

Smith  Sullivan
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CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

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

We have reviewed the accompanying statement of financial position of WalkBoston, Inc. (a Massachusetts nonprofit organization) as of December 31, 2009 and 2008, and the related statements of activities, functional expenses, and cash flows for the years then ended in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of WalkBoston, Inc.

A review consists principally of inquiries of the Organization's personnel and analytical procedures applied to financial data. It is substantially less in scope than an examination in accordance with generally accepted auditing standards, 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.

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 generally accepted accounting principles.

Smith, Sullivan & Company, P.C.

Westborough, Massachusetts
October 19, 2010

WALKBOSTON, INC.STATEMENTS OF FINANCIAL POSITION AS OF DECEMBER 31, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
<u>ASSETS</u>		
<u>CURRENT ASSETS:</u>		
Cash and Cash Equivalents	\$195,706	\$184,879
Accounts Receivable, Contracts and Program Services (Note 3)	18,782	58,560
Prepaid Expenses	4,096	4,031
Total Current Assets	<u>218,584</u>	<u>247,470</u>
<u>NON-CURRENT ASSETS:</u>		
Deposit (Note 6)	800	800
Total Non-Current Assets	<u>800</u>	<u>800</u>
<u>TOTAL ASSETS</u>	<u>\$219,384</u>	<u>\$248,270</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>CURRENT LIABILITIES:</u>		
Accounts Payable and Accrued Expenses	\$ 9,370	\$ 6,491
Accrued Payroll and Related Expenses	12,265	10,457
Total Current Liabilities	<u>21,635</u>	<u>16,948</u>
<u>NET ASSETS:</u>		
Unrestricted Net Assets	91,332	98,405
Temporarily Restricted Net Assets (Note 4)	106,417	132,917
Total Net Assets	<u>197,749</u>	<u>231,322</u>
<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>\$219,384</u>	<u>\$248,270</u>

WALKBOSTON, INC.

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2009
(With Summarized Comparative Totals for 2008)

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL ACTIVITIES</u>
	2009	2009	2008
<u>SUPPORT, REVENUES AND RECLASSIFICATIONS:</u>			
<i>Support and Revenues:</i>			
Grants (Note 3)	\$ 90,702	\$ 120,500	\$224,200
Gifts and Contributions	144,459	-	71,444
Contracted Program Services	2,832	-	144,517
Other Program Services	36,518	-	3,703
Memberships	5,000	-	50,358
Donated Goods and Services (Note 3)	337	-	4,500
Interest Income	1,659	-	2,377
Miscellaneous Income	<u>281,507</u>	<u>120,500</u>	<u>1,338</u>
Total Support and Revenues	<u>147,000</u>	<u>(147,000)</u>	<u>-</u>
<i>Reclassification of Net Assets:</i>			
Net Assets Released from Restriction (Note 4)	<u>428,507</u>	<u>(26,500)</u>	<u>502,437</u>
<u>TOTAL SUPPORT, REVENUES AND RECLASSIFICATIONS</u>			
	314,071	-	362,624
<u>FUNCTIONAL EXPENSES:</u>			
Program Services	79,244	-	90,842
Administrative	<u>42,265</u>	<u>-</u>	<u>37,055</u>
Fund Raising	<u>435,580</u>	<u>-</u>	<u>490,521</u>
<u>TOTAL FUNCTIONAL EXPENSES</u>	<u>(7,073)</u>	<u>(26,500)</u>	<u>11,916</u>
<u>CHANGE IN NET ASSETS</u>	<u>98,405</u>	<u>132,917</u>	<u>219,406</u>
<u>NET ASSETS - BEGINNING OF YEAR</u>	<u>\$ 91,332</u>	<u>\$ 106,417</u>	<u>\$231,322</u>
<u>NET ASSETS - END OF YEAR</u>			

WALKBOSTON INC.

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2009**
(With Summarized Comparative Totals for 2008)

	<u>PROGRAM SERVICES</u>	<u>ADMINI- STRATIVE</u>	<u>FUND RAISING</u>	<u>FUNCTIONAL EXPENSES 2009</u>	<u>TOTAL FUNCTIONAL EXPENSES 2008</u>
Salaries and Wages	\$245,702	\$51,056	\$22,336	\$319,094	\$351,562
Payroll Taxes	22,620	4,701	2,056	29,377	33,736
Employee Benefits	3,399	1,762	648	5,809	3,894
Professional Fees (Note 3)	1,700	12,387	9,999	24,086	22,465
Project Consultants (Note 7)	9,133	202	-	9,133	18,343
Postage and Delivery	-	-	-	202	3,405
Telephone	1,729	359	157	2,245	2,058
Rent (Note 6)	12,988	2,698	1,181	16,867	16,000
Printing and Copying	7,697	1,582	350	9,629	7,745
Conferences and Events	3,860	-	5,198	9,058	5,412
Membership and Subscriptions	783	-	-	783	890
Minor Equipment and Office Supplies	767	1,325	57	2,149	4,663
Office Expense	578	1,473	-	2,051	6,659
Insurance	3,115	648	283	4,046	3,888
Travel	-	765	-	765	5,709
Bank Charges/Processing Fees	-	286	-	286	715
Miscellaneous Expenses	-	-	-	-	3,377
Total Functional Expenses	<u>\$314,071</u>	<u>\$79,244</u>	<u>\$42,265</u>	<u>\$435,580</u>	<u>\$490,521</u>

WALKBOSTON, INC.STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>		
Change in Net Assets	<u>\$ (33,573)</u>	<u>\$ 11,916</u>
<i>Adjustments to Reconcile the Above to Net Cash Provided (Used) by Operating Activities:</i>		
<i>(Increase) Decrease in Current Assets:</i>		
Accounts Receivable, Contracts and Program Services	39,778	(33,783)
Prepaid Expenses	(65)	(65)
<i>Increase (Decrease) in Current Liabilities:</i>		
Accounts Payable and Accrued Expenses	2,879	5,787
Accrued Payroll and Related Expenses	<u>1,808</u>	<u>6,772</u>
Net Adjustment	<u>44,400</u>	<u>(21,289)</u>
<u>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</u>	<u>10,827</u>	<u>(9,373)</u>
<u>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u>	<u>10,827</u>	<u>(9,373)</u>
<u>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</u>	<u>184,879</u>	<u>194,252</u>
<u>CASH AND CASH EQUIVALENTS - END OF YEAR</u>	<u>\$195,706</u>	<u>\$184,879</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, 2009NOTE 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 (new this year: Watertown, Harvard University, Walpole, Braintree, Malden, Cathedral Housing...and more); walks throughout the region (many led by state legislators); (PARK)ing Day's one-day celebratory transformation of a parking space into a pocket park; 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, 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.

WALKBOSTON, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2009

(Continued)

NOTE 2 (Continued)

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.

2009 Transportation Reform Legislation – WalkBoston worked with legislators and other advocates to ensure that walking, health, and sidewalk snow clearance were included in the Act. We are participating as the Healthy Transportation Compact created by the Act gets underway with the Massachusetts Departments of Transportation, Health and Human Services and Energy and Environment. Our key 2010 legislative priority is 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:

In accordance with generally accepted accounting principles, 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.

WALKBOSTON, INC.NOTES TO FINANCIAL STATEMENTSDECEMBER 31, 2009

(Continued)

NOTE 3

(Continued)

Level 3 - inputs to the valuation methodology are based on prices or valuation techniques that are unobservable.

Financial Statement Presentation:

In accordance with generally accepted accounting principles, 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 2008 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, 2008 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, 2008, from which the summarized information was derived. Additionally, certain reclassifications have been made to the 2008 information in the Statement of Functional Expenses in order to conform with the 2009 financial statement presentation.

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.

WALKBOSTON, INC.NOTES TO FINANCIAL STATEMENTSDECEMBER 31, 2009*(Continued)*NOTE 3*(Continued)***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, 55% and 57% is due from one subcontract agreement, for the years ended December 31, 2009 and 2008, 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, 2009 and 2008, the Organization reported no losses from uncollectible accounts receivable.

Contributions, Gifts and Grants:

In accordance with generally accepted accounting principles, 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.

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:

In accordance with generally accepted accounting principles, WalkBoston, Inc. maintains a policy whereby contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, which are provided by individuals possessing those skills and which would typically need to be purchased if not provided by donation, are recorded at their fair market values in the period received. For the year ended December 31, 2009 and 2008, the Organization recognized as contribution revenue, with an offsetting expense, \$5,000 and \$4,500, respectively, in pro-bono legal services.

Functional Expenses:

In accordance with generally accepted accounting principles, 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.

WALKBOSTON, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2009

(Continued)

NOTE 3 (Continued)

Supporting services are those related to operating and managing WalkBoston, Inc. and its programs on a day-to-day basis. 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 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.

NOTE 4 TEMPORARILY RESTRICTED NET ASSETS

A summary of temporarily restricted net assets as of December 31, 2009 and 2008 is presented below:

<u>Nature of Restriction</u>	<u>2009</u>	<u>2008</u>
Safe Routes to Schools Program	\$ -	\$ 50,000
Time Restricted	<u>106,417</u>	<u>82,917</u>
Total	<u>\$106,417</u>	<u>\$132,917</u>

For the years ended December 31, 2009 and 2008, 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>2009</u>	<u>2008</u>
Released Based on Passage of Time	\$ 97,000	\$ 98,250
Boston Advocacy	-	40,000
Walking Prescriptions Project	-	24,700
Safe Routes to Schools Program	<u>50,000</u>	<u>50,000</u>
Total	<u>\$147,000</u>	<u>\$212,950</u>

NOTE 5 MAJOR GRANTS

For each of the years presented, one grant represents 20% of total support and revenue. The grants totaling \$89,500 and \$100,000 for 2009 and 2008, respectively, were from a different foundation in each year.

WALKBOSTON, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2009

(Continued)

NOTE 6 OPERATING LEASE COMMITMENTS

The Organization leases office space under a three-year operating lease agreement which commenced on January 1, 2008. The monthly rent obligation is \$1,333, escalating to \$1,400 on January 1, 2009, 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, 2009 and 2008 was \$16,867 and \$16,000, respectively. The future minimum lease obligation arising from this commitment is scheduled below:

<u>Year Ending</u>	<u>Amount</u>
December 31, 2010	<u>\$16,800</u>

NOTE 7 RELATED PARTY TRANSACTIONS

For the years ended December 31, 2009 and 2008, WalkBoston compensated a member of the Board of Directors \$3,801 and \$9,734, respectively, for graphic design services and participation in community workshops.

NOTE 8 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 October 19, 2010, the date which the financial statements were available for issue, and noted no events which met the criteria.