

WALKBOSTON, INC.

FINANCIAL STATEMENTS

with

INDEPENDENT AUDITORS' REPORT

YEAR ENDED DECEMBER 31, 2015

(With Summarized Comparative Information for 2014)

Smith  Sullivan
& Brown PC
CERTIFIED PUBLIC ACCOUNTANTS

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

WALKBOSTON, INC.

REPORT ON FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

(With Summarized Comparative Information for 2014)

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

YEAR ENDED DECEMBER 31, 2015

(With Summarized Comparative Information for 2014)

C O N T E N T S

| | <i>Pages</i> |
|--|--------------|
| Independent Auditors' Report..... | 1 - 2 |
| Statements of Financial Position as of December 31, 2015 and 2014..... | 3 |
| Statement of Activities for the Year Ended December 31, 2015..... <i>(With Summarized Comparative Totals for 2014)</i> | 4 |
| Statement of Functional Expenses for the Year Ended December 31, 2015..... <i>(With Summarized Comparative Totals for 2014)</i> | 5 |
| Statements of Cash Flows for the Years Ended December 31, 2015 and 2014..... | 6 |
| Notes to Financial Statements..... | 7 - 14 |

**Smith  Sullivan
& Brown PC**
CERTIFIED PUBLIC ACCOUNTANTS

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

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of WalkBoston, Inc. (a Massachusetts nonprofit corporation), which comprise the statement of financial position as of December 31, 2015, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of WalkBoston, Inc. as of December 31, 2015 and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

WalkBoston, Inc.
Page Two

Report on Summarized Comparative Information

We have previously audited WalkBoston, Inc.'s 2014 financial statements, and our report dated August 3, 2015, expressed an unmodified audit opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Smith, Sullivan & Brown, PC

Westborough, Massachusetts
July 18, 2016

WALKBOSTON, INC.

STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2015 AND 2014

ASSETS

| | <u>2015</u> | <u>2014</u> |
|---|-------------------|-------------------|
| <u>CURRENT ASSETS:</u> | | |
| Cash and Cash Equivalents | \$ 355,367 | \$ 291,063 |
| Pledges and Grants Receivable | 16,396 | 34,542 |
| Accounts Receivable, Contracts and Program Services | 36,120 | 48,133 |
| Prepaid Expenses | 7,035 | 6,031 |
| Total Current Assets | <u>414,918</u> | <u>379,769</u> |
| <u>NET PROPERTY AND EQUIPMENT</u> | <u>7,176</u> | <u>-</u> |
| <u>NON-CURRENT ASSETS:</u> | | |
| Non-Current Pledges and Grants Receivable | - | 14,717 |
| Security Deposit | 800 | 800 |
| Intangible Assets, Net of Amortization | - | 1,153 |
| Total Non-Current Assets | <u>800</u> | <u>16,670</u> |
| <u>TOTAL ASSETS</u> | <u>\$ 422,894</u> | <u>\$ 396,439</u> |

LIABILITIES AND NET ASSETS

| | | |
|---|-------------------|-------------------|
| <u>CURRENT LIABILITIES:</u> | | |
| Accounts Payable and Accrued Expenses | \$ 13,650 | \$ 2,772 |
| Accrued Payroll and Related Costs | 13,403 | 12,658 |
| Deferred Contract Revenue | - | 10,000 |
| Total Current Liabilities | <u>27,053</u> | <u>25,430</u> |
| <u>NET ASSETS:</u> | | |
| Unrestricted Net Assets | 189,291 | 198,992 |
| Temporarily Restricted Net Assets | 206,550 | 172,017 |
| Total Net Assets | <u>395,841</u> | <u>371,009</u> |
| <u>TOTAL LIABILITIES AND NET ASSETS</u> | <u>\$ 422,894</u> | <u>\$ 396,439</u> |

WALKBOSTON, INC.

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2015
(With Summarized Comparative Totals for 2014)

| | <u>UNRESTRICTED</u> | <u>TEMPORARILY RESTRICTED</u> | <u>TOTAL ACTIVITIES</u> <u>2015</u> | <u>2014</u> |
|---|--------------------------|-----------------------------------|--|--------------------------|
| <u>SUPPORT, REVENUES AND RECLASSIFICATIONS:</u> | | | | |
| <i>Support and Revenues:</i> | | | | |
| Grants | \$ 300 | \$ 217,000 | \$ 217,300 | \$ 173,300 |
| Gifts and Contributions | 119,888 | 1,750 | 121,638 | 182,582 |
| Contracted Program Services | 176,590 | - | 176,590 | 179,200 |
| Memberships | 27,060 | - | 27,060 | 30,692 |
| Donated Goods and Services | 5,000 | - | 5,000 | 5,000 |
| Miscellaneous Income | 1,359 | - | 1,359 | 1,579 |
| Total Support and Revenues | <u>330,197</u> | <u>218,750</u> | <u>548,947</u> | <u>572,353</u> |
| <i>Reclassification of Net Assets:</i> | | | | |
| Net Assets Released from Restriction | <u>184,217</u> | <u>(184,217)</u> | <u>-</u> | <u>-</u> |
| <u>TOTAL SUPPORT, REVENUES AND RECLASSIFICATIONS</u> | <u>514,414</u> | <u>34,533</u> | <u>548,947</u> | <u>572,353</u> |
| <u>FUNCTIONAL EXPENSES:</u> | | | | |
| Program Services | 398,517 | - | 398,517 | 365,413 |
| Administrative | 71,488 | - | 71,488 | 54,786 |
| Fund Raising | 54,110 | - | 54,110 | 58,106 |
| <u>TOTAL FUNCTIONAL EXPENSES</u> | <u>524,115</u> | <u>-</u> | <u>524,115</u> | <u>478,305</u> |
| <u>CHANGE IN NET ASSETS</u> | <u>(9,701)</u> | <u>34,533</u> | <u>24,832</u> | <u>94,048</u> |
| <u>NET ASSETS - BEGINNING OF YEAR</u> | <u>198,992</u> | <u>172,017</u> | <u>371,009</u> | <u>276,961</u> |
| <u>NET ASSETS - END OF YEAR</u> | <u>\$ 189,291</u> | <u>\$ 206,550</u> | <u>\$ 395,841</u> | <u>\$ 371,009</u> |

WALKBOSTON, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2015

(With Summarized Comparative Totals for 2014)

| | <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>2015</u> | <u>2014</u> |
| Salaries and Wages | \$ 297,021 | \$ 18,284 | \$ 38,381 | \$ 353,686 | \$ 317,615 |
| Payroll Taxes | 25,540 | 1,572 | 3,300 | 30,412 | 28,690 |
| Employee Benefits | 2,938 | 181 | 380 | 3,499 | 2,301 |
| Professional Fees | 3,931 | 45,693 | 73 | 49,697 | 49,798 |
| Project Consultants | 10,886 | - | - | 10,886 | 10,207 |
| Postage and Delivery | 793 | 49 | 103 | 945 | 805 |
| Telephone | 2,368 | 146 | 306 | 2,820 | 2,794 |
| Rent | 19,945 | 1,228 | 2,577 | 23,750 | 22,187 |
| Printing and Copying | 9,277 | - | 2,871 | 12,148 | 8,180 |
| Conferences and Events | 12,259 | 172 | 5,192 | 17,623 | 13,889 |
| Membership and Subscriptions | 1,918 | 2,803 | - | 4,721 | 5,211 |
| Minor Equipment and Office Supplies | 1,216 | 72 | 151 | 1,439 | 3,548 |
| Office Expense | 2,082 | 1,047 | 269 | 3,398 | 2,902 |
| Insurance | 2,367 | 146 | 306 | 2,819 | 2,663 |
| Travel | 4,422 | - | - | 4,422 | 5,208 |
| Depreciation and Amortization Expense | <u>1,554</u> | <u>95</u> | <u>201</u> | <u>1,850</u> | <u>2,307</u> |
| Total Functional Expenses | <u>\$ 398,517</u> | <u>\$ 71,488</u> | <u>\$ 54,110</u> | <u>\$ 524,115</u> | <u>\$ 478,305</u> |

WALKBOSTON, INC.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

| | <u>2015</u> | <u>2014</u> |
|---|--------------------------|--------------------------|
| <u>CASH FLOWS FROM OPERATING ACTIVITIES:</u> | | |
| Change in Net Assets | \$ 24,832 | \$ 94,048 |
| <i>Adjustments to Reconcile the Above to Net Cash Provided by Operating Activities:</i> | | |
| Depreciation and Amortization Expense | 1,850 | 2,307 |
| <i>(Increase) Decrease in Current Assets:</i> | | |
| Pledges and Grants Receivable | 18,146 | (9,392) |
| Accounts Receivable, Contracts and Program Services | 12,013 | (41,862) |
| Prepaid Expenses | (1,004) | (1,040) |
| <i>Increase (Decrease) in Current Liabilities:</i> | | |
| Accounts Payable and Accrued Expenses | 10,878 | (1,004) |
| Accrued Payroll and Related Costs | 745 | (3,245) |
| Deferred Contract Revenue | (10,000) | (167) |
| <i>(Increase) Decrease in Other Assets:</i> | | |
| Non-Current Pledges and Grants Receivable | 14,717 | (14,717) |
| Net Adjustment | 47,345 | (69,120) |
| <u>NET CASH PROVIDED BY OPERATING ACTIVITIES</u> | <u>72,177</u> | <u>24,928</u> |
| <u>CASH FLOWS FROM INVESTING ACTIVITIES:</u> | | |
| Acquisition of Property and Equipment | (7,873) | - |
| Net Cash Flows from Investing Activities | (7,873) | - |
| <u>NET INCREASE IN CASH AND CASH EQUIVALENTS</u> | <u>64,304</u> | <u>24,928</u> |
| <u>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</u> | <u>291,063</u> | <u>266,135</u> |
| <u>CASH AND CASH EQUIVALENTS - END OF YEAR</u> | <u>\$ 355,367</u> | <u>\$ 291,063</u> |

WALKBOSTON, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015

(With Summarized Comparative Information for 2014)

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 significant roadway projects being proposed by MassDOT. We work 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 2015.

Safe Routes to Schools (SRTS) – WalkBoston works with a number of Massachusetts communities on issues related to improving walking safety to schools, designing new schools to have safe and easy walking access, developing encouragement programs for students to walk to school, and training teachers how to provide 2nd grade safety education. WalkBoston developed and shared a best practices report about school site planning to support walking to school.

Smart Growth/Transit Oriented Development/Transportation Funding – as our attention turns to large-scale land use and climate change, WalkBoston is working with many partners to help shape development patterns and advocate for transit, a critical element of walkable communities. We are an active member of the Transportation for Massachusetts coalition working for adequate funding for all modes of transportation across the state.

WALKBOSTON, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015

(With Summarized Comparative Information for 2014)

(Continued)

NOTE 2 *(Continued)*

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

Technical Assistance – WalkBoston is working with communities across Massachusetts to provide technical assistance on walkability and walking issues including sidewalk conditions, opportunities to improve safety, methods to encourage walking, and development of local constituent and municipal staff committees to work on walking issues.

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.

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, 2015

(With Summarized Comparative Information for 2014)

(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 2014 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, 2014 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, 2014, 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, Contracts and Program Services are reported at the amount management expects to collect on balances outstanding at year end. Management expects the balances due as of December 31, 2015 and 2014 to be collected in full; therefore, these financial statements do not contain a provision for uncollectible accounts receivable. If accounts become uncollectible, a provision will be established at that time. For the years ended December 31, 2015 and 2014, the Organization reported no losses from uncollectible accounts receivable.

Pledges and Grants Receivable:

Pledge and Grants Receivable represent amounts which are due from membership pledges, grant awards, and multi-year pledge commitments and are reported at their net realizable value if expected to be collected in one year and at fair value if expected to be collected in more than one year. Amounts scheduled for receipt within one year are reported as current, and amounts are reported as non-current when the expected date of receipt exceeds one year. As of December 31, 2015, all pledges and grants receivable are considered current. Management believes that these amounts are fully collectible, and therefore, no allowance for doubtful amounts has been established. If a pledge or grant is determined to be uncollectible in subsequent periods, an allowance will be established at that time. For the years ended December 31, 2015 and 2014, the Organization reported no losses from uncollectible pledges and grants receivable.

WALKBOSTON, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015

(With Summarized Comparative Information for 2014)

(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. Depreciation of property and equipment is computed using the straight-line method with half-year convention, and is charged to activities over the estimated useful lives of the assets, as expressed in terms of years.

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 of \$6,920 and \$5,767, as of December 31, 2015 and 2014, respectively. Website development is subject to amortization over a 36-month period and amortization expense was \$1,153 and \$2,307 for the years ended December 31, 2015 and 2014, respectively. As of December 31, 2015, the website was fully amortized, but remained in service by the Organization.

Revenue Recognition:

Revenue from *Contracted Program Services* is recognized as expenditures eligible for reimbursement as incurred or as deliverable services as 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, 2014, WalkBoston had a conditional commitment of \$100,000 to be paid in a single installment during 2015 based on the grantor's assessment of project milestones. This amount was received and recognized as revenue in the year ended December 31, 2015. During the year ended December 31, 2015, the Organization received a three-year grant, the second and third years of which are conditional upon WalkBoston's continued progress and performance. The conditional portion of this grant totals \$93,500 and will be paid in installments of \$50,000 in 2017 and \$43,500 in 2018, contingent upon WalkBoston's accomplishment of the above criteria.

WALKBOSTON, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015

(With Summarized Comparative Information for 2014)

(Continued)

NOTE 3 (Continued)

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, \$5,000 in pro-bono legal services in each of the years ended December 31, 2015 and 2014, and are included in *Professional Fees* in the accompanying Statement of Functional Expenses.

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.

WALKBOSTON, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015

(With Summarized Comparative Information for 2014)

(Continued)

NOTE 4 PROPERTY AND EQUIPMENT

The following is a summary of property and equipment as of December 31, 2015:

| <u>Asset Category</u> | <u>Est. Life</u> | <u>Cost</u> | <u>Accumulated Depreciation</u> | <u>Net Book Value</u> |
|-----------------------|----------------------|----------------|-------------------------------------|---------------------------|
| Computer Equipment | 5 | \$6,581 | \$658 | \$5,923 |
| Software | 5 | 750 | - | 750 |
| Office Equipment | 7 | <u>542</u> | <u>39</u> | <u>503</u> |
| Total | | <u>\$7,873</u> | <u>\$697</u> | <u>\$7,176</u> |

Depreciation expense was \$697 for the year ended December 31, 2015.

NOTE 5 TEMPORARILY RESTRICTED NET ASSETS

A summary of temporarily restricted net assets as of December 31, 2015 and 2014 is presented below:

| <u>Nature of Restriction</u> | <u>2015</u> | <u>2014</u> |
|---|------------------|------------------|
| Time Restricted | \$ 83,333 | \$ 83,333 |
| Walk Boston 25 th Anniversary Fund | 14,967 | 32,434 |
| Community Technical Assistance and Training | 27,500 | 28,000 |
| Mass in Motion | 10,000 | 20,000 |
| Transportation for Massachusetts (T4MA) Project | 14,250 | 4,250 |
| Age Friendly Boston | 56,500 | - |
| Fairmont Corridor Project Design | - | 4,000 |
| Total | <u>\$206,550</u> | <u>\$172,017</u> |

For the years ended December 31, 2015 and 2014, 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>2015</u> | <u>2014</u> |
|---|------------------|------------------|
| Released Based on Passage of Time | \$100,000 | \$100,000 |
| Walk Boston 25 th Anniversary Fund | 17,467 | 16,217 |
| Community Technical Assistance and Training | 30,500 | - |
| Mass in Motion | 10,000 | - |
| Transportation for Massachusetts (T4MA) Project | 20,500 | 17,625 |
| Fairmont Corridor Project Design | 4,000 | 4,000 |
| Revere Walking Map | - | 8,411 |
| Tool-Kit to Promote Safe Walking Environments | - | 12,300 |
| Community Response Fund | - | 12,500 |
| Other Restricted Programs | <u>1,750</u> | - |
| Total | <u>\$184,217</u> | <u>\$171,053</u> |

WALKBOSTON, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015

(With Summarized Comparative Information for 2014)

(Continued)

NOTE 6 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 \$250,000 per institution. As of December 31, 2015 and 2014, cash balances held at one institution in excess of the FDIC coverage were \$93,308 and \$29,698, respectively. The Organization has not experienced any losses on uninsured cash balances and management considers credit risk on cash to be low.

Receivables:

As of December 31, 2015 and 2014, 93% and 100% of the outstanding balance in *Accounts Receivable, Contracts and Program Services* was due from two subcontract agreements, respectively.

As of December 31, 2015 and 2014, approximately 91% and 66%, respectively, of *Pledges and Grants Receivable* were due from members of the Board of Directors.

Grants:

For the years ended December 31, 2015 and 2014, grants totaling \$130,500 and \$117,000, respectively, were received from one foundation, and represented 24% and 20% of total support and revenues, respectively.

NOTE 7 OPERATING LEASE COMMITMENTS

The Organization leases office space under an original, three-year operating lease agreement which commenced on January 1, 2008 and was later extended through December 31, 2014. At the conclusion of this lease, the lease converted to a tenancy-at-will arrangement. The Organization paid a deposit of \$800 at the commencement of the original lease, which is reflected as *Security Deposit* in the accompanying Statements of Financial Position. Total rent expense for the years ended December 31, 2015 and 2014 was \$23,750 and \$22,187, respectively.

In February 2016, the Organization entered into a formal, five-year extension of its leasing arrangement, effective March 1, 2016. Monthly payments over the course of the amended lease range from \$2,800 to \$3,100. Under the new lease, either WalkBoston or the landlord may terminate the lease with 90 days written notice without penalty.

WALKBOSTON, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015

(With Summarized Comparative Information for 2014)

(Continued)

NOTE 7 *(Continued)*

Under the cancelable lease agreement, the Organization's future minimum lease payments are as follows:

| <u>Year Ending</u> | <u>Amount</u> |
|--------------------|------------------|
| December 31, 2016 | \$ 25,200 |
| December 31, 2017 | 34,600 |
| December 31, 2018 | 35,800 |
| December 31, 2019 | 37,000 |
| December 31, 2020 | 37,200 |
| Thereafter | <u>6,200</u> |
| Total | <u>\$176,000</u> |

NOTE 8 RETIREMENT 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 9 RELATED PARTY TRANSACTIONS

For the years ended December 31, 2015 and 2014, WalkBoston compensated a member of the Board of Directors \$900 and \$8,057, respectively, for graphic design services and participation in community workshops.

NOTE 10 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 July 18, 2016, the date which the financial statements were available for issue, and other than the lease extension discussed in Note 7, there were no events which met the criteria.