

Jack The Bike Man, Inc

**Financial Statements
and Independent Accountants' Review Report
December 31, 2016**

JACK THE BIKE MAN, INC

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To The Board of Directors
Jack the Bike Man, Inc.

We have reviewed the accompanying statement of financial position of Jack The Bike Man, Inc. (the "Organization") as of December 31, 2016, and the related statements activities and changes in net assets and cash flows for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company 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 as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility 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 designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Accountants' Responsibility

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 as a basis for reporting 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.

Accountants' Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

DiSalvo & Associates, PLLC
October 27, 2017
West Palm Beach, Florida

Jack The Bike Man, Inc
Statement of Financial Position
As of December 31, 2016

	<u>Unrestricted Operating Fund</u>	<u>Temporarily Restricted Fund</u>	<u>Total Funds</u>
Assets			
Cash	\$ 49,703	\$ -	\$ 49,703
Inventory	100,000	-	100,000
Security deposits	7,200	-	7,200
Equipment, Net	<u>42,040</u>	<u>-</u>	<u>42,040</u>
Total assets	<u>\$ 198,943</u>	<u>\$ -</u>	<u>\$ 198,943</u>
Liabilities and net assets			
Liabilities			
Accrued expenses	\$ 6,275	\$ -	\$ 6,275
Payroll taxes payable	3,930	-	3,930
Loan payable	<u>5,000</u>	<u>-</u>	<u>5,000</u>
Total liabilities	<u>15,205</u>	<u>-</u>	<u>15,205</u>
Net assets	<u>183,738</u>	<u>-</u>	<u>183,738</u>
Total liabilities and net assets	<u>\$ 198,943</u>	<u>\$ -</u>	<u>\$ 198,943</u>

Jack The Bike Man, Inc
Statement of Activities and Change in Net Assets
For the Year Ended December 31, 2016

	<u>Unrestricted Operating Fund</u>	<u>Temporarily Restricted Fund</u>	<u>Total Funds</u>
Revenues and support income:			
Contributions & bequests	\$ 227,358	\$ -	\$ 227,358
Bike shop sales, net	116,429	-	116,429
In-kind contributions	374,332	-	374,332
Fund raising	33,556	-	33,556
Investment income	-	-	-
Net assets released from restrictions	7,500	(7,500)	-
Total Revenue	<u>759,175</u>	<u>(7,500)</u>	<u>751,675</u>
Expenses			
Program services	719,379	-	719,379
General and administrative	8,305	-	8,305
Fund raising	24,993	-	24,993
Total expenses	<u>752,677</u>	<u>-</u>	<u>752,677</u>
Change in net assets	6,498	(7,500)	(1,002)
Net assets, beginning of year	<u>177,240</u>	<u>7,500</u>	<u>184,740</u>
Net assets, end of year	<u>\$ 183,738</u>	<u>\$ -</u>	<u>\$ 183,738</u>

Jack The Bike Man, Inc
Statement of Functional Expenses
For the Year Ended December 31, 2016

	Program Services	Management and Administration	Fund Raising	Total
Accounting	\$ -	\$ 4,525	\$ -	\$ 4,525
Advertising and promotion	6,219	-	-	6,219
Automobile expenses	11,009	-	-	11,009
Bank & credit card fees	6,246	-	-	6,246
Consulting	420	-	-	420
Depreciation	4,784	-	-	4,784
Dues and subscriptions	1,880	-	-	1,880
Fundraising expenses	-	-	24,993	24,993
Insurance	9,626	-	-	9,626
In-Kind expenses	360,733	-	-	360,733
License and taxes	16,939	-	-	16,939
Meetings	1,631	-	-	1,631
Office supplies	12,704	-	-	12,704
Payroll expenses	130,958	3,780	-	134,738
Payroll tax expense	9,852	-	-	9,852
Postage & shipping	6,601	-	-	6,601
Printing	9,684	-	-	9,684
Professional fees	2,085	-	-	2,085
Repairs and maintenance	6,893	-	-	6,893
Rent	102,100	-	-	102,100
Telephone	5,895	-	-	5,895
Training	368	-	-	368
Utilities	11,747	-	-	11,747
Website	1,005	-	-	1,005
Total functional expenses	\$ 719,379	\$ 8,305	\$ 24,993	\$ 752,677

Jack The Bike Man, Inc
Statement of Cash Flows
For the Year Ended December 31, 2016

Cash flows from operating activities:	
Change in net assets	\$ (1,002)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	4,784
(Increase) decrease in:	
Prepaid expense	701
Increase (decrease) in:	
Accrued payroll	6,275
Payroll taxes payable	3,930
Net cash provided (used) provided by operating activities:	<u>14,688</u>
Cash flows from investing activities:	
Purchase of equipment	(5,700)
Net cash provided (used) provided by investing activities:	<u>(5,700)</u>
Cash flows provided (used) by financing activities:	
Increase (decrease) in:	
Loan Payable	<u>(7,500)</u>
Net increase (decrease) in cash and cash equivalents	1,488
Cash and cash equivalents, January 1, 2016	<u>48,215</u>
Cash and cash equivalents, December 31, 2016	<u><u>\$ 49,703</u></u>

JACK THE BIKE MAN, INC
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

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 is primarily engaged in providing education, guidance, and training to at-risk children of migrant workers and their parents, and to give hope with skills that will assist them in their transition to a new life in the United States of America through bicycle programs and other projects.

Financial Statement Presentation

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, as applicable.

Cash and Cash Equivalents

For the purposes of the statements of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount 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.

Significant Programs

Earn a Bike Project: For adults and children. The program provides a pathway to exchange work for a bicycle. The Organization receives referrals from non-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 and earn a free bicycle.

Gotta Get a Bike: 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 who live in Palm Beach County. Last year we presented close to 1400 bicycles.

Women's Reentry Work Experience Training Program: In a partnership with The Lord's Place, the Organization provides a training program for women that were released from the Justice system. This 2 month, 3 days per week program supports and encourages the women to modify

JACK THE BIKE MAN, INC
NOTES TO THE FINANCIAL STATEMENTS

their behavior; by giving women the opportunity to develop soft skills that will enable them to better interact with others. The program gives the women time to meditate and journal in the mornings and afternoons; as well as learning mindfulness in the daily activities they engage in to learn new positive ways of thinking and looking at the world. Women are engaged in working activities during the day that build teamwork, accountability, listening skills. By successfully completing the program, women earn a bicycle, helmet, repair kit and safety lock.

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 is also offered to students needing community service hours or any other community member wanting to volunteer.

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. We provide 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 the School.

Bicycle Donations: The Organization gives away bicycles to a variety of schools, non-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 your bike is ever stolen they have a record of the serial number when you call to make a report. This program is designed to aid in the recovery of lost or stolen bicycles.

Revenue and Expense Recognition

Revenues are recognized as they are received from donations, grants, fund raising events, in-kind contributions and other support from corporations and the community. In-kind contributions are received in the form of cash, volunteer services, bicycles and bicycle equipment.

Pledges and promises to give are recorded at the time the pledges or promises are made and it is determined that the donor has the financial ability to fulfill the donation.

Expenses are recognized as they are incurred by the Organization.

Allocated Administrative Expenses

The Organization incurs certain costs and expenses that are considered joint costs per SOP 98-2. Joint costs occur where a specific cost is allocable to program services, management, and fundraising. Management allocates joint costs among the categories based on its judgment of the category that receives the benefit of the expenditure. The costs of providing the programs and services have been summarized on a functional basis in the statement of functional expenses.

JACK THE BIKE MAN, INC
NOTES TO THE FINANCIAL STATEMENTS

Donated Services

The Organization has many volunteers that provide support in the form of donated services. The Organization only records the donated services of the Executive Director at fair value. For 2016 the value of these services is estimated at \$60,320 and is included in In kind donations. The expense for this donated service is included in In kind donations. Approximately 325 volunteers donated approximately 10,000 hours to the Organization which the Organization has not assigned a value for 2016.

Property and Equipment

Equipment is stated at cost. The cost of additions and substantial improvements to property, plant and equipment is capitalized. The cost of maintenance and repairs of property, plant and equipment is charged to operating expenses. Property, plant, and equipment are depreciated using straight-line methods over their estimated economic lives. Property, plant, and equipment are reviewed for recoverability whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized only if the carrying amount of a long-lived asset is not recoverable and exceeds its fair value. Based on management's review of long lived assets there was no impairment expense required for the year ended December 31, 2016.

Income taxes

The Organization is organized as a state of Florida nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization qualifies as a public charity and has been determined not to be a private foundation under the IRS code. The Organization is required to file a return of Organization Exempt from Income Tax Form 990 with the IRS. The Organization's tax returns for the years 2014, 2015 and 2016 are still open for audit by the IRS.

Balance sheet classification

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

Depreciation

Depreciation is provided for on the straight-line method over the estimated useful lives of the assets.

Financial Instruments

The Organization's statement of financial position includes the following financial instruments: cash. The Organization considers the carrying amounts in the statement of financial activity to approximate fair value for these financial instruments because of the nature of the relatively short period of time between origination of the instruments and their expected realization.

JACK THE BIKE MAN, INC
NOTES TO THE FINANCIAL STATEMENTS

Restrictions on Net Assets

During the year \$7,500 was released from temporarily restricted funds. As of December 31, 2016, the Organization had no temporarily or permanently restricted net assets.

NOTE 2 – CONCENTRATION OF CREDIT RISK

The Organization maintains its cash balances in a federally insured financial institution. The balances are insured by the Federal Deposit Insurance Organization up to \$250,000. As of December 31, 2016 the cash balances were fully insured. These balances may at times exceed insured limits.

NOTE 3 – PROPERTY & EQUIPMENT

Depreciation for the year ended December 31, 2016 was \$4,784. Costs, accumulated depreciation and estimated useful lives as of December 31, 2016 were as follows:

Category	Estimated useful lives (Years)	2016 Depreciation
Vehicles	5	\$ 5,700
Office furniture	7	4,883
Leasehold improvements	15	43,704
Total		54,287
Accumulated depreciation		(12,247)
Net		<u>\$ 42,040</u>

NOTE 4 – COMMITMENTS

The Organization leases its offices from a third party lessor. The lease requires monthly payments of base rent and a proportionate share of common area expenses, real estate taxes and insurance. The lease commenced on December 1, 2013 and ends on December 31, 2017. Rent expense for 2016 was \$102,100.

Following are the minimum base rent amounts payable by the Organization under the lease:

2017	\$103,200
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The Organization is in negotiations with the landlord to renew the lease at the time of issuance of this review report.

JACK THE BIKE MAN, INC
NOTES TO THE FINANCIAL STATEMENTS

NOTE 5 – DONATED BIKES AND EQUIPMENT

The Organization records donated bikes and bike equipment at estimated fair value as In Kind Contributions on the statement of activities and the donation of bikes to children and others as In Kind Expense in the statement of activities and functional expenses.

NOTE 6 – INVENTORY

The Organization records the receipt of bikes and equipment at estimated fair value. As of December 31, 2016 inventory consisted of approximately 2,000 bicycles at an estimated fair value of \$50 per bicycle. The Organization does not account for spare parts that come from donated bikes that cannot be resold or donated which the Organization disassembles for useable spare parts.

NOTE 7 – SUBSEQUENT EVENTS

The Organization has evaluated events and transactions through the date of this review report and has determined that there are no subsequent events that would material affect the Organization's financial condition.