

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 statement of financial position of WalkBoston, Inc. (a Massachusetts nonprofit organization) as of December 31, 2008, and the related statements of activities, functional expenses, and cash flows for the year 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 review, 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 PC

Westborough, Massachusetts
August 7, 2009

WALKBOSTON, INC.STATEMENT OF FINANCIAL POSITION AS OF DECEMBER 31, 2008ASSETS

<u>CURRENT ASSETS:</u>	\$184,879
Cash and Cash Equivalents (Note 3)	58,560
Accounts Receivable, Contracts and Program Services (Note 3)	4,031
Prepaid Expenses	<u>247,470</u>
Total Current Assets	
 <u>NON-CURRENT ASSETS:</u>	
Deposit (Note 5)	<u>800</u>
Total Non-Current Assets	<u>800</u>
 <u>TOTAL ASSETS</u>	 <u>\$248,270</u>

LIABILITIES AND NET ASSETS

<u>CURRENT LIABILITIES:</u>	\$ 6,491
Accounts Payable and Accrued Expenses	<u>10,457</u>
Accrued Payroll and Related Expenses	<u>16,948</u>
Total Current Liabilities	
 <u>NET ASSETS: (Note 3)</u>	 98,405
Unrestricted Net Assets	<u>132,917</u>
Temporarily Restricted Net Assets	<u>231,322</u>
Total Net Assets	
 <u>TOTAL LIABILITIES AND NET ASSETS</u>	 <u>\$248,270</u>

WALKBOSTON, INC.

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2008

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL ACTIVITIES</u>
<u>SUPPORT, REVENUES AND RECLASSIFICATIONS:</u>			
<i>Support and Revenues:</i>			
Grants (Note 4)	\$ -	\$ 224,200	\$224,200
Gifts and Contributions	71,444	-	71,444
Contracted Program Services (Note 3)	144,517	-	144,517
Other Program Services	3,703	-	3,703
Memberships	50,358	-	50,358
Donated Goods and Services (Note 3)	4,500	-	4,500
Interest Income	2,377	-	2,377
Miscellaneous Income	1,338	-	1,338
Total Support and Revenues	<u>278,237</u>	<u>224,200</u>	<u>502,437</u>
<i>Reclassification of Net Assets:</i>			
Net Assets Released from Restriction (Note 3)	212,950	(212,950)	-
<u>TOTAL SUPPORT, REVENUES AND RECLASSIFICATIONS</u>	<u>491,187</u>	<u>11,250</u>	<u>502,437</u>
<u>FUNCTIONAL EXPENSES:</u>			
Program Services	362,624	-	362,624
Administrative	90,842	-	90,842
Fundraising	37,055	-	37,055
<u>TOTAL FUNCTIONAL EXPENSES</u>	<u>490,521</u>	<u>-</u>	<u>490,521</u>
<u>CHANGE IN NET ASSETS</u>	666	11,250	11,916
<u>OTHER CHANGES IN NET ASSETS:</u>			
Restoration of Temporarily Restricted Net Assets (Note 3)	(31,667)	31,667	-
<u>NET ASSETS - BEGINNING OF YEAR</u>	<u>129,406</u>	<u>90,000</u>	<u>219,406</u>
<u>NET ASSETS - END OF YEAR</u>	<u>\$ 98,405</u>	<u>\$ 132,917</u>	<u>\$ 231,322</u>

WALKBOSTON, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2008

	<u>PROGRAM</u> <u>SERVICES</u>	<u>ADMINI-</u> <u>STRATIVE</u>	<u>FUND</u> <u>RAISING</u>	<u>TOTAL</u> <u>FUNCTIONAL</u> <u>EXPENSES</u>
Salaries and Wages	\$272,456	\$56,021	\$23,085	\$351,562
Payroll Taxes	26,145	5,376	2,215	33,736
Employee Benefits	2,301	1,593	-	3,894
Professional Fees (Note 3)	-	12,461	7,575	20,036
Project Consultants (Note 6)	18,343	-	2,429	20,772
Postage and Delivery	2,448	697	260	3,405
Telephone	1,595	328	135	2,058
Rent (Note 5)	12,400	2,550	1,050	16,000
Printing and Copying	7,745	-	-	7,745
Conferences and Events	5,412	-	-	5,412
Membership and Subscriptions	890	-	-	890
Minor Equipment and Office Supplies	3,614	743	306	4,663
Office Expense	4,135	2,524	-	6,659
Insurance	-	3,888	-	3,888
Travel	5,140	569	-	5,709
Bank Charges/Processing Fees	-	715	-	715
Miscellaneous Expenses	-	3,377	-	3,377
Total Functional Expenses	<u>\$362,624</u>	<u>\$90,842</u>	<u>\$37,055</u>	<u>\$490,521</u>

WALKBOSTON, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2008

CASH FLOWS FROM OPERATING ACTIVITIES:

\$ 11,916

Change in Net Assets

*Adjustments to Reconcile the Above to Net Cash Provided
(Used) by Operating Activities:*

(Increase) Decrease in Current Assets:

Accounts Receivable, Contracts and Program Services

(33,783)

Prepaid Expenses

(65)

Increase (Decrease) in Current Liabilities:

Accounts Payable and Accrued Expenses

5,787

Accrued Payroll and Related Expenses

6,772

Net Adjustment

(21,289)

(9,373)

NET CASH (USED) BY OPERATING ACTIVITIES

(9,373)

NET (DECREASE) IN CASH AND CASH EQUIVALENTS

194,252

CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR

\$184,879

CASH AND CASH EQUIVALENTS - END OF YEAR

Supplemental Disclosures:

Interest Paid

\$ -

Income Taxes Paid

\$ -

WALKBOSTON, INC.NOTES TO FINANCIAL STATEMENTSDECEMBER 31, 2008NOTE 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 not-for-profit 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 is a nonprofit membership organization that encourages walking throughout Massachusetts for transportation, health and vibrant communities. Our education and advocacy programs give voice to citizens to make their communities walkable. WalkBoston's advocacy on behalf of pedestrians began in 1990 when a handful of people decided they would be more effective speaking out collectively than as individuals. Today, WalkBoston has members in 65 cities and towns and is supported by some 73 corporate/organizational members. Most impressive is WalkBoston's lengthy record of getting cities and towns, state agencies, developers, institutions, and elected officials to recognize and provide for the needs of walkers. The major sources of revenue for WalkBoston, Inc. are foundation grants, memberships, and contracted services with state agencies and commissions.

In support of its mission, the following are some descriptions of WalkBoston's programs:

Walking Maps:

WalkBoston designed custom maps for Greater Boston Convention & Visitors Bureau, Boston Medical Center/BU Medical Center, MGH, Massachusetts Convention Center and produced CityRoutes map.

Safe Routes to Schools:

WalkBoston created the first program in New England promoting walking and bicycling to school; produced toolkit and curricula for Massachusetts elementary schools; Steering Committee/National SRTS Partnership. Funds for this project are provided through foundation grants and a contract with the State Executive Office of Transportation and the State Department of Public Health.

Central Artery, Boston:

WalkBoston spearheaded the effort that created a pedestrian/bike-friendly design above the Central Artery—wider sidewalks, more green space, narrower lanes and roadway reduced from ten lanes to six.

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.

WALKBOSTON, INC.NOTES TO FINANCIAL STATEMENTSDECEMBER 31, 2008

(Continued)

NOTE 3 (Continued)

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.

Financial Statement Presentation:

WalkBoston, Inc. prepares its financial statements in accordance with Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, 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. A summary of temporarily restricted net assets as of December 31, 2008 is presented below:

<u>Nature of Restriction</u>	<u>Amount</u>
Safe Routes to Schools Program	\$ 50,000
Time Restricted	<u>82,917</u>
Total	<u>\$132,917</u>

The prior year financial statements did not report the total unexpended funds due to time restrictions, which is not consistent with generally accepted accounting principles; therefore, these financial statements have been adjusted to restore the temporarily restricted net assets to its proper balance.

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 year presented, WalkBoston, Inc. did not have any assets of this nature.

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.

WALKBOSTON, INC.NOTES TO FINANCIAL STATEMENTSDECEMBER 31, 2008*(Continued)*NOTE 3 *(Continued)***Contributions, Gifts and Grants:**

WalkBoston, Inc. follows Statement of Financial Accounting Standards (SFAS) No. 116, "Accounting for Contributions Received and Contributions Made." SFAS No. 116 requires that contributions be recorded as receivables and revenues and requires the Organization 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. For the year ended December 31, 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>Amount</u>
Released Based on Passage of Time	\$ 98,250
Boston Advocacy	40,000
Walking Prescriptions Project	24,700
Safe Routes to Schools Program	50,000
Total	<u>\$212,950</u>

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 on various statistical bases.

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, membership development, grant writing, distribution of materials and other similar projects related to the procurement of funds for the Organization's programs.

WALKBOSTON, INC.NOTES TO FINANCIAL STATEMENTSDECEMBER 31, 2008

(Continued)

NOTE 3 (Continued)**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.

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, 57% is due from one subcontract agreement, 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 operations when that determination is made. For the year ended December 31, 2008, the Organization reported no losses from bad debts.

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 presented, the Organization recognized as contribution revenue, with an offsetting expense, \$4,500 in pro-bono legal services.

NOTE 4 MAJOR GRANTS

WalkBoston, Inc. received grants from one foundation totaling \$100,000. These grants represent approximately 20% of total support and revenue for the year presented.

NOTE 5 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 Statement of Financial Position. *Rent Expense* for the year ended December 31, 2008 was \$16,000. The future minimum lease obligation arising from this commitment is scheduled below:

<u>Year Ending</u>	<u>Amount</u>
December 31, 2009	\$16,800
December 31, 2010	<u>16,800</u>
Total	<u>\$33,600</u>

WALKBOSTON, INC.NOTES TO FINANCIAL STATEMENTSDECEMBER 31, 2008*(Continued)*NOTE 6 RELATED PARTY TRANSACTIONS

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

NOTE 7 TAX POSITION

As permitted by FASB Staff Position FIN 48-3, "Effective Date of FASB Interpretation No. 48 for Certain Nonpublic Enterprises", issued in December 2008, the Organization has elected to defer the application of the provisions of FIN 48 until the Organization's first fiscal year beginning after December 15, 2008. 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 these positions being upheld under review. For the year presented, the Organization has not recognized any tax benefits or loss contingencies for uncertain tax positions based on this evaluation.

NOTE 8 FAIR VALUE OF FINANCIAL INSTRUMENTS

Effective with the December 31, 2008 financial statements, the Organization partially adopted Statement of Financial Accounting Standards No. 157, "Fair Value Measurements" ("SFAS 157"), and has applied its provisions to financial assets and liabilities that are recognized or disclosed at fair value on a recurring basis (at least annually). SFAS 157 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 disclosure requirement for fair value measurements.

The Organization has not yet adopted SFAS No. 157 for nonfinancial assets and liabilities, in accordance with FASB Staff Position No. FAS 157-2, "Effective Date of FASB Statement No. 157" ("FSP 157-2"). FSP 157-2 defers the effective date of SFAS No. 157 until fiscal years beginning after November 15, 2008, for nonfinancial assets and nonfinancial liabilities, except for those that are recognized or disclosed on a recurring basis. The adoption of FAS 157 for those assets and liabilities within the scope of FAS 157-2 is not expected to have a material impact on the Organization's financial position, changes in net assets or cash flows.

The three levels of the fair value hierarchy defined by SFAS 157 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 STATEMENTS
DECEMBER 31, 2008

(Continued)

NOTE 8 *(Continued)*

The fair values of the Organization's financial instruments are as follows:

	<u>Fair Value</u>
Financial Assets:	
Cash and Cash Equivalents	\$184,879
Accounts Receivable, Contracts and Program Services	58,560
Financial Liabilities:	
Accounts Payable and Accrued Expenses	16,948

The following methods and assumptions were used to estimate the fair value of each class of financial instruments:

Cash, Cash Equivalents, Accounts Receivable, Accounts Payable and Accrued Expenses - Fair value approximates carrying value due to the short maturities of those instruments and are classified within Level 1 of the fair value hierarchy.