Jack The Bike Man, Inc

Financial Statements

December 31, 2023

With Independent Auditors' Report

JACK THE BIKE MAN, INC

TABLE OF CONTENTS

DISALVO & ASSOCIATES, PLLC
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Independent Auditors' Report

To The Board of Directors
Jack the Bike Man Inc.

Opinion
We have audited the financial statements of Jack the Bike Man, Inc. (the "Organization"), which comprise the statement of financial position as of December 31, 2023, and the related statement of activities and changes in net assets, functional expenses, and cash flows for the year then ended. In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of December 31, 2023, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion
We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements
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 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. In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern as of December 31, 2023.

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.
In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related that we identified during the audit.

DiSalvo & Associates, PLLC
DiSalvo & Associates, PLLC
West Palm Beach, FL
June 4, 2024

JACK THE BIKE MAN INC.
Statement of Financial Position
December 31, 2023

Assets	**Unrestricted**	**Restricted**	**Total**
Current assets:			
Cash and cash equivalents	$ 59,582	$ -	$ 59,582
Inventory	106,984	-	106,984
Promise to give receivable, net	18,332	-	18,332
Total current assets	184,898	-	184,898
Property and equipment, net	2,032,290	-	2,032,290
Other assets:			
Building improvements - in process	492,574	-	492,574
Security deposits	8,500	-	8,500
Prepaid expenses	5,117	-	5,117
Total other assets	506,191	-	506,191
Total assets	$ 2,723,379	$ -	$ 2,723,379
Liabilities and Net Assets			
Current liabilities:			
Accounts payable	$ 3,073	$ -	$ 3,073
Credit card payable	2,915	-	2,915
Line of credit	94,240	-	94,240
Accrued expenses	6,250	-	6,250
Note payable - current	20,429	-	20,429
Mortgage payable - current	51,763	-	51,763
SBA loan - current	5,277	-	5,277
Total current liabilities	183,947	-	183,947
Long-term liabilities:			
Mortgage payable - long-term	319,208	-	319,208
Note payable - long-term	73,203		73,203
SBA loan - long-term	143,370	-	143,370
Total long-term liabilities	535,781	-	535,781
Net assets			
Without Donor Restrictions	2,003,651	-	2,003,651
With Donor Restrictions	-	-	-
Total Net Assets	2,003,651	-	2,003,651
Total liabilities and net assets	$ 2,723,379	$ -	$ 2,723,379

The accompanying notes are an integral part of these financial statements

JACK THE BIKE MAN INC.
Statement of Activities and Changes in Fund Balance
Year ended December 31, 2023

	Unrestricted	Restricted	Total
Revenue, gains and other support:			
Contributions	$ 445,856	$ -	$ 445,856
Bike shop sales, net	22,552	-	22,552
In-kind contributions - bikes	149,975	-	149,975
Fundraising income	11,489	-	11,489
Other income	4,720	-	4,720
Total revenue	634,592	-	634,592
Net assets released from restrictions	92,248	(92,248)	-
Total revenues, gains and other support	726,840	(92,248)	634,592
Expenses:			
Program services	642,415	-	642,415
General and administrative	102,807	-	102,807
Fundraising	99,260	-	99,260
Total expenses	844,482	-	844,482
Change in net assets	(117,642)	(92,248)	(209,890)
Net assets, beginning of year	2,121,293	92,248	2,213,541
Net assets, end of year	$ 2,003,651	$ -	$ 2,003,651

The accompanying notes are an integral part of these financial statements

JACK THE BIKE MAN INC.
Statement of Functional Expenses
Year Ended December 31, 2023

	Program	General and Administrative	Fundraising	Total
Professional & Consultant Fees	$ 60,400	$ 38,245	$ 85,750	$ 184,395
Rent	142,830	15,870	-	158,700
Officer payroll	85,174	38,192	-	123,366
Donations - In-kind	113,600	-	-	113,600
Payroll expense	77,175	-	7,500	84,675
Insurance	26,977	2,997	-	29,974
Interest expense	22,750	2,528	-	25,278
Payroll tax expense	19,485	571	4,964	25,020
Depreciation	20,716	-	-	20,716
Printing	12,719	-	-	12,719
Office expense	11,486	1,137	-	12,623
Fees, Licenses & Taxes	10,501	-	-	10,501
Utilities	8,512	946	-	9,458
Computer expense	6,819	739	-	7,558
Bank & Merchant Fees	6,050	-	-	6,050
Repair & Maintenance	4,328	481	-	4,809
Auto	4,163	-	-	4,163
Telephone and internet expense	3,565	396	-	3,961
Payroll processing expense	2,769	705	81	3,555
Advertising and promotion	2,396	-	-	2,396
Fundraising Expense	-	-	965	965
	$ 642,415	$ 102,807	$ 99,260	$ 844,482

The accompanying notes are an integral part of these financial statements

JACK THE BIKE MAN INC.
Statement of Cash Flows
Year Ended December 31, 2023

Cash flows from operating activities:		
Change in net assets	$	(209,890)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation		20,716
(Increase) decrease in:		
Inventory		44,091
Prepaid expenses		21,275
Promise to give receivable		33,106
Security deposits		-
Increase (decrease) in:		
Accounts payable		(740)
Credit card payable		1,966
Accrued expenses		(13,876)
Other current liabilities		(5,874)
Net cash provided (used) by operating activities		(109,226)
Cash flows from investing activities:		
Fixed assets removed		232
Net cash provided (used) by investing activities		232
Cash flows from financing activities:		
Line of credit funds received		50,000
Line of credit repayments		(5,894)
Mortgage principal repayments		(50,949)
Note payable funds received		100,000
Note payable principal payments		(6,368)
Principal payments SBA loan		(5,527)
Net cash provided (used) by financing activities		81,262
Net increase (decrease) in cash and cash equivalents		(27,732)
Cash and cash equivalents, beginning of year		87,314
Cash and cash equivalents, end of year	$	59,582

Supplemental disclosures of cash flow information

Interest paid during the year	$	25,278
Interest received during the year	$	-

The accompanying notes are an integral part of these financial statements

Note A – Organization

Jack The Bike Man, Inc. (the "Organization") was organized on July 19, 2007 as a not-for-profit organization in the State of Florida. The Organization's primary mission is to strengthen the community through bicycle education and safety programs and to create a community of healthy active individuals by providing hope to the less fortunate through support, training and access to bicycles.

Samuel H. "Jack" Hairston III, the founder of Jack the Bike Man, Inc. organization, passed away on July 7, 2024. Following is a statement by the Organization announcing Jack's passing: "It is with profound sadness and deep regret that we announce the sudden and untimely passing of Jack Hairston, our esteemed Founder and President of Jack the Bike Man, Inc., a Non-Profit Organization ... leaving us all shocked and devastated,". The board of directors appointed new officers and plan to continue the mission of the Organization.

Significant Programs:

Earn a Bike Project: This program provides a pathway to exchange work for a bicycle and is available to both adults and children. The Organization receives referrals from not-for-profit organizations that help individuals in early recovery programs and homeless programs. Participants can also be students or anyone else in the community willing to volunteer their time. Participants volunteer for 15-20 hours at the bike shop to earn a free bicycle.

Gotta-Get-a-Bike: This program is an after-school program that is designed to teach bicycle repair and bicycle safety in a 4-week program that meets twice per week. The Organization promotes bicycle riding to instill healthy physical fitness habits at a young age. Participants earn a bicycle at the end of the program.

Christmas Give Project: The Organization gives away free refurbished bicycles and helmets to children from economically challenged families during the holidays to children living in Palm Beach County.

Community Service Hours: In a partnership with the Drug Court of the Fifteenth Judicial Circuit of Florida and the Palm Beach Probation Office, the Organization offers participants a chance to earn community service hours in exchange for their volunteer services. This program is also offered to students and anyone else needing community service hours.

Character Counts: Through a partnership with local elementary schools in the School District of Palm Beach County, the Organization recognizes students for their exemplary character. The Organization provides a free bicycle and helmet to a student each month that has demonstrated one of the six pillars of character that is showcased for that month at school.

Bicycle Donations: The Organization gives away bicycles to a variety of schools, not-for-profits, community organizations and churches around the county that request assistance from the Organization.

Bike Registration: The Organization assists the West Palm Beach Police Department in registering every bicycle that is sold or given away. This registration provides the West Palm Beach Department the necessary information so that if the bike is ever stolen, they have a record of the serial number. This program is designed to aid in the recovery of lost or stolen bicycles.

Note B – Summary of Significant Accounting Policies

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Net assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Net assets of the Organization and changes therein are classified and reported as follows:

Net Assets without Donor Restrictions - Net assets received that are not subject to donor-imposed restrictions. The board of directors has discretionary control over these resources.

Net Assets with Donor Restrictions – Net assets subject to donor-imposed restrictions that may or will be met either by actions of the Organization and/or the passage of time. When a restriction expires, restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Balance Sheet Classification

A one-year time period is used as the basis for classifying assets and liabilities.

Cash and Cash Equivalents

The Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. Cash and cash equivalents are comprised of $59,582 in bank accounts at December 31, 2023.

Fair Value Measurement

Fair value measurement does not apply to non-public companies and not-for-profit organizations.

Contributions

The organization records contributions received as restricted or unrestricted support depending on the existence or nature of any donor restrictions. Contributions are recorded as income at the time of receipt from the donors.

Promises to Give

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using 3.79%, which is the interest rate utilized on the Organization's other debts, for the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met. The promise to give receivable was $18,332 at December 31, 2023. Since the balance of the promise to give receivable is expected to be collected within one year, no discount on the promise to give receivable was recorded for the year ended December 31, 2023.

Donated Materials, Services and Facilities

Contributions of materials and services are reflected in the financial statements at the fair value of the property contributed. The contributions of services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. The Organization recorded in-kind income and an in-kind expense for services requiring specialized skills in the amount of $0 for the year ended December 31, 2023. The Organization received donations of 2,999 bicycles valued at $149,975 for the year ended December 31, 2023.

The Organization does not account for the value of non-specialized services provided by volunteers or court ordered community services. For the fiscal year ended, December 31, 2023, volunteer hours were 5,371 service hours.

Inventory

Inventory is reported at the lower of average cost or market and is principally comprised of bikes and bike related items such as helmets, bike locks, bike racks, and bike parts. Management reviews inventory periodically for obsolescence and has determined that, as of December 31, 2023, a reserve for inventory obsolescence was not deemed necessary.

Fixed Assets

The Organization capitalizes expenditures of $1,000 or more for equipment and building improvements at cost. The fair value of donated fixed assets is similarly capitalized. Depreciation is provided over the estimated useful lives of the assets using the straight-line method.

Income Taxes

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and is not a private foundation. The Organization's income tax filings are subject to audit by various taxing authorities. The Organization's open audit periods are 2021 through 2023.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Concentrations of Credit Risk and Uncertainties

Cash – The Organization maintains its bank accounts at financial institutions and their balances are insured by the Federal Deposit Insurance Corporation up to $250,000 per institution. Cash in the form of checking and money market accounts at various banking institutions as of December 31, 2023 were not in excess of the Federal Deposit Insurance Corporation limits of $250,000. The Organization believes there is no credit risk relative to its cash and cash equivalents.

Contributions – The Organization had contributions representing 23% of all revenue from its top five donors for the year ended December 31, 2023.

Functional Allocation of Expenses

The Organization allocates expenses on a functional basis among the various programs and support services. Expenses that can be identified with a specific program and support service are allocated directly according to their natural expenditure classification. Other expenses that are common to several functions are allocated based on management's monitoring of the expenses and the functions to which the expenses relate.

Note C – Inventory

The Organization records the receipt of donated bikes and equipment at estimated fair value. The Organization does not account for spare parts that result from donated bikes that cannot be resold or donated. As of December 31, 2023, inventory consisted of the following:

Beginning Inventory	$ 151,075
Purchases	18,337
Bikes Donated In	149,950
Labor Costs	108,221
Less: Bikes donated out	(113,600)
Less: Cost of Goods Sold	(206,999)
Ending Inventory	$ 106,984

Note D – Property and Equipment

Property and equipment are summarized by major classifications as follows:

	Estimated useful lives (Years)	
Vehicles	5	$ 80,895
Office furniture	7	27,347
Rental Bikes	7	9,518
Building Improvements	15	15,227
Building	39	2,008,528
Total		2,141,515
Accumulated depreciation		(109.225)
Net fixed assets		$ 2,023,290

Depreciation expense was $20,716 for the year ended December 31, 2023.

There is no depreciation expense for the building in 2023 as it has not yet been placed in service. See Note E for more information.

Note E – Building Improvements – In Process

Building improvements – In process – The Organization purchased a building in February 2021. The building requires significant improvements to be completed prior to being placed in service. The building costs during the pre-in-service time period have been recorded on the balance sheet as Building improvements – in process. Upon placing the building in service, the building improvement costs as well as the cost of the building will be depreciated. See Note K for update on the Building asset.

Note F – Net Assets with Donor Restrictions

There were no restricted contributions received during the year ended December 31, 2023. consist of the following:

Net assets totaling $92,248 were released from donor restrictions during the year ended December 31, 2023. The Organization is no longer collecting funds for its building fund. The donors of the previously restricted building funds released the restrictions on those funds.

Note G – Net Bike Shop Sales

Net bike shop sales are calculated as follows:

Bike Shop Sales	$ 229,551
Cost of Goods Sold	(206,999)
Net bike shop sales	$ 22,552

Note H - Commitments

Lease commitments

The Organization entered into a lease agreement for a temporary warehouse location on a month-to-month basis beginning February 1, 2023. The lease requires a monthly payment of $12,500. The lease agreement will end when the Organization gives a sixty-day notice prior to leaving the premises.

Note I – Debt

The Organization is party to four loan agreements. The loans bear interest at rates ranging from 2.75 to 12.20% with maturities from 2024 to 2052. One of the loans with a balance of $370,971 is secured by a building owned by the Organization. Following is schedule of principal payments due over the next five years

2024	$77,469
2025	$77,469
2026	$77,469
2027	$77,469
2028	$68,956
After 2028	$234,418

Interest paid on all loans for 2023 was $25,278.

Note J – Related Party Transactions

Management has reviewed all transactions of the Organization for the year and has determined that there are no material related party transactions that require disclosure.

Note K – Subsequent Events

Management has evaluated events and transactions subsequent to the date of the financial statements and through the date of the audit report. In March 2024 the Organization entered into a contract to sell the building owned by the Organization with a planned closing of July 2024. The Organization is currently searching for a replacement facility that will become the future headquarters for the Organization.