

WALKBOSTON, INC.

FINANCIAL STATEMENTS

with

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

YEARS ENDED DECEMBER 31, 2013 AND 2012

Smith  Sullivan
& Brown PC
CERTIFIED PUBLIC ACCOUNTANTS

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WALKBOSTON, INC.
REPORT ON FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012

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, 2013 AND 2012

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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, 2013 and 2012, 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 & Brown, P.C.

Westborough, Massachusetts
March 21, 2014

WALKBOSTON, INC.

STATEMENTS OF FINANCIAL POSITION AS OF DECEMBER 31, 2013 AND 2012

ASSETS

	<u>2013</u>	<u>2012</u>
<u>CURRENT ASSETS:</u>		
Cash	\$ 266,135	\$ 284,547
Accounts Receivable	31,421	20,127
Prepaid Expenses	4,991	5,254
Total Current Assets	<u>302,547</u>	<u>309,928</u>
<u>NON-CURRENT ASSETS:</u>		
Deposits	800	800
Intangible Assets, Net of Amortization	3,460	5,767
Total Non-Current Assets	<u>4,260</u>	<u>6,567</u>
<u>TOTAL ASSETS</u>	<u>\$ 306,807</u>	<u>\$ 316,495</u>

LIABILITIES AND NET ASSETS

<u>CURRENT LIABILITIES:</u>		
Accounts Payable and Accrued Expenses	\$ 3,776	\$ 9,061
Accrued Payroll and Related Costs	15,903	17,097
Deferred Contract Revenue	10,167	14,500
Total Current Liabilities	<u>29,846</u>	<u>40,658</u>
<u>NET ASSETS:</u>		
Unrestricted Net Assets	155,842	159,337
Temporarily Restricted Net Assets	121,119	116,500
Total Net Assets	<u>276,961</u>	<u>275,837</u>
<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>\$ 306,807</u>	<u>\$ 316,495</u>

WALKBOSTON, INC.

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2013
(With Summarized Comparative Totals for 2012)

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>2013</u>	<u>TOTAL ACTIVITIES 2012</u>
<u>SUPPORT, REVENUES AND RECLASSIFICATIONS:</u>				
<i>Support and Revenues:</i>				
Grants	\$ 300	\$ 162,050	\$ 162,350	\$ 173,320
Gifts and Contributions	98,801	3,870	102,671	94,720
Contracted Program Services	134,869	-	134,869	171,983
Memberships	45,341	-	45,341	50,745
Donated Goods and Services	7,500	-	7,500	5,000
Miscellaneous Income	413	-	413	1,321
Total Support and Revenues	<u>287,224</u>	<u>165,920</u>	<u>453,144</u>	<u>497,089</u>
<i>Reclassification of Net Assets:</i>				
Net Assets Released from Restriction	<u>161,301</u>	<u>(161,301)</u>	<u>-</u>	<u>-</u>
<u>TOTAL SUPPORT, REVENUES AND RECLASSIFICATIONS</u>	<u>448,525</u>	<u>4,619</u>	<u>453,144</u>	<u>497,089</u>
<u>FUNCTIONAL EXPENSES:</u>				
Program Services	327,592	-	327,592	348,313
Administrative	58,958	-	58,958	66,638
Fund Raising	65,470	-	65,470	55,167
<u>TOTAL FUNCTIONAL EXPENSES</u>	<u>452,020</u>	<u>-</u>	<u>452,020</u>	<u>470,118</u>
<u>CHANGE IN NET ASSETS</u>	(3,495)	4,619	1,124	26,971
<u>NET ASSETS - BEGINNING OF YEAR</u>	<u>159,337</u>	<u>116,500</u>	<u>275,837</u>	<u>248,866</u>
<u>NET ASSETS - END OF YEAR</u>	<u>\$ 155,842</u>	<u>\$ 121,119</u>	<u>\$ 276,961</u>	<u>\$ 275,837</u>

WALKBOSTON, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2013

(With Summarized Comparative Totals for 2012)

	<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>2013</u>	<u>2012</u>
Salaries and Wages	\$ 234,886	\$ 13,384	\$ 29,001	\$ 277,271	\$ 284,320
Payroll Taxes	21,747	1,239	2,685	25,671	25,797
Employee Benefits	2,250	128	279	2,657	689
Professional Fees	1,784	41,381	23,040	66,205	57,970
Project Consultants	17,454	-	-	17,454	30,892
Postage and Delivery	488	88	801	1,377	5,132
Telephone	1,974	250	244	2,468	3,149
Rent	16,265	927	2,008	19,200	18,400
Printing and Copying	7,478	-	-	7,478	12,144
Conferences and Events	8,128	-	5,178	13,306	13,716
Membership and Subscriptions	2,162	1,137	1,228	4,527	3,085
Minor Equipment and Office Supplies	2,739	63	137	2,939	1,121
Office Expense	2,149	122	265	2,536	5,494
Insurance	2,232	127	276	2,635	2,603
Travel	3,902	-	-	3,902	3,155
Amortization Expense	1,954	112	241	2,307	1,153
Miscellaneous Expenses	-	-	87	87	1,298
Total Functional Expenses	<u>\$ 327,592</u>	<u>\$ 58,958</u>	<u>\$ 65,470</u>	<u>\$ 452,020</u>	<u>\$ 470,118</u>

WALKBOSTON, INC.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>		
Change in Net Assets	\$ 1,124	\$ 26,971
<i>Adjustments to Reconcile the Above to Net Cash Provided (Used) by Operating Activities:</i>		
Amortization Expense	2,307	1,153
<i>(Increase) Decrease in Current Assets:</i>		
Accounts Receivable	(11,294)	8,070
Prepaid Expenses	263	995
<i>Increase (Decrease) in Current Liabilities:</i>		
Accounts Payable and Accrued Expenses	(5,285)	5,877
Accrued Payroll and Related Costs	(1,194)	(8,811)
Deferred Contract Revenue	(4,333)	(2,477)
Net Adjustment	(19,536)	4,807
<u>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</u>	<u>(18,412)</u>	<u>31,778</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>		
Additions to Intangible Assets	-	(6,920)
Net Cash Flows from Investing Activities	-	(6,920)
<u>NET INCREASE (DECREASE) IN CASH BALANCES</u>	<u>(18,412)</u>	<u>24,858</u>
<u>CASH BALANCES - BEGINNING OF YEAR</u>	<u>284,547</u>	<u>259,689</u>
<u>CASH BALANCES - END OF YEAR</u>	<u>\$ 266,135</u>	<u>\$ 284,547</u>
<i>Supplemental Disclosures :</i>		
Interest Paid	\$ -	\$ -
Income Taxes Paid	\$ -	\$ -

WALKBOSTON, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2013

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, and to the casino proposals around the state. 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 continued to be steady during 2013.

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 in Revere to implement an SRTS program that benefits student health and benefits the environment with the reduction of greenhouse gas emissions (GHGs) over time.

WALKBOSTON, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2013

(Continued)

NOTE 2 (Continued)

Smart Growth/Transit Oriented Development/Transportation Funding – 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. We were an active member of the Transportation for Massachusetts coalition working for adequate funding for all modes of transportation across the state.

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.

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.

WALKBOSTON, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2013

(Continued)

NOTE 3 (Continued)

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 2012 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, 2012 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, 2012, from which the summarized information was derived.

Cash and Cash Equivalents:

Cash consists of checking account deposits and money market funds held with banks and financial institutions. The Organization classifies checks received after year-end but dated and postmarked prior to year-end as cash and cash equivalents.

Accounts Receivable:

Accounts Receivable represents amounts which are due from membership pledges, 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, 2013 and 2012, the Organization reported no losses from uncollectible accounts receivable.

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 Statements of Financial Position, net of accumulated amortization. Website development is subject to amortization over a 36-month period.

WALKBOSTON, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2013

(Continued)

NOTE 3 (Continued)

Revenue Recognition:

Revenue from *Contracted Program Services* 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. As of December 31, 2013, WalkBoston had a conditional commitment of \$200,000 to be paid in equal installments during 2014 and 2015 based on the grantor's assessment of project milestones. 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*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. The Organization recognized as contribution revenue, with an offsetting expense, \$7,500 and \$5,000 in pro-bono legal services for the years ended December 31, 2013 and 2012 and are included in *Professional Fees* in the accompanying Statement of Functional Expenses.

WALKBOSTON, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2013

(Continued)

NOTE 3 (Continued)

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 2010 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, 2013 and 2012 is presented below:

<u>Nature of Restriction</u>	<u>2013</u>	<u>2012</u>
Transportation for Massachusetts (T4MA) Project	\$ 4,875	\$ 2,500
Revere Walking Map	8,111	-
Tool-Kit to Promote Safe Walking Environments	12,300	-
Revere Walk to School Program	-	1,500
Community Response Fund	12,500	-
Time Restricted	<u>83,333</u>	<u>112,500</u>
Total	<u>\$121,119</u>	<u>\$116,500</u>

WALKBOSTON, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2013

(Continued)

NOTE 4 *(Continued)*

For the years ended December 31, 2013 and 2012, 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>2013</u>	<u>2012</u>
Released Based on Passage of Time	\$129,167	\$165,000
Transportation for Massachusetts (T4MA) Project	17,125	27,500
Boston Preservation Alliance	-	2,000
Community Response Fund	12,500	-
Revere Walking Map	1,009	-
Boston Foundation Website Development	-	5,820
Revere Walk to School Program	<u>1,500</u>	<u>-</u>
Total	<u>\$161,301</u>	<u>\$200,320</u>

NOTE 5 CONCENTRATIONS

Cash:

The Organization maintains its cash balances at two financial institutions. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to specified limits. Cash balances are insured by the FDIC up to \$250,000 per institution (through December 31, 2012, noninterest bearing accounts were fully insured). As of December 31, 2013, cash balances held at one institution in excess of the FDIC coverage were \$8,062. The Organization has not experienced any losses on uninsured cash balances.

Receivables:

As of December 31, 2012, 70% of *Accounts Receivable, Contracts and Program Services* was due from one subcontract agreement.

Grants:

For the years ended December 31, 2013 and 2012, grants totaling \$119,500 and \$165,000, respectively, were received from one foundation, and represented 27% and 33% of total support and revenues, respectively.

WALKBOSTON, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2013

(Continued)

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, 2013 and 2012 was \$19,200 and \$18,400, respectively. The Organization renewed its lease agreement effective January 1, 2014, for a one-year term, at a monthly rate of \$1,667. The future minimum lease obligation arising from this commitment of \$20,000 is due in 2014.

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 year ended December 31, 2012, WalkBoston compensated a member of the Board of Directors \$4,213 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 March 21, 2014, the date which the financial statements were available for issue, and noted no events which met the criteria.