

**Jack The Bike Man, Inc**

**Financial Statements**

**December 31, 2019**

**With Independent Auditors' Report**

**JACK THE BIKE MAN, INC**  
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**Independent Auditors' Report**

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

We have audited the accompanying statement of financial position of Jack the Bike Man, Inc. (a nonprofit organization) as of December 31, 2019, and the related statements of activities and changes in fund balance, functional expenses, and cash flows for the year then ended.

**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.

**Auditor's 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 from 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 entity'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 entity'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 Jack the Bike Man, Inc. as of December 31, 2019, and the statements of activities and changes in its net assets, functional expenses and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

  
DiSalvo & Associates, PLLC  
West Palm Beach, FL  
December 2, 2020

**JACK THE BIKE MAN INC.**  
**Statement of Financial Position**  
**December 31, 2019**

<u>Assets</u>	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
Current assets:			
Cash and cash equivalents	\$ 80,411	\$ 5,605	\$ 86,016
Inventory	145,140	-	145,140
Security Deposits	7,200	-	7,200
Prepaid expenses	6,383	-	6,383
	<hr/>	<hr/>	<hr/>
Total current assets	239,134	5,605	244,739
Property and equipment, net	<hr/>	<hr/>	<hr/>
	110,559	-	110,559
	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 349,693</u>	<u>\$ 5,605</u>	<u>\$ 355,298</u>
 <b><u>Liabilities and Net Assets</u></b>			
Current liabilities:			
Credit Card Payable	\$ 173	\$ -	\$ 173
Accrued Expenses	23,196	-	23,196
Other Current Liabilities	1,060	-	1,060
	<hr/>	<hr/>	<hr/>
Total current liabilities	24,429	-	24,429
 Net assets			
Without Donor Restrictions	325,264	-	325,264
With Donor Restrictions	-	5,605	5,605
	<hr/>	<hr/>	<hr/>
Total Net Assets	325,264	5,605	330,869
	<hr/>	<hr/>	<hr/>
Total liabilities and net assets	<u>\$ 349,693</u>	<u>\$ 5,605</u>	<u>\$ 355,298</u>

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, 2019**

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
Revenue, gains and other support:			
Contributions	\$ 271,380	\$ 114,241	\$ 385,621
Bike shop sales, net	78,832	-	78,832
In-kind contributions	170,025	-	170,025
Fundraising income	70,162	-	70,162
Interest Income	46	-	46
Other income	1,734	-	1,734
	<hr/>	<hr/>	<hr/>
Total Revenue	592,179	114,241	706,420
Net assets released from restrictions	108,636	(108,636)	-
	<hr/>	<hr/>	<hr/>
Total revenues, gains and other support	700,815	5,605	706,420
Expenses:			
Program services	487,195	-	487,195
General and administrative	98,045	-	98,045
Fundraising	56,088	-	56,088
	<hr/>	<hr/>	<hr/>
Total expenses	641,328	-	641,328
Change in net assets	59,486	5,605	65,091
Net assets, beginning of year	265,778	-	265,778
	<hr/>	<hr/>	<hr/>
Net assets, end of year	<u>\$ 325,264</u>	<u>\$ 5,605</u>	<u>\$ 330,869</u>

The accompanying notes are an integral part of these financial statements

**JACK THE BIKE MAN INC.**  
**Statement of Functional Expenses**  
**Year Ended December 31, 2019**

	<u>Program</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Advertising & promotion	\$ 5,381	\$ -	\$ -	\$ 5,381
Auto expenses	4,431	-	-	4,431
Bank & merchant fees	6,546	-	-	6,546
Depreciation	18,484	-	-	18,484
Donations - In-kind	154,125	-	-	154,125
Fees, licenses & taxes	19,758	7,090	-	26,848
Fundraising	-	-	56,088	56,088
Insurance	11,429	252	-	11,681
Interest	-	537	-	537
Office expense	28,506	3,879	-	32,385
Officer payroll	28,562	15,400	-	43,962
Printing	14,185	-	-	14,185
Professional fees	-	18,840	-	18,840
Program expenses	8,198	-	-	8,198
Rent	97,155	10,795	-	107,950
Repair & maintenance	4,257	473	-	4,730
Salaries & wages	69,740	36,669	-	106,409
Utilities	16,439	4,110	-	20,549
Total functional expenses	<u>\$ 487,195</u>	<u>\$ 98,045</u>	<u>\$ 56,088</u>	<u>\$ 641,328</u>

The accompanying notes are an integral part of these financial statements

**JACK THE BIKE MAN INC.**  
**Statement of Cash Flows**  
**Year Ended December 31, 2019**

Cash flows from operating activities:	
Change in net assets	\$ 65,091
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	18,484
(Increase) decrease in:	
Inventory	(33,839)
Security Deposits	-
Prepaid expenses	(6,384)
Increase (decrease) in:	
Accounts payable	(614)
Credit Card Payable	173
Accrued Expenses	14,404
Other Current Liabilities	<u>(5,335)</u>
Net cash provided by operating activities	<u>51,980</u>
Cash flows provided (used) by investing activities:	
Purchase of property and equipment	<u>(53,592)</u>
Net cash used by investing activities	<u>(53,592)</u>
Cash flows provided (used) by financing activities:	
Increase in funds provided by line of credit	20,000
Decrease in funds used by line of credit	<u>(20,000)</u>
Net cash used by financing activities	<u>-</u>
Net increase (decrease) in cash and cash equivalents	<u>(1,612)</u>
Cash and cash equivalents, beginning of year	<u>87,628</u>
Cash and cash equivalents, end of year	<u>\$ 86,016</u>

The accompanying notes are an integral part of these financial statements

**JACK THE BIKE MAN, INC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

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**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.

**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.



JACK THE BIKE MAN, INC  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2019

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**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 report 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 \$86,016 in bank accounts at December 31, 2019.

**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 risk-free interest rates applicable to 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. There were no outstanding promises to give at December 31, 2019.

**JACK THE BIKE MAN, INC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

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**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 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, 2019, volunteer hours were 27,522 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, 2019, a reserve for inventory obsolescence was not deemed necessary.

**Fixed Assets**

The Organization capitalizes expenditures of \$1,000 or more for equipment and leasehold improvements a 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 2017 through 2019.

**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, 2019 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 28% of all revenue from its top five donors for the year ended December 31, 2019.

**JACK THE BIKE MAN, INC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

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**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, 2019, inventory consisted of the following:

Beginning Inventory	\$	111,302
Purchases		73,914
Bikes Donated In		169,950
Labor Costs		107,511
Less: Bikes donated out		(154,050)
Less: Cost of Goods Sold		<u>(163,487)</u>
Ending Inventory	\$	<u>145,140</u>

**Note D – Property and Equipment**

Property and equipment are summarized by major classifications as follows:

	Estimated useful lives (Years)	
Vehicles	5	\$ 85,896
Office furniture	7	27,347
Leasehold improvements	15	<u>43,705</u>
Total		156,948
Accumulated depreciation		<u>(46,388)</u>
Net fixed assets		<u>\$ 110,559</u>

Depreciation expense was \$18,484 for the year ended December 31, 2019.

**JACK THE BIKE MAN, INC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

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**Note E – Net Assets with Donor Restrictions**

1. Restricted net assets as of December 31, 2019 consist of the following:

Tools	\$ 5,605
	<u>\$ 5,605</u>

2. Restricted revenue received during the year ended December 31, 2019 follows:

Tools and Storage	\$ 40,856
Vehicle	48,385
Technology	7,500
Program Expenses	<u>17,500</u>
	<u>\$ 114,241</u>

3. Net assets that were released from donor restrictions by incurring expenses satisfying the purpose or time restrictions specified by donors during the year ended December 31, 2019 as follows:

Tools and Storage	\$ 35,251
Vehicle	48,385
Technology	7,500
Program Expenses	<u>17,500</u>
	<u>\$ 108,636</u>

**Note F – Net Bike Shop Sales**

Net bike shop sales are calculated as follows:

Bike Shop Sales	\$ 242,319
Cost of Goods Sold	(163,487)
<u>Net bike shop sales</u>	<u>\$ 78,832</u>

**Note G - 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, and insurance. Rent expense for 2019 was \$107,950.

As of December 31, 2019, the Organization did not have a lease and paid rent on a month-to-month basis.

**JACK THE BIKE MAN, INC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

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**Note H – Line of Credit**

The Organization has access to a revolving line of credit with a maximum limit of \$50,000. The interest rate is the highest prime rate published in the “Money Rates” section of The Wall Street Journal plus 8.34%. The balance of the line of credit at December 31, 2019 was \$0.

**Note I – 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 J – Subsequent Events**

Management has evaluated events and transactions subsequent to the date of the financial statements and through the date of the audit report. Management has determined that there are material subsequent events that are disclosed below:

Lease - On August 31, 2020, the Organization entered into a two-year lease commencing September 1, 2020 and ending on August 31, 2022. The lease includes an option to terminate after one year with a six-month written notice.

New Location - The Organization received a promise to give for \$1,500,000 restricted for the purpose of purchasing a building. The Organization has found a building to purchase and is currently reviewing the sales contract. The promise to give will fund seventy-five percent of the purchase price and the Organization is in the process of raising the remaining funds to purchase the building without a loan.

COVID-19 – In March 2020, the World Health Organization classified the COVID-19 outbreak as a pandemic. Management has assessed the impact to its operations and has made adjustments accordingly. The Organization has had to cancel all five fundraising events planned in 2020 due to the pandemic. Fundraising revenues and contribution revenues are lower in 2020 due to the pandemic; however, bike sales have increased and management does not expect to see a material effect on its financial statements from the effects of the pandemic.