,015 | 89,239 |
| Unearned income | (110,380) | 107,156 |
| Net cash provided (used) by operating activities | \$ (54,019) | \$ 1,558,786 |

(See Notes to Financial Statements)

Via Mobility Services

Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(See Independent Auditors' Report)

1. Nature of Operations and Summary of Significant Accounting Policies

Nature of operations

Via Mobility Services (the "Organization"), which has been granted not-for-profit status under Internal Revenue Code Section 501(c)(3), provides transportation services for the elderly, disabled, low income, rural and general public residents of the City and County of Boulder, Colorado as well as surrounding Colorado cities and/or counties. Funding is received from federal, state and local governments, donations from individuals and local businesses and organizations and transportation contracts with various governmental and non-governmental entities.

The core programs offered by the Organization include the following:

- Via Paratransit Services: Mission based service established in 1979, is a wheelchair-accessible door-through-door, driver assisted, demand responsive service serving those with lower incomes, older adults and individuals with disabilities. Additional services added in 2012 include regularly scheduled bus service serving communities in western Boulder County
- Mobility Program: Added to mission based services in 2004, offers individual and group travel training to help people navigate fixed-route bus service and connects individuals with other transportation programs provided by public, non-profit and/or volunteer organizations
- Access-a-Ride Program: Under a contract agreement with the Regional Transportation District (RTD), the Organization operates this paratransit program for individuals with disabilities that prevent them from using general public fixed route transit
- Call-n-Ride Program: Under a contract agreement with RTD, the Organization offers this hybrid demand responsive service to residents living in specific communities where fixed routes are generally not cost effective
- HOP Services: Under a contract agreement with the City of Boulder and the University of Colorado-Boulder, the Organization operates this innovative, high frequency shuttle that connects the major retail, business and educational centers in the congested core of the City

Via Mobility Services

Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(See Independent Auditors' Report)

1. Nature of Operations and Summary of Significant Accounting Policies (continued)

Basis of presentation

The financial statements are prepared using the accrual method of accounting under accounting principles generally accepted in the United States of America whereby income is reported as earned and expenses reported as incurred.

The financial statements of the Organization have been prepared in accordance with accounting principles generally accepted in the United States of America, which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

- Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in carrying on the operations of the Organization in accordance with the limitations of its charter and bylaws. These net assets may be used at the discretion of the Organization's management and the Board of Directors. Decreases in net assets without donor restrictions generally result from expenses incurred for program and supporting services conducted by the Organization. The Organization has \$129,474 and \$141,951 held in perpetuity as a result of a board designated endowment as of December 31, 2018 and 2017, respectively. See further discussion in Note 9.
- Net assets with donor restrictions: Net assets subject to stipulation imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. The Organization has no donor funds held in perpetuity as of December 31, 2018 and 2017, respectively.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are classified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Cash and cash equivalents

The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents for purposes of the statements of cash flows exclude permanently restricted cash and cash equivalents. The Organization maintains cash in bank deposit accounts at various financial institutions in which the deposits are guaranteed by the Federal Deposit Insurance Corporation ("FDIC").

Via Mobility Services

Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(See Independent Auditors' Report)

1. Nature of Operations and Summary of Significant Accounting Policies (continued)

Cash and cash equivalents (continued)

The operating accounts of the Organization are held at institutions that are provided insurance up to \$250,000 per FDIC-insured depository institution. Topic 825 of the Financial Accounting Standards Board Accounting Standards Codification ("FASB ASC"), *Financial Instruments*, identifies such accounts as a concentration of credit risk requiring disclosure regardless of the degree of risk.

Risk related to deposits held outside of institutions participating in the above program is managed by maintaining deposits with high quality financial institutions and monitoring cash such that balances are rarely, if ever, in excess of any applicable FDIC insurance limits that may be in place. In addition, management does not believe that the Organization is exposed to any significant risk related to cash and cash equivalents. Cash and cash equivalents balances as of December 31, 2018 include some restricted cash as described below. Cash and cash equivalents balances as of December 31, 2017 are considered unrestricted.

Restricted cash

Restricted cash as of December 31, 2018, consists of un-invested funds donated toward the Lenna Kottke Rider Support Fund, which is a Board designated fund where expenditures are directed by the Board for specific purposes. See further discussion in Note 10.

Investments

Investments are comprised of cash, money market accounts and mutual funds. Donated investments, when received, are recorded as contributions at market value upon date of receipt.

Investments limited as to use

The balances of \$1,546,293 and \$1,715,116 as of December 31, 2018 and 2017, respectively, include funds designated by the board as well as from donors. The amounts are included in the investment portfolio maintained by the Organization and include board designated funds held in perpetuity of \$129,474 and \$141,951 as of December 31, 2018 and 2017, respectively.

Via Mobility Services

Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(See Independent Auditors' Report)

1. Nature of Operations and Summary of Significant Accounting Policies (continued)

Accounts receivable

Accounts receivable, trade primarily includes amounts invoiced to contracted agencies for services performed by the Organization.

No allowance for doubtful accounts is provided as the Organization expenses bad debts in the year they are deemed to be uncollectible.

Accounts receivable, other primarily includes federal grant funds and other funds that have been awarded to the Organization but have yet to be invoiced by the Organization. As of December 31, 2018, accounts receivable, other includes funds granted to the Organization of approximately \$22,400 for the purchase of vehicles and approximately \$53,200 for operational support. The City has also indicated their intention to reimburse the Organization an additional \$36,600 during 2019 towards the payment of the capital lease obligation. However, the City's financial obligations in future fiscal years are subject to annual appropriation in accordance with Colorado law.

As of December 31, 2017, accounts receivable, other includes approximately: \$177,400 for the purchase of vehicles; \$120,000 for the purchase of electric charging equipment; \$115,000 for ongoing energy improvements to the Organization's headquarters; \$60,800 for operational support; and \$109,800 from the City of Boulder for reimbursement of payments related to the capital lease obligation of two HOP vehicles.

Property and equipment

Property and equipment are recorded at acquisition cost with donated property and equipment recorded at estimated fair market value. When items are disposed, the cost and related depreciation are removed from the accounts, with gains or losses on disposal recorded. Depreciation is computed by the straight-line method, over the estimated useful lives of the assets ranging from three to twelve years for equipment and vehicles and 39 years for the building.

Inventory

Inventory, consisting of parts and materials used in the maintenance of vehicles, is valued at cost using the first-in-first-out method.

Via Mobility Services

Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(See Independent Auditors' Report)

1. Nature of Operations and Summary of Significant Accounting Policies (continued)

Contributions

Under FASB ASC Topic 958, contributions received are recorded as support without donor restrictions or with donor restrictions depending on the existence or nature of any donor restrictions.

All donations are considered to be available for unrestricted use unless specifically restricted by the donor. The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restriction are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

In-Kind contributions

Donated goods and professional services are reflected as "In-Kind" contributions in the accompanying statements at their estimated values at the date of service, with a corresponding entry to "In-Kind" goods and services.

Use of estimates in the preparation of financial statements

The preparation of financial statements in the conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Advertising costs

Advertising costs, except for costs associated with direct-response advertising, are charged to operations when incurred. The costs of direct-response advertising are capitalized and amortized over the period which future benefits are expected to be received. There was no direct-response advertising incurred in 2018 or 2017. Advertising expense related to employee recruitment and branding efforts for the years ended December 31, 2018 and 2017 was approximately \$96,000 and \$111,600, respectively.

Via Mobility Services

Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(See Independent Auditors' Report)

1. Nature of Operations and Summary of Significant Accounting Policies (continued)

Fundraising expenses

Fundraising expenses reflected in the financial statements include salary expense for employees of the Organization who share other functional responsibilities outside of fundraising activities. Such additional responsibilities include communications, media and government relations and website administration. Fundraising expenses also includes other supporting expenses for the communication and development departments of the Organization that are not necessarily associated with outright fundraising efforts.

Functional allocation of expenses

The costs of providing various programs and activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among program and supporting services benefitted. Such allocations are determined by management on an equitable basis.

Income taxes

No provision for taxes on earnings has been made in the financial statements as the Organization has qualified as a nonprofit organization under Section 501(c) (3) of the Internal Revenue Code; there was no unrelated business income during 2018 or 2017.

Fair value measurements

The Organization records its investments at fair value. Fair value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Organization utilizes valuation techniques to maximize the use of observable inputs and minimize the use of unobservable inputs. Inputs are broadly defined as assumptions market participants would use in pricing an asset or liability. Assets and liabilities recorded at fair value are categorized within the fair value hierarchy based on the level of judgment associated with the inputs used to measure their value. The hierarchy for measuring fair value prioritizes the inputs to valuation techniques used to measure fair value and gives the highest priority to unadjusted quoted prices for securities traded in active markets (level 1) and the lowest priority to unobservable inputs (level 3). The three levels of the fair value hierarchy are as follows:

Level 1 – Unadjusted quoted prices for financial instruments traded in active markets

Level 2 – Quoted prices for financial instruments not traded in active markets, or financial instruments for which all significant inputs are observable, either directly or indirectly

Level 3 – Prices or valuations of financial instruments that are not traded in active markets and significant inputs are unobservable

Via Mobility Services

Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(See Independent Auditors' Report)

1. Nature of Operations and Summary of Significant Accounting Policies (continued)

Fair value measurements (continued)

The Organization's portfolio investments were classified as follows, based on the lowest level of input that is significant to the fair value measurement:

Balances as of December 31, 2018 are comprised of the following:

| Description | Level 1 | Level 2 | Level 3 | Total |
|-----------------------------|---------------------|-------------------|-------------|---------------------|
| Managed investments: | | | | |
| Cash and money market funds | \$ 239,001 | \$ - | \$ - | \$ 239,001 |
| Bond investments | 42,854 | - | - | 42,854 |
| Mortgage-backed securities | 692 | - | - | 692 |
| Equities: | | | | |
| Held in Mutual Funds | 3,755,196 | - | - | 3,755,196 |
| Other | - | 198,622 | - | 198,622 |
| | <u>\$ 4,037,743</u> | <u>\$ 198,622</u> | <u>\$ -</u> | <u>\$ 4,236,365</u> |

Balances as of December 31, 2017 are comprised of the following:

| Description | Level 1 | Level 2 | Level 3 | Total |
|-----------------------------|---------------------|-------------------|-------------|---------------------|
| Managed investments: | | | | |
| Cash and money market funds | \$ 235,548 | \$ - | \$ - | \$ 235,548 |
| Bond investments | 45,848 | - | - | 45,848 |
| Mortgage-backed securities | 858 | - | - | 858 |
| Equities: | | | | |
| Held in Mutual Funds | 4,005,044 | - | - | 4,005,044 |
| Other | - | 218,144 | - | 218,144 |
| | <u>\$ 4,287,298</u> | <u>\$ 218,144</u> | <u>\$ -</u> | <u>\$ 4,505,442</u> |

Valuation techniques used to measure assets at fair value are based on the closing prices reported on the active markets in which securities held by the Organization are traded. There were no changes to the valuation methodology in 2018.

Via Mobility Services

Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(See Independent Auditors' Report)

1. Nature of Operations and Summary of Significant Accounting Policies (continued)

New accounting pronouncement

On August 18, 2016, FASB issued Accounting Standards Update (“ASU”) 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Organization has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

2. Pledges Receivable

Pledges receivable for years after December 31, 2018 are reflected as either current or non-current assets based on the terms of the pledge commitment by the individual donors. An allowance for uncollectible amounts is determined by management based on the evaluation of collectability of the pledges outstanding. As of December 31, 2018 and 2017, based on the Organization’s history with the majority of the pledge donors, no allowance for uncollectible amounts was recorded. Pledges receivable were \$0 and \$55,500 at December 31, 2018 and 2017, respectively.

Via Mobility Services

Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(See Independent Auditors' Report)

3. Investments

Investments as reflected on the statements of financial position as of December 31, 2018 and 2017 are summarized as follows:

| | <u>2018</u> | <u>2017</u> |
|------------------------|---------------------|---------------------|
| Investments, at cost: | | |
| Limited as to use: | | |
| Board designated | \$ 1,572,438 | \$ 1,130,470 |
| Permanently restricted | <u>138,508</u> | <u>111,232</u> |
| | 1,710,946 | 1,241,702 |
| Unrestricted | <u>2,851,737</u> | <u>2,190,384</u> |
| Total investments | <u>\$ 4,562,683</u> | <u>\$ 3,432,086</u> |
| Market value: | | |
| Limited as to use: | | |
| Board designated | \$ 1,472,338 | \$ 1,573,165 |
| Permanently restricted | <u>129,474</u> | <u>141,951</u> |
| | 1,601,812 | 1,715,116 |
| Unrestricted | <u>2,634,553</u> | <u>2,790,326</u> |
| Total market value | <u>\$ 4,236,365</u> | <u>\$ 4,505,442</u> |

The Board designated funds as detailed in Note 9, on which there was no donor restrictions, have been invested in quasi-endowment funds by the board of directors. Amounts reflected as permanently restricted have been restricted to the endowment fund by the donor.

Via Mobility Services

Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(See Independent Auditors' Report)

4. Availability and Liquidity

The following represents financial assets at December 31, 2018 and 2017:

| Financial assets at year end: | <u>2018</u> | <u>2017</u> |
|---|---------------------|---------------------|
| Cash and cash equivalents | \$ 624,334 | \$ 1,299,402 |
| Accounts receivable | 4,016,142 | 3,392,721 |
| Pledges receivable | - | 55,500 |
| Investments | <u>4,236,365</u> | <u>4,505,442</u> |
| Total financial assets | 8,876,841 | 9,253,065 |
| Less amounts not available to be used within one year: | | |
| Net assets with donor restrictions | <u>195,044</u> | <u>344,800</u> |
| Financial assets available to meet general expenditures over the next twelve months | <u>\$ 8,681,797</u> | <u>\$ 8,908,265</u> |

The Organization's goal is generally to maintain financial assets to meet four to six months of operating expenses (approximately \$8,500,000 to \$10,000,000). As part of its liquidity plan, excess cash is invested in short-term investments, including cash and money market accounts.

5. Note Payable, Line of Credit

The Organization has a line of credit agreement with a lender, providing maximum borrowing of \$1,250,000. Outstanding balances bear interest at the prime rate as defined in the agreement, with a floor of 4.0%, which was 5.5% at December 31, 2018. The line, as amended, matures in February 2019, is secured by substantially all assets of the Organization and is not subject to covenants. As of December 31, 2018 and 2017, there was \$250,000 and \$0 outstanding on the line of credit, respectively. Subsequent to December 31, 2018, the maturity date of the line was amended to February 2020.

6. Note Payable, Other

In April 2018, the Organization entered into a \$150,000 promissory note agreement for beta testing on a bus to convert it to electric power. The note matures after 24 months and does not bear interest. At maturity, the entire balance will either be forgiven, based on circumstances disclosed in the agreement, or due in full.

Via Mobility Services

Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(See Independent Auditors' Report)

7. Obligation Under Capital Leases

In May 2016, the Organization entered into a capital lease agreement for two buses used for HOP services requiring monthly payments of \$18,300 through April 2019. The lease includes an option of \$103,330 to purchase the buses at the end of the lease term representing 15% of the original fair value of the buses. This amount is included as a future minimum payment under the calculation of the lease. The interest rate on the lease is 6.2%, which represents the lessee's incremental borrowing rate.

In December 2018, the Organization entered into a capital lease agreement for a bus used for HOP services requiring monthly payments of \$2,153 through November 2021. The lease includes a \$1 bargain purchase option to purchase the bus at the end of the lease term. The interest rate on the lease is 8.4%, which represents the lessee's incremental borrowing rate.

The assets and liabilities under capital leases are recorded at the lower of present value of the minimum lease payments or the fair value of the leased assets. The assets are depreciated over the lower of the related lease term or its estimated usable life. Vehicles under capital lease amounted to \$757,658, with accumulated depreciation of \$367,397 and \$229,623, as of December 31, 2018 and 2017, respectively. Depreciation of the assets under capital leases is included in depreciation expense at December 31, 2018 and 2017.

Future minimum payments under the leases, including the present value of such payments, for years ending after December 31, 2018 are as follows:

| | Year Ended December 31, | |
|---|----------------------------|-------------------------|
| | 2019 | \$ 202,186 |
| | 2020 | 25,830 |
| | 2021 | <u>23,677</u> |
| | | 251,693 |
| Less amount representing interest | | <u>11,757</u> |
| Present value of minimum lease payments | | 239,936 |
| Less current portion | | <u>194,519</u> |
| | | <u><u>\$ 45,417</u></u> |

Via Mobility Services

Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(See Independent Auditors' Report)

8. Donor Restricted Net Assets

The Organization receives funds from the State of Colorado to assist in the purchase of vehicles. The State retains an 80% interest and holds the title for those vehicles purchased with State funds within the past five years.

During 2018, the Organization received federal funds under Section 5310 of the Federal Transit Administration (FTA) for the purchase of two buses.

During 2017, the Organization received federal funds under Section 5310 of the Federal Transit Administration (FTA) for the purchase of three vehicles and the rehab of three vehicles. The Organization received funds from the State of Colorado, RTD and the City of Boulder for the purchase of three vehicles for HOP services. The Organization received federal funds under Title I of the Community Development Block Grant Program of Housing and Urban Development and federal funds from the Department of Energy passed through the City of Boulder to fund various energy resiliency upgrades to the Organization's headquarter facility. The Organization received a commitment toward future funds from the City of Boulder for the reimbursement of lease costs for two HOP buses as discussed in Note 7.

Donor restricted net assets are available for the following purposes as of December 31, 2018 and 2017:

| | <u>2018</u> | <u>2017</u> |
|--|-------------------|-------------------|
| Section 5310 funds for replacement buses | \$ 105,260 | \$ - |
| Section 5339 funds for energy improvements to facility | 53,184 | 120,000 |
| Department of Energy funds for energy improvements to facility | - | 115,000 |
| Funds from City of Boulder for reimbursement of vehicle lease payments | <u>36,600</u> | <u>109,800</u> |
| Total donor restricted net assets | <u>\$ 195,044</u> | <u>\$ 344,800</u> |

Via Mobility Services

Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(See Independent Auditors' Report)

9. Board Designated Net Assets in Perpetuity - Endowment

In 1999, the Organization established an endowment with a Foundation in the City of Boulder, Colorado and funds the endowment with available net assets without donor restrictions, which are included in Board Designated Net Assets. As part of the agreement, the Foundation sets aside internal funds to be utilized for the benefit of the Organization. In addition, the Organization and the Foundation seek support from the general public.

In 2001, the Organization entered into a similar agreement with a Foundation in the City of Longmont, Colorado. However, as of December 31, 2018, no funds have been received from the Foundation. The Organization and the Foundation seek support from the general public.

The balance of board designated net assets is comprised of the following as of December 31, 2018 and 2017:

| | 2018 | 2017 |
|---|------------|------------|
| Boulder Foundation: | | |
| General public donations: | | |
| 2016 and prior | \$ 44,301 | \$ 44,301 |
| 2017 - Receipts | - | - |
| 2018 - Receipts | 1,000 | - |
| | 45,301 | 44,301 |
| Appreciation and investment income, net of grants issued | 15,107 | 21,490 |
| Total general public donations | 60,408 | 65,791 |
| Foundation donations: | | |
| 2016 and prior | 50,000 | 50,000 |
| 2017 - Receipts | - | - |
| 2018 - Receipts | - | - |
| | 50,000 | 50,000 |
| Appreciation and investment income, net of grants issued | 17,141 | 24,235 |
| Total foundation donations | 67,141 | 74,235 |
| Total Boulder Foundation | 127,549 | 140,026 |
| Longmont Foundation: | | |
| General public donations: | | |
| 2016 and prior | 1,925 | 1,925 |
| 2017 - Receipts | - | - |
| 2018 - Receipts | - | - |
| | 1,925 | 1,925 |
| Total Longmont Foundation | 1,925 | 1,925 |
| Total from all sources | \$ 129,474 | \$ 141,951 |

Via Mobility Services

Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(See Independent Auditors' Report)

10. Board Designated Net Assets

As discussed in Note 9, the Organization has established endowments with two Foundations and funds these endowments with available net assets without donor restrictions. In addition, the Board established a quasi-endowment fund during 2004 and transferred available unrestricted net assets of \$225,000. It is the intent of the Board that the principal of the quasi-endowment fund shall not be invaded until the principal value of the fund reaches a minimum of one million dollars, and any or all income earned in the quasi-endowment may be distributed for purposes of the Organization as approved by the Board.

During 2016, the Organization established the Lenna Kottke Rider Support Fund (the Fund) to honor the tenure of the Organization's former executive director. It is the intent of the Board to use proceeds from the Fund toward ongoing philanthropic support for trips for low-income riders. The Fund is supported by individual pledges.

Via Mobility Services

Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(See Independent Auditors' Report)

10. Board Designated Net Assets (continued)

The balance of board designated net assets is comprised of the following as of December 31, 2018 and 2017:

| | 2018 | 2017 |
|---|--------------|--------------|
| Boulder Foundation: | | |
| Contributions: 2010 and prior | \$ 35,000 | \$ 35,000 |
| Appreciation and investment income, net of grants issued | 12,395 | 17,403 |
| Total to Boulder Foundation | 47,395 | 52,403 |
| Longmont Foundation: | | |
| Contributions: 2010 and prior | 12,600 | 12,600 |
| Appreciation and investment income | 9,174 | 11,211 |
| Total to Longmont Foundation | 21,774 | 23,811 |
| Quasi-Endowment: | | |
| Contributions: | | |
| 2016 and prior | 694,286 | 694,286 |
| 2017 | - | - |
| 2018 | - | - |
| | 694,286 | 694,286 |
| Appreciation and investment income | 586,503 | 675,008 |
| Total to Quasi-Endowment | 1,280,789 | 1,369,294 |
| Lenna Kottke Rider Support Fund: | | |
| Contributions: | | |
| 2016 | 181,672 | 181,672 |
| 2017 | 17,728 | 17,728 |
| 2018 | 2,372 | - |
| | 201,772 | 199,400 |
| Depreciation, net of investment income and grants issued | (21,770) | (16,243) |
| Total Lenna Kottke Rider Support Fund | 180,002 | 183,157 |
| Total board designated funds | \$ 1,529,960 | \$ 1,628,665 |

Via Mobility Services

Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(See Independent Auditors' Report)

11. Net Assets Released from Donor or Board Restrictions

Net assets released from restrictions for the year ended December 31, 2018 represent funds released for the energy resiliency project of the headquarter facility and payment of the capital lease on the two HOP vehicles.

Net assets released from restrictions for the year ended December 31, 2017 represent funds released related to capital purchases of six vehicles, rehab costs of three vehicles, costs related to the energy resiliency project of the headquarter facility, payment of the capital lease on the two HOP vehicles, and an amount released from board designated funds to support services for low-income riders.

12. Retirement Plan

The Organization has a Trusteed Internal Revenue Code 403(b) Plan covering substantially all employees who meet specified service requirements. The Plan allows for employee contributions up to the maximum allowable by the Internal Revenue Code. Contributions by the Organization are up to 3% of gross eligible salary and totaled approximately \$152,700 and \$123,700 for the years ended December 31, 2018 and 2017, respectively.

13. Concentrations

The Organization has been contracted by RTD to provide services under the Americans with Disabilities Act for their Access-a-Ride program as well as services under the Organization's Call-n-Ride program. The revenue from this contract for the two programs was approximately 59% and 52% of the Organization's total revenue for the years ended December 31, 2018 and 2017, respectively. The expenditures to support this contract were approximately 52% and 51% of the total unrestricted expenses for the years ended December 31, 2018 and 2017, respectively. The current contract with RTD covers a three year period through October 2020, with options for two one-year extension periods.

The Organization has been contracted by the city of Boulder, Colorado along with the University of Colorado to provide transit services through the Organization's HOP program. The revenue from these related contracts was approximately 17% and 15% of the Organization's total revenue for the years ended December 31, 2018 and 2017, respectively. The expenditures to support this contract were approximately 17% and 18% of the total expenses for the years ended December 31, 2018 and 2017, respectively.

Via Mobility Services

Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(See Independent Auditors' Report)

13. Concentrations (continued)

Concentration of Source of Supply Labor

Certain drivers for the Organization associated with services related to the Access-a-Ride and Call-n-Ride programs contracted through RTD (representing approximately 61% of the overall drivers of the Organization) are members of the United Service Workers Union, Local #455 and the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union, AFL-CIO-CLC, Local #8031-13. Both union contracts expire in March 2022.

14. Commitments

Office, storage and equipment leases

The Organization leases vehicle storage and office space in Denver, Colorado under two lease agreements which expire in September 2020 and April 2022 requiring monthly rental payments of approximately \$4,000 and \$8,000, respectively.

The following is a summary of the minimum annual commitments under the terms of the leases for years ending after December 31, 2018:

| <u>Year Ended</u> <u>December 31,</u> | |
|--|-------------------|
| 2019 | \$ 144,282 |
| 2020 | 135,075 |
| 2021 | 97,755 |
| 2022 | <u>24,600</u> |
| | <u>\$ 401,712</u> |

Lease expense for the years ended December 31, 2018 and 2017 was approximately \$178,100 and \$235,400, respectively.

Via Mobility Services

Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(See Independent Auditors' Report)

14. Commitments (continued)

Solar panel lease

In December 2010, the Organization entered into an agreement with an outside party to lease 7,500 square feet of space located on the roof of the Organization's newly constructed headquarters facility for the outside party to construct and maintain a solar photovoltaic power generation system (the System) on the roof to provide solar generated power to the Organization. The agreement provided for one five-year renewal period and the option for the Organization to purchase the System on the sixth anniversary of commercial operation of the System. During 2016, the Organization exercised the option to purchase the system for \$85,835. As part of the purchase, the Organization entered into an agreement with the local utility and the seller where any amounts paid to the Organization by the local utility for renewable energy credits by the System will be remitted to the seller for the remainder of the 20 year term of the original agreement with the utility. The Organization is also obligated to true up payments to the seller for the remainder of the 20 year term in the event of any under production of power as defined per the agreement as a result of lack of upkeep on the System.

The purchase of the System was funded by a grant of federal funds through the City of Boulder, Colorado, where, for the remainder of the original 20 year term of the 2010 agreement, the Organization would be in default of the grant if the headquarters facility ceased being used by the Organization, or the Organization ceases to exist as an entity. Based on the likelihood of a default under the term of the grant being highly remote, the grant amount was reflected as federal grant revenue in 2016.

15. Contingency

During 2010 and 2009, the County of Boulder, Colorado granted the Organization \$200,000 and \$500,000, respectively, with an additional \$50,000 granted to the Organization from *Go Boulder* during 2010. All funds were used for their stipulated purpose toward the purchase of land and construction of the organization's headquarters facility in Boulder, Colorado. The term of the grants from the County of Boulder is twenty-five years, during which if the Organization defaults under the terms of the grants, the amount, adjusted for market fluctuations relative to the value of the land, may be due to the County upon the option of the County. The Organization entered into a promissory note and deed of trust with the County that would be enforced in the event of default. Default provisions under the agreement include the Organization selling the headquarters property without the County's consent, filing for bankruptcy, the dissolution or, the failure to use the property for its operations and intended purpose for sixty or more consecutive days. During 2013, the grant agreement with the County of Boulder was amended to remove the requirement for the repayment of any adjustments to the original grant amount for market fluctuations of the land. The grant from *Go Boulder* contains a thirty-year term with similar default provisions as the County of Boulder grants. Based on the likelihood of a default under the terms of the grants being highly remote based on the above provisions, the grant amounts were reflected as capital contributions in the respective years.

Via Mobility Services

Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(See Independent Auditors' Report)

16. Income Taxes

The Organization accounts for uncertain income tax positions in accordance with applicable guidance, utilizing a “more likely than not” threshold related to tax return filing positions to be sustained upon examination based on the technical merits of the positions. An identified tax position that meets the more-likely-than-not recognition threshold is initially and subsequently measured as the largest amount of tax benefit that has a greater than 50 percent likelihood of being realized. Tax positions which previously would have failed to meet the more-likely-than-not recognition threshold are recognized in the first subsequent financial reporting period in which the threshold is met. Conversely, previously recognized tax positions which no longer meet the more-likely-than-not recognition are derecognized in the first subsequent financial reporting period in which the threshold is no longer met. Accrued interest related to tax positions deemed to meet the more-likely-than-not threshold is recognized in interest expense, and any applicable penalties related to such tax positions is recognized as an operating expense of the Organization.

The Organization files tax returns in the U.S. federal jurisdiction. The Organization is no longer subject to U.S. federal examinations by tax authorities for years before 2015. No authorities have commenced income tax examinations as of the date of this report.

17. Split Interest Agreement

In 2015, the Organization entered into a deferred gift annuity agreement with a donor. A gift annuity provides for the payment of distributions to the grantor or other designated beneficiaries over the annuity’s term, usually the designated beneficiary’s lifetime. At the end of the annuity’s term, the remaining assets are available for the Organization’s use. The portion of the annuity attributable to the present value of the future benefits to be received by the Organization is recorded in the Statement of Activities as an unrestricted contribution in the period the annuity is established.

During 2015, a cash gift with a fair market value of \$50,000 was donated to the Organization. At the time of the gift, the contribution value was determined to be approximately \$28,400 with the gift annuity liability, which represents the present value of the projected annuity obligation of the Organization, determined to be approximately \$21,600. The agreement calls for annual payments of \$3,850 beginning on December 1, 2020. The assumptions used to calculate the contribution and liability amount are as follows:

| | |
|----------------------------------|----------|
| Calculated donor life expectancy | 14 years |
| Discount rate | 9.3% |
| Guaranteed interest rate | 7.7% |

Via Mobility Services

Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(See Independent Auditors' Report)

18. Presentation

Certain reclassifications have been made to the 2017 amounts to conform with the 2018 presentation.

19. Subsequent Events

The Organization has evaluated subsequent events through the report date, the date which the financial statements were available to be issued.

Accompanying Supplemental Information
(See Auditors' Report on Supplemental Information)

Board of Directors
Via Mobility Services
Boulder, Colorado

Independent Auditors' Report on Supplemental Information

We have audited the financial statements of Via Mobility Services as of and for the years ended December 31, 2018 and 2017, and our report thereon dated April 24, 2019, which expressed an unmodified opinion on those financial statements, appears on pages one and two. Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of program activities for the year ended December 31, 2018 is presented for purposes 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 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.

Stratagem PC
Certified Public Accountants
Lakewood, Colorado

April 24, 2019

Via Mobility Services

Schedule of Program Activities
Year Ended December 31, 2018

(See Independent Auditors' Report on Supplemental Information)

| | <u>Mission Services</u> | | <u>Earned Income Contracts</u> | |
|----------------------------------|---------------------------------|-------------------------|--------------------------------|----------------------------|
| | <u>Via Paratransit Services</u> | <u>Mobility Program</u> | <u>Access-a-Ride Program</u> | <u>Call-n-Ride Program</u> |
| Revenue and other support: | | | | |
| Grants: | | | | |
| Federal | \$ 911,054 | \$ 377,787 | \$ - | \$ - |
| Other | 2,164,009 | - | - | - |
| Contracted agencies | 225,035 | 107,630 | 8,762,377 | 2,341,486 |
| Rider fares | 171,382 | - | 65,523 | 42,766 |
| Fundraising | 468,543 | 20,000 | - | - |
| In-kind donations | 151,699 | - | - | - |
| Interest and dividend income | 67,718 | - | - | - |
| Other revenue | 25,067 | - | - | - |
| | <u>4,184,507</u> | <u>505,417</u> | <u>8,827,900</u> | <u>2,384,252</u> |
| Total revenue and other support | | | | |
| Expenses: | | | | |
| Program services: | | | | |
| Depreciation | 464,920 | 12,791 | 32,846 | 36,478 |
| Other program services | 3,455,982 | 366,436 | 7,755,080 | 1,932,216 |
| Supporting services: | | | | |
| General and administrative: | | | | |
| Depreciation | 28,530 | 785 | 2,016 | 2,239 |
| Other general and administrative | 1,233,733 | 121,342 | 497,538 | 262,552 |
| Fundraising | 357,365 | - | - | - |
| | <u>5,540,530</u> | <u>501,354</u> | <u>8,287,480</u> | <u>2,233,485</u> |
| Total expenses | | | | |
| Income (loss) from activities | <u>\$ (1,356,023)</u> | <u>\$ 4,063</u> | <u>\$ 540,420</u> | <u>\$ 150,767</u> |

(continued)

Via Mobility Services

Schedule of Program Activities (continued)
Year Ended December 31, 2018

(See Independent Auditors' Report on Supplemental Information)

| | Earned Income Contracts | | Capital revenues and expenses | | Total |
|----------------------------------|------------------------------------|--|--|--|---------------------|
| | HOP Services | | Total | | |
| Revenue and other support: | | | | | |
| Grants: | | | | | |
| Federal | \$ - | | \$ 105,260 | | \$ 1,394,101 |
| Other | - | | - | | 2,164,009 |
| Contracted agencies | 3,169,031 | | - | | 14,605,559 |
| Rider fares | 36,973 | | - | | 316,644 |
| Fundraising | - | | - | | 488,543 |
| In-kind donations | - | | - | | 151,699 |
| Interest and dividend income | - | | - | | 67,718 |
| Other revenue | 36,600 | | - | | 61,667 |
| | <u>3,242,604</u> | | <u>105,260</u> | | <u>19,249,940</u> |
| Total revenue and other support | | | | | |
| Expenses: | | | | | |
| Program services: | | | | | |
| Depreciation | 627,815 | | - | | 1,174,851 |
| Other program services | 2,659,170 | | - | | 16,168,883 |
| Supporting services: | | | | | |
| General and administrative: | | | | | |
| Depreciation | 38,526 | | - | | 72,095 |
| Other general and administrative | 189,142 | | 38,330 | | 2,342,638 |
| Fundraising | - | | - | | 357,365 |
| | <u>3,514,653</u> | | <u>38,330</u> | | <u>20,115,832</u> |
| Total expenses | | | | | |
| Income (loss) from activities | <u>\$ (272,049)</u> | | <u>\$ 66,930</u> | | <u>\$ (865,892)</u> |

Via Mobility Services

Schedule of Expenditures of Federal Awards
Year Ended December 31, 2018

| Federal Grantor/Program Title | Federal CFDA Number | Federal Expenditures |
|---|---------------------------|----------------------------|
| U.S. Department of Transportation: | | |
| (Passed through State of Colorado) | | |
| Major programs: | | |
| Section 5310 of the Federal Transit Administration | 20.513 | \$ 816,075 |
| Non-major programs: | | |
| Section 5311 of the Federal Transit Administration | 20.509 | 326,592 |
| Section 5339 of the Federal Transit Administration | 20.526 | 66,816 |
| Section 5312 of the Federal Transit Administration | 20.514 | <u>10,649</u> |
| Total Department of Transportation | | <u><u>\$ 1,220,132</u></u> |
| U.S. Department of Health and Human Services: | | |
| (Passed through Boulder County Aging Services Division) | | |
| Major programs: | | |
| Title III of the Older Americans Act | 93.044 | \$ 201,432 |
| (Passed through Larimer County Aging Services Division) | | |
| Major programs: | | |
| Title III of the Older Americans Act | 93.044 | <u>39,353</u> |
| Total Department of Health and Human Services | | <u><u>\$ 240,785</u></u> |
| Total expenditures of federal awards | | <u><u>\$ 1,460,917</u></u> |

(continued)

Via Mobility Services

Schedule of Expenditures of Federal Awards (continued) Year Ended December 31, 2018

All Federal grant operations of Via Mobility Services are included in the scope of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) (the "Single Audit"). The Single Audit was performed in accordance with the provisions of the *U.S. Office of Management and Budget Compliance Supplement* (the "Compliance Supplement"). Compliance testing of all requirements, as described in the Compliance Supplement, was performed for the grant programs noted below. The grant programs noted below were selected for compliance testing based on additional selection criteria provided in the Uniform Guidance. The grant programs selected ensure coverage of at least twenty percent of Federally granted funds. Actual coverage is approximately fifty-four percent of total cash and non-cash Federal award program expenditures.

| Major Federal Award Program description | 2018 Expenditures |
|--|----------------------|
| Section 5310 of the Federal Transit Administration | <u>\$ 816,075</u> |

Via Mobility Services

Notes to Schedule of Expenditures of Federal Awards Year Ended December 31, 2018

1. Basis of Presentation

The schedule of expenditures of federal awards (the "Schedule") has been prepared on an accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and also presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

2. Summary of Significant Accounting Policies

The Schedule has been prepared on an accrual basis of accounting. The information presented on the Schedule is presented in accordance with the requirements of the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Therefore, some amounts presented in the Schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements or reports to federal agencies and pass-through grantors.

3. Indirect Cost Rate

The Organization elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

Board of Directors
Via Mobility Services
Boulder, Colorado

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

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 Via Mobility Services, which comprise the statement of financial position as of December 31, 2018, and the related statements of activities, changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated April 24, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Via Mobility Services' internal control over financial reporting (internal control) in order to determine our auditing 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 Via Mobility Services' 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. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and 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 Via Mobility Services' 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 on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit 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.

Stratagem PC
Certified Public Accountants
Lakewood, Colorado

April 24, 2019

Board of Directors
Via Mobility Services
Boulder, Colorado

Report on Compliance with Requirements
Applicable to Each Major Program
and Internal Control Over Compliance

Report on Compliance for Each Major Federal Program

We have audited Via Mobility Services' compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of Via Mobility Services' major federal programs for the year ended December 31, 2018. Via Mobility Services' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Via Mobility Services' major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Via Mobility Services' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Via Mobility Services' compliance.

Opinion on Each Major Federal Program

In our opinion, Via Mobility Services complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2018.

Report on Internal Control over Compliance

Management of Via Mobility Services is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Via Mobility Services' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Via Mobility Services' internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Stratagem PC
Certified Public Accountants
Lakewood, Colorado

April 24, 2019

Via Mobility Services

Schedule of Findings and Questioned Costs
Year Ended December 31, 2018

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified? _____ Yes X No

Significant deficiencies identified? _____ Yes X None reported

Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? _____ Yes X No

Significant deficiencies identified? _____ Yes X None reported

Type of auditors' report issued on compliance for major federal programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ Yes X No

Identification of major programs:

Name of federal program or cluster: CFDA Number:

Section 5310 of the Federal Transit Administration 20.513

Dollar threshold used to distinguish between Type A and Type B programs \$ 750,000

Auditee qualified as low-risk auditee? X Yes _____ No

(continued)

Via Mobility Services

Schedule of Findings and Questioned Costs (continued)
Year Ended December 31, 2018

SECTION II - FINANCIAL STATEMENT FINDINGS

No matters reported.

SECTION III - FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

No matters reported.