

WALKBOSTON, INC.

FINANCIAL STATEMENTS

with

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

YEARS ENDED DECEMBER 31, 2012 AND 2011

Smith  Sullivan
& Company PC

CERTIFIED PUBLIC ACCOUNTANTS

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WALKBOSTON, INC.
REPORT ON FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011

Mission Statement

*WalkBoston makes walking safer and easier in
Massachusetts to encourage better health, a cleaner
environment and vibrant communities.*

WALKBOSTON, INC.

REPORT ON FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2012 AND 2011

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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, 2012 and 2011, 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, P.C.

Westborough, Massachusetts
March 29, 2013

WALKBOSTON, INC.

STATEMENTS OF FINANCIAL POSITION AS OF DECEMBER 31, 2012 AND 2011

ASSETS

	<u>2012</u>	<u>2011</u>
<u>CURRENT ASSETS:</u>		
Cash and Cash Equivalents	\$ 284,547	\$ 259,689
Accounts Receivable, Contracts and Program Services	20,127	28,197
Prepaid Expenses	<u>5,254</u>	<u>6,249</u>
Total Current Assets	<u>309,928</u>	<u>294,135</u>
<u>NON-CURRENT ASSETS:</u>		
Deposits	800	800
Intangible Assets, Net of Amortization	<u>5,767</u>	<u>-</u>
Total Non-Current Assets	<u>6,567</u>	<u>800</u>
<u>TOTAL ASSETS</u>	<u>\$ 316,495</u>	<u>\$ 294,935</u>

LIABILITIES AND NET ASSETS

<u>CURRENT LIABILITIES:</u>		
Accounts Payable and Accrued Expenses	\$ 9,061	\$ 3,184
Accrued Payroll and Related Costs	17,097	25,908
Deferred Contract Revenue	<u>14,500</u>	<u>16,977</u>
Total Current Liabilities	<u>40,658</u>	<u>46,069</u>
<u>NET ASSETS:</u>		
Unrestricted Net Assets	159,337	104,366
Temporarily Restricted Net Assets	<u>116,500</u>	<u>144,500</u>
Total Net Assets	<u>275,837</u>	<u>248,866</u>
<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>\$ 316,495</u>	<u>\$ 294,935</u>

WALKBOSTON, INC.

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2012
(With Summarized Comparative Totals for 2011)

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL ACTIVITIES</u>	
			<u>2012</u>	<u>2011</u>
<u>SUPPORT, REVENUES AND RECLASSIFICATIONS:</u>				
<i>Support and Revenues:</i>				
Grants	\$ 1,000	\$ 172,320	\$ 173,320	\$ 221,000
Gifts and Contributions	94,720	-	94,720	114,816
Contracted Program Services	171,983	-	171,983	119,707
Memberships	50,745	-	50,745	26,859
Donated Goods and Services	5,000	-	5,000	5,000
Miscellaneous Income	1,321	-	1,321	382
Total Support and Revenues	<u>324,769</u>	<u>172,320</u>	<u>497,089</u>	<u>487,764</u>
<i>Reclassification of Net Assets:</i>				
Net Assets Released from Restriction	<u>200,320</u>	<u>(200,320)</u>	<u>-</u>	<u>-</u>
<u>TOTAL SUPPORT, REVENUES AND RECLASSIFICATIONS</u>	<u>525,089</u>	<u>(28,000)</u>	<u>497,089</u>	<u>487,764</u>
<u>FUNCTIONAL EXPENSES:</u>				
Program Services	348,313	-	348,313	326,272
Administrative	66,638	-	66,638	75,551
Fund Raising	55,167	-	55,167	55,643
<u>TOTAL FUNCTIONAL EXPENSES</u>	<u>470,118</u>	<u>-</u>	<u>470,118</u>	<u>457,466</u>
<u>CHANGE IN NET ASSETS</u>	<u>54,971</u>	<u>(28,000)</u>	<u>26,971</u>	<u>30,298</u>
<u>NET ASSETS - BEGINNING OF YEAR</u>	<u>104,366</u>	<u>144,500</u>	<u>248,866</u>	<u>218,568</u>
<u>NET ASSETS - END OF YEAR</u>	<u>\$ 159,337</u>	<u>\$ 116,500</u>	<u>\$ 275,837</u>	<u>\$ 248,866</u>

WALKBOSTON, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2012

(With Summarized Comparative Totals for 2011)

	<u>PROGRAM</u> <u>SERVICES</u>	<u>ADMINI-</u> <u>STRATIVE</u>	<u>FUND</u> <u>RAISING</u>	<u>TOTAL</u> <u>FUNCTIONAL EXPENSES</u>	
				<u>2012</u>	<u>2011</u>
Salaries and Wages	\$ 238,355	\$ 22,056	\$ 23,909	\$ 284,320	\$ 264,276
Payroll Taxes	21,626	2,001	2,170	25,797	22,767
Employee Benefits	578	53	58	689	249
Professional Fees	1,648	35,772	20,550	57,970	56,639
Project Consultants	30,892	-	-	30,892	59,469
Postage and Delivery	4,802	22	308	5,132	843
Telephone	2,640	244	265	3,149	2,771
Rent	15,426	1,427	1,547	18,400	17,600
Printing and Copying	12,144	-	-	12,144	1,959
Conferences and Events	7,959	162	5,595	13,716	16,240
Membership and Subscriptions	69	3,016	-	3,085	725
Minor Equipment and Office Supplies	993	61	67	1,121	988
Office Expense	3,807	815	382	5,004	3,727
Insurance	2,182	202	219	2,603	3,809
Travel	3,114	41	-	3,155	3,559
Bank Charges/Processing Fees	-	490	-	490	298
Amortization Expense	967	89	97	1,153	-
Miscellaneous Expenses	1,111	187	-	1,298	1,547
Total Functional Expenses	<u>\$ 348,313</u>	<u>\$ 66,638</u>	<u>\$ 55,167</u>	<u>\$ 470,118</u>	<u>\$ 457,466</u>

WALKBOSTON, INC.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>		
Change in Net Assets	\$ 26,971	\$ 30,298
<i>Adjustments to Reconcile the Above to Net Cash Provided by Operating Activities:</i>		
Amortization Expense	1,153	-
<i>(Increase) Decrease in Current Assets:</i>		
Accounts Receivable, Contracts and Program Services	8,070	19,572
Prepaid Expenses	995	(196)
<i>Increase (Decrease) in Current Liabilities:</i>		
Accounts Payable and Accrued Expenses	5,877	(1,515)
Accrued Payroll and Related Costs	(8,811)	(14,648)
Deferred Contract Revenue	(2,477)	16,977
Net Adjustment	<u>4,807</u>	<u>20,190</u>
<u>NET CASH PROVIDED BY OPERATING ACTIVITIES</u>	<u>31,778</u>	<u>50,488</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>		
Additions to Intangible Assets	<u>(6,920)</u>	<u>-</u>
Net Cash Flows from Investing Activities	<u>(6,920)</u>	<u>-</u>
<u>NET INCREASE IN CASH AND CASH EQUIVALENTS</u>	<u>24,858</u>	<u>50,488</u>
<u>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</u>	<u>259,689</u>	<u>209,201</u>
<u>CASH AND CASH EQUIVALENTS - END OF YEAR</u>	<u>\$ 284,547</u>	<u>\$ 259,689</u>
<i>Supplemental Disclosures :</i>		
Interest Paid	<u>\$ -</u>	<u>\$ -</u>
Income Taxes Paid	<u>\$ -</u>	<u>\$ -</u>

WALKBOSTON, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2012

NOTE 1 ORGANIZATION

WalkBoston, Inc. (“WalkBoston” or the “Organization”) was incorporated in 1990 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, 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.

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 by 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. Design review of development projects also increased during 2012 as real estate development picked up in pace.

Safe Routes to Schools (SRTS) – we provide 2nd grade safety education at individual schools across the state, and provide train the trainer workshops to teach school personnel how to run safety education programs through the Massachusetts SRTS program. We 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. Starting in 2012, with seed funding from the Barr Foundation, WalkBoston embarked on a multi-year SRTS effort with several Massachusetts cities to implement SRTS programs that benefit student health and benefit the environment with the reduction of greenhouse gas emissions (GHGs) over time.

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, 2012

(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.

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:

The Organization reports its fair value measures by using a three-level hierarchy that prioritizes the inputs used to measure fair value. This hierarchy, established by generally accepted accounting principles, requires that entities maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The three levels of inputs used to measure fair value are defined as follows:

- Level 1 - Quoted prices for identical assets or liabilities in active markets to which the Organization has access at the measurement date.
- Level 2 - Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets in markets that are not active; observable inputs other than quoted prices for the asset or liability (for example, interest rate and yield curves); and inputs derived principally from, or corroborated by, observable market data by correlation or by other means.
- Level 3 - Unobservable inputs for the asset or liability. Unobservable inputs should be used to measure the fair value to the extent that observable inputs are not available.

WALKBOSTON, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2012

(Continued)

NOTE 3 (Continued)

For the years presented, the Organization did not have any assets that require re-measurement on a recurring basis, which would be required to be classified under the fair value hierarchy.

Financial Statement Presentation:

As required by the *FASB Accounting Standards Codification*TM, 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 2011 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, 2011 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, 2011, 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 and cash reserve funds.

Accounts Receivable, Contracts and Program Services:

Accounts Receivable, Contracts and Program Services represents amounts which are due from contracts and other program services. 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, 2012 and 2011, the Organization reported no losses from uncollectible accounts receivable.

WALKBOSTON, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2012

(Continued)

NOTE 3 (Continued)

Property and Equipment:

WalkBoston records all property and equipment at cost, if purchased (exceeding \$500), or if donated, at the fair value on the date of receipt. Expenditures for maintenance, repairs and renewals are charged to expense as incurred, whereas major betterments (exceeding \$500) are capitalized as additions to property and equipment. There have been no fixed assets purchased by the Organization which met the criteria for capitalization.

Intangible Assets:

The Organization has deferred the costs associated with the development and upgrade of its website, which is reported as *Intangible Assets* on the Statement of Financial Position, net of accumulated amortization. Website development is subject to amortization over a 36-month period. *Amortization Expense* amounted to \$1,153 for the year ended December 31, 2012.

Revenue Recognition - Contracts:

Revenue from contracts is recognized as expenditures are made or as deliverable services are provided under the terms of the contract.

Under the provisions of certain contracts, WalkBoston may receive payments in advance which may also be in advance of services rendered and/or costs incurred. Funds received in excess of amounts earned are recorded as *Deferred Contract Revenue* in the accompanying Statements of Financial Position.

Contributions, Gifts and Grants:

As required by the *FASB Accounting Standards Codification*TM, 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.

WALKBOSTON, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2012

(Continued)

NOTE 3 (Continued)

Donated Goods and Services:

As required by the *FASB Accounting Standards Codification*TM, 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*TM, 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. 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 Organization currently evaluates all tax positions, and makes a determination regarding the likelihood of those positions being upheld under review. 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. 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 2009 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, 2012 and 2011 is presented below:

<u>Nature of Restriction</u>	<u>2012</u>	<u>2011</u>
Boston Preservation Alliance	\$ -	\$ 2,000
Transportation for Massachusetts (T4MA) Project	2,500	-
Revere Walk to School Program	1,500	-
Time Restricted	<u>112,500</u>	<u>142,500</u>
Total	<u>\$116,500</u>	<u>\$144,500</u>

WALKBOSTON, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2012

(Continued)

NOTE 4 *(Continued)*

For the years ended December 31, 2012 and 2011, 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>2012</u>	<u>2011</u>
Boston Preservation Alliance	\$ 2,000	\$ 2,000
Shifting School Trips from Cars to Feet	-	49,000
Released Based on Passage of Time	165,000	77,500
Snow: A Vehicle for Community Organizing	-	-
Transportation for Massachusetts (T4MA) Project	27,500	32,000
Boston Foundation Website Development	5,820	-
Safe Routes to Schools Program	-	<u>39,391</u>
Total	<u>\$200,320</u>	<u>\$199,891</u>

NOTE 5 CONCENTRATIONS

Cash and Cash Equivalents:

The Organization maintains its cash balances in three financial institutions. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to specified limits. At times during the year, the Organization may exceed FDIC and other insured limits; however, the Organization has not experienced any losses on such accounts and credit risk on cash and cash equivalents is considered low.

Receivables:

As of December 31, 2012, 70% of *Accounts Receivable, Contracts and Program Services* is due from one subcontract agreement. As of December 31, 2011, 71% of *Accounts Receivable, Contracts and Program Services* is due from two subcontract agreements.

Grants:

For the years ended December 31, 2012 and 2011, grants totaling \$165,000 and \$158,500, respectively, were received from one foundation, and represented 33% and 32% 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 \$1,467 in 2011, escalating to \$1,533 on January 1, 2012, and \$1,600 on January 1, 2013. 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, 2012 and 2011 was \$18,400 and \$17,600, respectively. The future minimum lease obligation arising from this commitment of \$19,200 is due in 2013.

WALKBOSTON, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2012

(Continued)

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. As the plan is funded solely by employee deferrals, these financial statements do not report a pension expense.

NOTE 8 RELATED PARTY TRANSACTIONS

For the years ended December 31, 2012 and 2011, WalkBoston compensated a member of the Board of Directors \$4,213 and \$12,125, respectively, for graphic design services and participation in community workshops.

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 May 29, 2013, the date which the financial statements were available for issue, and noted no events which met the criteria.