

# Smith Sullivan & Company PC

CERTIFIED PUBLIC ACCOUNTANTS

80 Flanders Road, Suite 200 Westborough, Massachusetts 01581  
Tel: 508.871.7178 Fax: 508.871.7179 www.smithsullivancpa.com

## INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Directors  
WalkBoston, Inc.  
Boston, Massachusetts

We have reviewed the accompanying statements of financial position of WalkBoston, Inc. (a Massachusetts nonprofit organization) as of December 31, 2010 and 2009, and the related statements of activities, functional expenses, and cash flows for the years then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the Organization's management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

*Smith, Sullivan & Company PC*

Westborough, Massachusetts  
June 15, 2011

WALKBOSTON, INC.STATEMENTS OF FINANCIAL POSITION AS OF DECEMBER 31, 2010 AND 2009ASSETS

	<u>2010</u>	<u>2009</u>
<b><u>CURRENT ASSETS:</u></b>		
Cash and Cash Equivalents	\$ 209,201	\$ 195,706
Accounts Receivable, Contracts and Program Services (Note 3)	47,769	18,782
Prepaid Expenses	6,053	4,096
Total Current Assets	<u>263,023</u>	<u>218,584</u>
<b><u>NON-CURRENT ASSETS:</u></b>		
Deposits (Note 6)	800	800
Total Non-Current Assets	<u>800</u>	<u>800</u>
<b><u>TOTAL ASSETS</u></b>	<b><u>\$ 263,823</u></b>	<b><u>\$ 219,384</u></b>

LIABILITIES AND NET ASSETS

<b><u>CURRENT LIABILITIES:</u></b>		
Accounts Payable and Accrued Expenses	\$ 4,699	\$ 9,370
Accrued Payroll and Related Costs (Note 8)	40,556	12,265
Total Current Liabilities	<u>45,255</u>	<u>21,635</u>
<b><u>NET ASSETS:</u></b>		
Unrestricted Net Assets	76,677	91,332
Temporarily Restricted Net Assets (Note 4)	141,891	106,417
Total Net Assets	<u>218,568</u>	<u>197,749</u>
<b><u>TOTAL LIABILITIES AND NET ASSETS</u></b>	<b><u>\$ 263,823</u></b>	<b><u>\$ 219,384</u></b>

WALKBOSTON, INC.

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2010  
(With Summarized Comparative Totals for 2009)

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL ACTIVITIES</u>
	2010	2010	2009
<b>SUPPORT, REVENUES AND RECLASSIFICATIONS:</b>			
<i>Support and Revenues:</i>			
Grants (Note 5)	\$ 5,000	\$ 199,000	\$ 204,000
Gifts and Contributions	108,373	-	90,702
Contracted Program Services	140,321	-	144,459
Other Program Services	-	-	2,832
Memberships	36,430	-	36,518
Donated Goods and Services (Note 3)	5,000	-	5,000
Interest Income	25	-	337
Miscellaneous Income	2,932	-	1,659
Total Support and Revenues	<u>298,081</u>	<u>199,000</u>	<u>497,081</u>
<i>Reclassification of Net Assets:</i>			
Net Assets Released from Restriction (Note 4)	<u>163,526</u>	<u>(163,526)</u>	<u>-</u>
<b>TOTAL SUPPORT, REVENUES AND RECLASSIFICATIONS</b>	<b><u>461,607</u></b>	<b><u>35,474</u></b>	<b><u>497,081</u></b>
<b>FUNCTIONAL EXPENSES:</b>			
Program Services	343,556	-	314,071
Administrative	86,276	-	79,244
Fund Raising	46,430	-	42,265
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b><u>476,262</u></b>	<b><u>-</u></b>	<b><u>435,580</u></b>
<b>CHANGE IN NET ASSETS</b>	<b>(14,655)</b>	<b>35,474</b>	<b>(33,573)</b>
<b>NET ASSETS - BEGINNING OF YEAR</b>	<b><u>91,332</u></b>	<b><u>106,417</u></b>	<b><u>231,322</u></b>
<b>NET ASSETS - END OF YEAR</b>	<b><u>\$ 76,677</u></b>	<b><u>\$ 141,891</u></b>	<b><u>\$ 197,749</u></b>

WALKBOSTON, INC.

STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2010  
*(With Summarized Comparative Totals for 2009)*

	<u>PROGRAM SERVICES</u>	<u>ADMINISTRATIVE</u>	<u>FUND RAISING</u>	<u>TOTAL FUNCTIONAL EXPENSES</u>
				<u>2010</u>
Salaries and Wages (Note 8)	\$ 246,270	\$ 38,972	\$ 24,798	\$ 310,040
Payroll Taxes	25,417	4,023	2,559	31,999
Employee Benefits	2,459	389	248	3,096
Professional Fees (Note 3)	2,223	29,732	6,120	38,075
Project Consultants (Note 8)	29,393	-	-	29,393
Postage and Delivery	729	1,111	1,247	3,087
Telephone	2,021	320	203	2,544
Rent (Note 6)	11,122	1,758	1,120	14,000
Printing and Copying	6,695	1,122	226	8,043
Conferences and Events	4,193	4,082	7,412	15,687
Membership and Subscriptions	327	553	-	880
Minor Equipment and Office Supplies	6,505	-	1,007	7,512
Office Expense	2,004	2,262	389	4,655
Insurance	3,008	303	476	3,787
Travel	1,190	72	625	1,887
Bank Charges/Processing Fees	-	306	-	306
Miscellaneous Expenses	-	1,271	-	1,271
<b>Total Functional Expenses</b>	<b>\$ 343,556</b>	<b>\$ 86,276</b>	<b>\$ 46,430</b>	<b>\$ 476,262</b>
				<b>\$ 435,580</b>

WALKBOSTON, INC.STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES:</u></b>		
Change in Net Assets	\$ 20,819	\$ (33,573)
<i>Adjustments to Reconcile the Above to Net Cash Provided by Operating Activities:</i>		
<i>(Increase) Decrease in Current Assets:</i>		
Accounts Receivable, Contracts and Program Services	(28,987)	39,778
Prepaid Expenses	(1,957)	(65)
<i>Increase (Decrease) in Current Liabilities:</i>		
Accounts Payable and Accrued Expenses	(4,671)	2,879
Accrued Payroll and Related Costs	<u>28,291</u>	<u>1,808</u>
Net Adjustment	<u>(7,324)</u>	<u>44,400</u>
<b><u>NET CASH PROVIDED BY OPERATING ACTIVITIES</u></b>	<u>13,495</u>	<u>10,827</u>
<b><u>NET INCREASE IN CASH AND CASH EQUIVALENTS</u></b>	<u>13,495</u>	<u>10,827</u>
<b><u>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</u></b>	<u>195,706</u>	<u>184,879</u>
<b><u>CASH AND CASH EQUIVALENTS - END OF YEAR</u></b>	<u>\$ 209,201</u>	<u>\$ 195,706</u>
 <i>Supplemental Disclosures:</i>		
Interest Paid	<u>\$ -</u>	<u>\$ -</u>
Income Taxes Paid	<u>\$ -</u>	<u>\$ -</u>

WALKBOSTON, INC.NOTES TO FINANCIAL STATEMENTSDECEMBER 31, 2010NOTE 1 ORGANIZATION

WalkBoston, Inc. ("WalkBoston" or the "Organization") was incorporated in November 2000 under the provisions of Massachusetts General Laws Chapter 180 and qualifies as a tax-exempt nonprofit corporation under Section 501(c)(3) of the Internal Revenue Code. The Organization has been classified as an organization which is not a private foundation under Section 509(a); accordingly, contributions made to this Organization qualify for the maximum charitable deduction for federal income tax purposes.

NOTE 2 PROGRAM SERVICES

WalkBoston engages in a wide array of efforts to make Massachusetts more walkable for everyday activities – walking to transit, to school, to shop and to work. We focus our advocacy to benefit those who most depend on walking: people with lower incomes, elders, children, people with disabilities, and transit users.

**Advocacy Training** – through slide shows, walks and conversations with citizens, engineers, planners and agency staff, we work to excite interest and engagement from a broad variety of residents and professionals in becoming pedestrian advocates in their own communities.

**Boston** – we advocate in the city on many issues: traffic signal timing, neighborhood walking conditions, active transportation as part of the Boston Collaborative for Food & Fitness, Complete Streets policies to balance the needs of walkers, transit users, bicyclists and vehicles on our streets, and preserving the walkability of the Greenway.

**Outreach** – we work to get people walking and thinking about walking throughout Massachusetts using many tools: maps; walks throughout the region; environmental and transportation fairs; presentations at local, state and national conferences; and learning for the future through our Federal Transit Administration research into engaging walkers/transit users in transit planning along the Route 39 bus route in JP.

**Statewide Project Review** – our reviews help ensure that transportation and development projects provide good pedestrian environments. This year, we paid especially close attention to the road and bridge projects funded with federal stimulus dollars and the MA Accelerated Bridge Program, most notably the Charles River Basin bridges. We are working with fellow advocates to advance a vision of bridge and road designs that safely and attractively accommodate pedestrians, bicycles, persons with disabilities and transit users, while helping to create a transportation future that reduces our dependence on vehicular traffic.

**Safe Routes to Schools (SRTS)** – we provide 2nd grade safety education at individual schools across the state, carry out the Community SRTS program with Brockton, Newton, Stoneham and Watertown; work on research about ways to make SRTS more effective, and participate actively in the MA SRTS Task Force, and the Steering Committee of the SRTS National Partnership.

**Smart Growth/Transit Oriented Development** – as our attention turns to large-scale land use and climate change, we have begun to work with new partners to help shape development patterns and advocate for transit, a critical element of walkable communities.

**Snow** – sidewalk snow and ice clearance tops the agenda for many of our members. We share policy recommendations on snow clearance and are working with Somerville, Newton and Watertown, as well as state legislators to advance this important issue locally and statewide.

WALKBOSTON, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010

(Continued)

NOTE 2 (Continued)

**Legislation** – WalkBoston works with legislators and others to encourage the passage of laws that would enhance pedestrian safety such as the passage of an Act to reduce the prevailing speed limit in urbanized areas from 30 mph to 25 mph – a critical pedestrian safety measure.

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies which affect significant elements of the Organization's financial statements are described below to enhance the usefulness of the financial statements to the reader. The preparation of financial statements in conformity with generally accepted accounting principles 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; however, adherence to generally accepted accounting principles has, in management's opinion, resulted in reliable and consistent financial reporting by the Organization. The following policies should be read in conjunction with the accompanying notes to the financial statements.

**Basis of Accounting:**

The Organization's policy is to maintain its books and prepare its financial statements on the accrual basis of accounting in accordance with generally accepted accounting principles. Consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when a liability has been incurred.

**Fair Value of Financial Instruments:**

As required by the *FASB Accounting Standards Codification*<sup>TM</sup>, the Organization adopted the provisions of Fair Value Measurements, and has applied its provisions to assets and liabilities that are recognized or disclosed at fair value on a recurring or nonrecurring basis (at least annually). Fair value measurement defines fair value, establishes a framework for measuring fair value, establishes a three-level fair value hierarchy based on the quality of inputs used to measure fair value and enhances the disclosure requirements for fair value measurements.

The three levels of the fair value hierarchy are as follows:

- Level 1 - inputs to the valuation methodology are quoted market prices for identical assets or liabilities in active markets.
- Level 2 - inputs to the valuation methodology include quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability.
- Level 3 - inputs to the valuation methodology are based on prices or valuation techniques that are unobservable.

WALKBOSTON, INC.NOTES TO FINANCIAL STATEMENTSDECEMBER 31, 2010

(Continued)

NOTE 3 (Continued)**Financial Statement Presentation:**

As required by the *FASB Accounting Standards Codification*<sup>TM</sup>, the Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. These classifications are related to the existence or absence of donor-imposed restrictions as follows:

*Unrestricted Net Assets* - consists of assets, public support, dues and program revenues which are available and used for activities and programs. Unrestricted net assets represents the portion of net assets of the Organization that is neither permanently restricted nor temporarily restricted by donor-imposed stipulations. Contributions are considered available for unrestricted use unless specifically restricted by the donor. In addition, unrestricted net assets includes funds which represent unrestricted resources designated by the Board of Directors for specific purposes.

*Temporarily Restricted Net Assets* - includes funds with donor-imposed restrictions which permit the donee organization to expend the assets as specified and are satisfied either by the passage of time or by actions of the Organization. Resources of this nature originate from gifts, grants, bequests, contracts and investment income earned on restricted funds.

*Permanently Restricted Net Assets* - includes resources which have a permanent donor-imposed restriction which stipulates that the assets are to be maintained permanently, but permits the Organization to expend part or all of the income derived from the donated assets. For the years presented, WalkBoston, Inc. did not have any assets of this nature.

The financial statements included certain 2009 comparative information. Specifically, with respect to the Statement of Activities, such prior year information is not presented by net asset class and, in the Statement of Functional Expenses, 2009 expenses by line item are presented in total rather than by functional category. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2009, from which the summarized information was derived.

**Cash and Cash Equivalents:**

For the purpose of these financial statements, the Organization considers equivalent to cash, all money market funds and savings deposits, which can be and are intended to be converted to cash within ninety days of issuance. Fair value approximates carrying value due to the short maturities of those instruments and are classified within Level 1 of the fair value hierarchy.

**Accounts Receivable, Contracts and Program Services:**

*Accounts Receivable, Contracts and Program Services* represents amounts which are due from contracts and other program services. Of the total balance, 38% and 55% is due from one subcontract agreement, for the years ended December 31, 2010 and 2009, respectively, all of which are considered fully collectible. These financial statements do not contain a provision for uncollectible accounts receivable; therefore, if accounts become uncollectible, they will be charged to activities when that determination is made. For the years ended December 31, 2010 and 2009, the Organization reported no losses from uncollectible accounts receivable.



WALKBOSTON, INC.NOTES TO FINANCIAL STATEMENTSDECEMBER 31, 2010*(Continued)***NOTE 3** *(Continued)***Contributions, Gifts and Grants:**

As required by the *FASB Accounting Standards Codification*<sup>TM</sup>, contributions are required to be recorded as receivables and revenues and the Organization is required to distinguish between contributions received for each net asset category in accordance with donor-imposed restrictions. Contributions may include gifts of cash, collection items, or promises to give. Revenue received for memberships is accounted for as contributions based on the nature and terms of the membership agreement.

Contributions, including unconditional promises to give, are recognized as revenues in the period the commitment is received. Conditional promises to give are not recognized until they become unconditional, that is, at the time when the conditions on which they depend are substantially met. Contributions of assets other than cash are reported at their estimated fair value. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risk involved, when such amounts are considered material.

Support that is restricted by the donor is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction until the restriction expires, at which time temporarily restricted net assets are reclassified to unrestricted net assets.

**Donated Goods and Services:**

As required by the *FASB Accounting Standards Codification*<sup>TM</sup>, the Organization maintains a policy whereby the value of the donated goods and services which create or enhance nonfinancial assets; require a specialized skill; and/or which would have otherwise been purchased by the Organization are recognized as revenue and expense on the Statement of Activities and are listed as expenses on the Statement of Functional Expenses. For each of the years presented, the Organization recognized as contribution revenue, with an offsetting expense \$5,000 in pro-bono legal services.

**Functional Expenses:**

As required by the *FASB Accounting Standards Codification*<sup>TM</sup>, the Organization allocates its expenses on a functional basis among its various programs and support services. Expenses which can be identified with a specific program and support service are allocated directly according to their natural expense classification. Other expenses that are common to several functions are allocated based upon space and time usage. Supporting services are those related to operating and managing WalkBoston, Inc. and its programs on a day-to-day basis.

WALKBOSTON, INC.NOTES TO FINANCIAL STATEMENTSDECEMBER 31, 2010

(Continued)

NOTE 3 (Continued)

Supporting services have been sub-classified as follows:

*Administrative* - includes all activities related to WalkBoston, Inc.'s internal management and accounting for program services.

*Fund Raising* - includes all activities related to maintaining contributor information, corporate membership development, grant writing, distribution of materials and other similar projects related to the procurement of funds for the Organization's programs.

**Tax Position:**

The *FASB Accounting Standards Codification*<sup>TM</sup> provides detailed guidance for the financial statement recognition, measurement and disclosure of uncertain tax positions recognized in an organization's financial statements. The Organization adopted the provisions of this standard on January 1, 2009. The implementation of this standard did not have any impact on the financial position or net assets of the Organization.

The primary tax positions made by the Organization are the existence of Unrelated Business Income Tax and the Organization's status as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. The Organization currently evaluates all tax positions, and makes a determination regarding the likelihood of those positions being upheld under review. For the years presented, the Organization has not recognized any tax benefits or loss contingencies for uncertain tax positions based on this evaluation. All tax periods prior to 2007 are no longer subject to examination by tax authorities.

NOTE 4 RESTRICTED NET ASSETS

A summary of temporarily restricted net assets as of December 31, 2010 and 2009 is presented below:

<u>Nature of Restriction</u>	<u>2010</u>	<u>2009</u>
Shifting School Trips from Cars to Feet	\$ 49,000	\$ -
Snow: A Vehicle for Community Organizing	24,556	-
Safe Routes to Schools Program	13,335	-
Time Restricted	<u>55,000</u>	<u>106,417</u>
Total	<u>\$141,891</u>	<u>\$106,417</u>

For the years ended December 31, 2010 and 2009, net assets were released from restriction by the passage of time or by the occurrence of events specified by the donor as follows:

<u>Nature of Restriction</u>	<u>2010</u>	<u>2009</u>
Shifting School Trips from Cars to Feet	\$ 26,000	\$ -
Released Based on Passage of Time	78,084	97,000
Snow: A Vehicle for Community Organizing	3,444	-
T4MA	10,000	-
Safe Routes to Schools Program	<u>45,998</u>	<u>50,000</u>
Total	<u>\$163,526</u>	<u>\$147,000</u>

WALKBOSTON, INC.NOTES TO FINANCIAL STATEMENTSDECEMBER 31, 2010*(Continued)*NOTE 5 MAJOR GRANTS

For the years ended December 31, 2010 and 2009, grants totaling \$151,000 and \$80,500, respectively, were received from one foundation, and represented 31% and 20% of total support and revenues, respectively.

NOTE 6 OPERATING LEASE COMMITMENTS

The Organization leases office space under a three-year operating lease agreement which commenced on January 1, 2008 and was extended for three years as of January 1, 2011. The monthly rent obligation was \$1,400 in 2010, escalating to \$1,467 on January 1, 2011, and the Organization paid a deposit of \$800 at the commencement of the original lease which is reflected as a *Security Deposit* in the accompanying Statements of Financial Position. *Rent Expense* for the years ended December 31, 2010 and 2009 was \$14,000 and \$16,867, respectively. The future minimum lease obligation arising from this commitment is scheduled below:

<u>Year Ending</u>	<u>Amount</u>
December 31, 2011	\$17,600
December 31, 2012	18,400
December 31, 2013	<u>19,200</u>
Total	<u>\$55,200</u>

NOTE 7 EMPLOYEE BENEFIT PLAN

The Organization operates a 403(b) deferred savings plan for its employees. Under the plan, eligible employees may defer a portion of their earnings from current taxation. The plan is funded solely by employee deferrals.

NOTE 8 RELATED PARTY TRANSACTIONS

For the years ended December 31, 2010 and 2009, WalkBoston compensated a member of the Board of Directors \$3,393 and \$3,801, respectively, for graphic design services and participation in community workshops. Additionally, \$24,000 of 2010 salary compensation for the Organization's Executive Director was voluntarily deferred with the Board's approval, and is included in *Accrued Payroll and Related Costs* as of December 31, 2010.

NOTE 9 SUBSEQUENT EVENTS

Management is required to consider events subsequent to the financial statement date for potential adjustment to or disclosure in the financial statements. Therefore, Management has evaluated subsequent events through June 15, 2011, the date which the financial statements were available for issue, and noted no events which met the criteria.