

WORKING BIKES
FINANCIAL STATEMENTS
FOR YEAR ENDED
DECEMBER 31, 2014

And

INDEPENDENT AUDITOR'S REPORT

Raymond Damm CPA, LTD PC
Raymond Damm CPA, MST
4439 E Red Range Way, Cave Creek, AZ 85331

CELL: (773) 354-5253
FAX: (815) 425-8611
EMAIL: ray@dammcpa.com

MEMBER:
Arizona CPA Society
Illinois CPA Society
American Institute CPA

INDEPENDENT AUDITOR'S REPORT

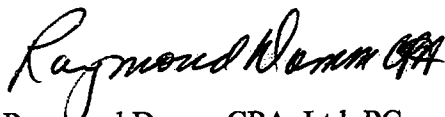
Board of Directors
Working Bikes
2434 South Western Avenue
Chicago, Illinois 60608

I have audited the accompanying statement of financial position of Working Bikes, (an Illinois not-for profit corporation), as of December 31, 2014 and the related statement of activities and cash flows for the year ended December 31, 2014. These financial statements are the responsibility of Working Bikes management. My responsibility is to express an opinion on these financial statements based on our audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Working Bikes as of December 31, 2014 in conformity with accounting principles generally accepted in the United States of America.

Chicago, Illinois
August 26, 2015



Raymond Damm CPA, Ltd. PC

Working Bikes
Statement of Financial Position
12/31/14

ASSETS		2014
Cash	\$	137,042.00
Prepaid Real Estate Tax	\$	25,551.00
Inventory	\$	279,715.00
Land, Buildings, and Equipment:		
Land	\$	118,460.00
Buildings	\$	452,858.00
Improvements	\$	25,390.00
Furniture	\$	4,400.00
Truck	\$	3,500.00
Total Land, Buildings, and Equipment:	\$	604,608.00
Less: Depreciation	\$	<u>42,689.00</u>
	\$	<u>561,919.00</u>
Total Assets	\$	<u>1,004,227.00</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Current Liabilities		
Real Estate Mortgage Secured Current	\$	16,638.00
Long Term Liabilities		
Real Estate Mortgage Secured Long Term	\$	<u>221,559.00</u>
Total Liabilities:	\$	238,197.00
Net Assets:		
Unrestricted Net Assets	\$	<u>766,030.00</u>
Total Liabilities and Net Assets	\$	<u>1,004,227.00</u>

The accompanying notes are an integral part of the financial statements.

Working Bikes
Statement of Activities
For year ended December 31, 2014

	2014
Changes in Unrestricted Net Assets:	
Revenue:	
Sales	\$ 507,396.00
Bike Service	\$ 30,248.00
In-Kind Bike Contributions	\$ 400,180.00
Contributions	\$ 60,714.00
Programming Services	\$ 2,073.00
Interest Income	\$ 54.00
Scrap Sales	\$ 3,059.00
Total Unrestricted Revenue	<u>\$ 1,003,724.00</u>
Expenses:	
Program Services	
In-Kind Bike Donations	\$ 282,948.00
Bike Purchases	\$ 23,508.00
Parts, shop supplies	\$ 79,775.00
Payroll Expenses	\$ 238,719.00
Occupancy - Utilities	\$ 56,185.00
Sales Tax	\$ 41,823.00
Insurance	\$ 13,434.00
Professional Fees	\$ 3,800.00
Shipping Costs	\$ 11,468.00
Events	\$ 5,488.00
Store & Office Expense	\$ 21,594.00
Payroll Fees	\$ 4,025.00
Bank and Credit Card Fees	\$ 8,914.00
Truck Rental - Fuel	\$ 21,535.00
Depreciation	<u>\$ 17,665.00</u>
Total Expenses	<u>\$ 830,881.00</u>
Increase in Unrestricted Net Assets from Activity	\$ 172,843.00
Net Assets - unrestricted - beginning of the year	\$ 593,187.00
Net Assets - unrestricted - end of the year	\$ 766,030.00
Total Net Assets at end of the year	\$ 766,030.00

The accompanying notes are an integral part of the financial statements

Working Bikes
Statement of Cash Flows
For year ended December 31, 2014

	2014
Cash Flows from Operating Activities:	
Increase in Net Assets	\$ 172,844.00
Adjustments to Reconcile Net Cash Provided (used) by Operating Activities	
Decrease in Accounts Receivables	\$ 7,850.00
Increase in Inventory	\$ (149,464.00)
Prepaid Real Estate Tax	\$ (25,552.00)
Depreciation	\$ 17,665.00
Net Cash Provided by Operating Activities	\$ 23,343.00
Cash Flow from Investing Activities	
Purchase of Property and Equipment	\$ (6,990.00)
Cash Flow from Financing Activities	
Reduction in Secured Mortgage (net)	\$ (81,114.00)
Net Increase in Cash and Cash Equivalents	\$ (64,761.00)
Cash and Cash Equivalents, Beginning of year	\$ 201,803.00
Cash and Cash Equivalents, End of Year	\$ 137,042.00

The accompanying notes are an integral part of the financial statements.

WORKING BIKES
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED DECEMBER 31, 2014

Summary of Significant Accounting Policies:

The following summary describes the significant accounting policies followed by Working Bikes in the presentation of its financial statements:

Basis of Accounting

The Working Bikes financial statements have been prepared on the accrual basis of accounting in accordance with Financial Accounting Standards Board "Financial Statements of Not-for-Profit Organizations" that established standards for external financial statements. It specifies that financial statements include a statement of net assets, a statement of activities, and a statement of cash flows. It also establishes standards of disclosure regarding the segregation of net assets among unrestricted, temporarily restricted and permanently restricted.

Working Bikes has all unrestricted net assets as of December 31, 2014.

Inventory

Working Bike developed a "fair value" valuation for donated bikes based on an online bike valuation service called BicycleBlueBook.com in 2014. Working Bike uses its Lightspeed inventory management system to value each of five categories of bikes donated to Working Bike for fixing for resale and to donate to domestic and foreign disadvantaged communities.

Building, Equipment, and Furniture

Building, furniture and equipment are stated at cost. Depreciation is recorded on a straight-line basis over the estimated useful life of furniture and equipment, which is five years. The building is depreciated on a straight-line basis over the estimated useful life of 39 years.

Income Taxes

Working Bikes has exempt status under Section 501(c) (3) of IRC. The Internal Revenue Service granted exempt status under Section 501 (c) (3) effective December 16, 2003 on January 11, 2008.

Contributions

Contributions are recognized as revenue when received. Working Bikes records the contributions as unrestricted, temporarily restricted, or permanently restricted support based on the existence and/or nature of any donor restrictions or time restrictions.

In-Kind Contributions

Working Bikes receives in-kind donation of bikes and parts that are donations shipments to domestic and foreign organizations which Working Bikes supports. The estimated fair value of bike contributions for the year ended December 31, 2014 was \$400,180 as reflected in the statement of activities.

Donated Services

Hundreds of volunteers have combined to donate thousands of hours of service to further Working Bikes' charitable mission by helping to repair, redistribute, and recycle bicycles and educate the public on cycling issues. Their efforts have not been included in the financial statements since no objective basis is available to measure the value of their services.