

**Jack The Bike Man, Inc**

**Financial Statements**

**December 31, 2022**

**With Independent Auditors' Report**

**JACK THE BIKE MAN, INC**

**TABLE OF CONTENTS**

	Page
Independent Auditors' Report	1
Financial Statements:	
Statement of Financial Position	2
Statement of Activities and Changes in Fund Balance	3
Statement of Functional Expenses	4
Statement of Cash Flows	5
Notes to the Financial Statements	6-12

# DISALVO & ASSOCIATES, PLLC

CERTIFIED PUBLIC ACCOUNTANTS - BUSINESS ADVISORS

1760 N. Jog Road, Suite 150  
West Palm Beach, FL 33411  
Phone: (561) 659-1177  
Fax: (561) 659-1197  
www.d-acpa.com

## 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, 2022, 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, 2022, 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.

### **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, 2022.

### **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  
West Palm Beach, FL  
February 23, 2023

**JACK THE BIKE MAN INC.**  
**Statement of Financial Position**  
**December 31, 2022**

<u>Assets</u>	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
Current assets:			
Cash and cash equivalents	\$ 46,504	\$ 40,810	\$ 87,314
Inventory	151,075	-	151,075
Promise to give receivable, net	-	51,438	51,438
Total current assets	<u>197,579</u>	<u>92,248</u>	<u>289,827</u>
Property and equipment, net	<u>2,053,237</u>	<u>-</u>	<u>2,053,237</u>
Other assets:			
Building improvements - in process	492,574	-	492,574
Security deposits	8,500	-	8,500
Prepaid expenses	26,392	-	26,392
Total other assets	<u>527,467</u>	<u>-</u>	<u>527,467</u>
Total assets	<u>\$ 2,778,283</u>	<u>\$ 92,248</u>	<u>\$ 2,870,531</u>
 <b><u>Liabilities and Net Assets</u></b>			
Current liabilities:			
Accounts payable	\$ 3,813	\$ -	\$ 3,813
Credit card payable	949	-	949
Line of credit	50,134	-	50,134
Accrued expenses	20,126	-	20,126
Mortgage payable - current	44,728	-	44,728
SBA loan - current	3,496	-	3,496
Other current liabilities	5,874	-	5,874
Total current liabilities	<u>129,120</u>	<u>-</u>	<u>129,120</u>
Long-term liabilities:			
Mortgage payable - long-term	377,192	-	377,192
SBA loan - long-term	150,678	-	150,678
Total long-term liabilities	<u>527,870</u>	<u>-</u>	<u>527,870</u>
Net assets			
Without Donor Restrictions	2,121,293	-	2,121,293
With Donor Restrictions	-	92,248	92,248
Total Net Assets	<u>2,121,293</u>	<u>92,248</u>	<u>2,213,541</u>
Total liabilities and net assets	<u>\$ 2,778,283</u>	<u>\$ 92,248</u>	<u>\$ 2,870,531</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, 2022**

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
Revenue, gains and other support:			
Contributions	\$ 502,063	\$ 242,766	\$ 744,829
Bike shop sales, net	149,307	-	149,307
In-kind contributions - bikes	75,650	-	75,650
Fundraising income	72,532	-	72,532
Interest income	28	-	28
Other income	15,115	-	15,115
	<u>814,695</u>	<u>242,766</u>	<u>1,057,461</u>
Net assets released from restrictions	242,766	(242,766)	-
	<u>1,057,461</u>	<u>-</u>	<u>1,057,461</u>
Expenses:			
Program services	605,595	-	605,595
General and administrative	123,645	-	123,645
Fundraising	143,903	-	143,903
	<u>873,143</u>	<u>-</u>	<u>873,143</u>
Change in net assets	184,318	-	184,318
Net assets, beginning of year	<u>1,936,975</u>	<u>92,248</u>	<u>2,029,223</u>
Net assets, end of year	<u>\$ 2,121,293</u>	<u>\$ 92,248</u>	<u>\$ 2,213,541</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, 2022**

	<u>Program</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Rent	\$ 162,345	\$ 18,038	\$ -	\$ 180,383
Payroll expense	130,704	13,750	65,000	209,454
Professional & Consultant Fees	73,186	28,685	-	101,871
Fundraising Expense	-	-	73,744	73,744
Donations - In-kind	38,450	-	-	38,450
Officer payroll	36,731	36,731	-	73,462
Printing	23,199	-	-	23,199
Payroll tax expense	20,229	4,007	5,159	29,395
Depreciation	16,834	4,209	-	21,043
Insurance	14,580	3,645	-	18,225
Office expense	14,377	1,495	-	15,872
Fees, Licenses & Taxes	11,283	-	-	11,283
Utilities	10,492	2,623	-	13,115
Computer expense	10,213	2,366	-	12,579
Bank & Merchant Fees	9,967	-	-	9,967
Interest expense	9,902	2,475	-	12,377
Auto	9,329	-	-	9,329
Cost of Assets Sold	3,841	3,841	-	7,682
Repair & Maintenance	3,777	944	-	4,721
Telephone and internet expense	3,346	836	-	4,182
Advertising and promotion	2,809	-	-	2,809
	<u>\$ 605,595</u>	<u>\$ 123,645</u>	<u>\$ 143,903</u>	<u>\$ 873,143</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, 2022**

Cash flows from operating activities:	
Change in net assets	\$ 184,318
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	21,043
(Increase) decrease in:	
Inventory	(37,090)
Prepaid expenses	1,352
Promise to give receivable	25,810
Security deposits	(1,300)
Increase (decrease) in:	
Accounts payable	(13,875)
Credit card payable	(19,087)
Accrued expenses	(21,867)
Lease liability	(2,364)
Other current liabilities	3,430
	<hr/>
Net cash provided (used) by operating activities	140,370
	<hr/>
Cash flows from investing activities:	
Building improvements - In process	(347,443)
Fixed assets removed	7,683
Fixed assets purchased	(9,750)
	<hr/>
Net cash provided (used) by investing activities	(349,510)
	<hr/>
Cash flows from financing activities:	
Line of credit funds received	50,134
Mortgage principal payments	(42,896)
Increase in SBA loan for deferred interest	5,456
	<hr/>
Net cash provided (used) by financing activities	12,694
	<hr/>
Net increase (decrease) in cash and cash equivalents	(196,446)
	<hr/>
Cash and cash equivalents, beginning of year	283,760
	<hr/>
Cash and cash equivalents, end of year	\$ 87,314
	<hr/> <hr/>
<b>Supplemental disclosures of cash flow information</b>	
Interest paid during the year	\$ 12,377
Interest received during the year	\$ 28

The accompanying notes are an integral part of these financial statements

**JACK THE BIKE MAN, INC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

---

**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.



**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 \$87,314 in bank accounts at December 31, 2022.

**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 equals

**JACK THE BIKE MAN, INC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

---

\$51,667 less the discount of \$229, resulting in a net promise to give of \$51,438 at December 31, 2022.

**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, 2022. The Organization received donations of 1,553 bicycles valued at \$75,650 for the year ended December 31, 2022.

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, 2022, volunteer hours were 6,705 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, 2022, 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 2019 through 2022.

**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

**JACK THE BIKE MAN, INC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

---

in the form of checking and money market accounts at various banking institutions as of December 31, 2022 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 34% of all revenue from its top five donors for the year ended December 31, 2022.

**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, 2022, inventory consisted of the following:

Beginning Inventory	\$	113,985
Purchases		57,012
Bikes Donated In		75,650
Labor Costs		87,432
Less: Bikes donated out		(38,450)
Less: Cost of Goods Sold		<u>(144,554)</u>
Ending Inventory	\$	<u>151,075</u>

**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	9,750
Building Improvements	15	15,227
Building	39	<u>2,008,528</u>
Total		2,141,747
Accumulated depreciation		<u>(88,510)</u>
Net fixed assets		<u>\$ 2,053,237</u>

**JACK THE BIKE MAN, INC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

---

Depreciation expense was \$21,043 for the year ended December 31, 2022.

There is no depreciation expense for the building in 2022 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 new building in February 2021. The building requires certain 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.

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

1. Restricted net assets as of December 31, 2022 consist of the following:

2 <sup>nd</sup> Floor workstations	\$ 92,248
	<u>\$ 92,248</u>

2. Restricted revenue received during the year ended December 31, 2022 follows:

Building fund	\$ 217,966
Program expenses	<u>24,800</u>
	<u>\$ 242,766</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, 2022 as follows:

Building fund	\$ 217,966
Program expenses	<u>24,800</u>
	<u>\$ 242,766</u>

**Note G – Net Bike Shop Sales**

Net bike shop sales are calculated as follows:

Bike Shop Sales	\$ 293,861
Cost of Goods Sold	<u>(144,554)</u>
Net bike shop sales	<u>\$ 149,307</u>

**JACK THE BIKE MAN, INC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

---

**Note H - Commitments**

**Lease commitments**

The Organization entered into a lease agreement for a temporary warehouse location for the period of August 1, 2022 through January 31, 2023 requiring monthly payments of \$12,500. On January 31, 2023, the organization extended the original lease agreement on a month-to-month basis for \$12,500 per month. The lease agreement will end when the Organization gives a sixty-day notice prior to leaving the premises.

The Organization entered into an agreement for a temporary office location on a month-to-month basis at a rate of \$1,200 per month. There was no formal lease agreement signed and the agreement will end when the Organization gives a 30-day notice prior to leaving the premises.

**Note I – Line of Credit**

The Organization has access to a revolving line of credit with a maximum limit of \$100,000. The interest rate is 8.77%. The line of credit renews automatically on a yearly basis. The balance of the line of credit at December 31, 2022 was \$50,134.

**Note J – EIDL Loan**

The Organization received an EIDL loan from the US Small Business Administration in the amount of \$150,000 in July 2020. The loan was in deferment until March 2022. Interest was accruing at a rate of 2.75% per year during the deferment period resulting in \$7,015 of deferred interest added to the principal of the loan. The loan is payable in monthly payments of \$641 over 30 years beginning in March 2023. The principal balance at December 31, 2022 was \$154,174.

**Note K - Mortgage payable**

The Organization received a mortgage in the amount of \$500,000 in February 2021 for the purchase of its new building. The total cost of the new building was \$2,000,000, of which \$1,500,000 was paid in cash at the time of purchase. The mortgage term is 10 years with monthly payments of \$5,049. The interest rate is 3.79%. The balance due at December 31, 2022 was \$421,920.

**Note L – 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 M – 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 to disclose as follows:

**JACK THE BIKE MAN, INC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

---

Loan application for building improvements

The Organization is in the application process for a loan in the amount of \$2,500,000 to fund the improvements for the new building. Once the improvements have been completed, the Organization will be moving out of its temporary locations into its new building. Management is unable to estimate when the move to its new building will occur at this time.