

**COMMUNITY BIKE WORKS
(A Not-for-Profit Corporation)**

**Financial Statements and
Independent Auditor's Report**

For the Years Ended June 30, 2022 and 2021

COMMUNITY BIKE WORKS
(A Not-for-Profit Corporation)
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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Community Bike Works
Allentown, PA

Opinion

We have audited the accompanying financial statements of Community Bike Works (a not-for-profit corporation), which comprise the statements of assets, liabilities, and net assets – modified cash basis as of June 30, 2022 and 2021, and the related statements of support, revenues, expenses, and changes in net assets – modified cash basis and functional expenses – modified cash basis for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and net assets of Community Bike Works as of June 30, 2022 and 2021, and its support, revenue, and expenses for the years then ended in accordance with the modified cash basis of accounting as described in Note 1.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 Community Bike Works and to meet our ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting as described in Note 1, and for determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

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 generally accepted auditing standards 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, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, 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 Community Bike Works' 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 Community Bike Works' 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 matters that we identified during the audit.

Cory Bell, Rappold & Yasuta LLP

November 14, 2022

COMMUNITY BIKE WORKS
(A Not-for-Profit Corporation)
STATEMENTS OF ASSETS, LIABILITIES,
AND NET ASSETS – MODIFIED CASH BASIS

| | <u>Assets</u> | |
|---|-------------------|-------------------|
| | June 30, | |
| | <u>2022</u> | <u>2021</u> |
| Cash and Cash Equivalents | \$ 214,895 | \$ 385,295 |
| Investments (Note 3) | 123,088 | 133,005 |
| Land, Building, and Equipment, Net (Note 4) | <u>38,922</u> | <u>51,356</u> |
| Total Assets | <u>\$ 376,905</u> | <u>\$ 569,656</u> |

| <u>Liabilities and Net Assets</u> | | |
|---|-------------------|-------------------|
| Liabilities | | |
| Payroll Withholding | <u>\$ 274</u> | <u>\$ 241</u> |
| Total Liabilities | <u>274</u> | <u>241</u> |
| Net Assets | | |
| Without Donor Restrictions: | | |
| Available for Operations | 310,109 | 515,459 |
| Designated for Scholarships | 2,600 | 2,600 |
| Expended on Land, Building, and Equipment | <u>38,922</u> | <u>51,356</u> |
| | 351,631 | 569,415 |
| With Donor Restrictions (Note 5) | <u>25,000</u> | <u>-</u> |
| Total Net Assets | <u>376,631</u> | <u>569,415</u> |
| Total Liabilities and Net Assets | <u>\$ 376,905</u> | <u>\$ 569,656</u> |

See independent auditor's report and notes to financial statements.

COMMUNITY BIKE WORKS
(A Not-for-Profit Corporation)
STATEMENTS OF SUPPORT, REVENUES, EXPENSES,
AND CHANGES IN NET ASSETS - MODIFIED CASH BASIS

| | For the Year Ended June 30, 2022 | | |
|--|----------------------------------|----------------------------|------------|
| | Without Donor Restrictions | With Donor Restrictions | Total |
| Revenues, Gains and Other Support | | | |
| Contributions | \$ 686,212 | \$ 25,000 | \$ 711,212 |
| Government Grant - Paycheck Protection Program | - | - | - |
| Special Events | 104,184 | - | 104,184 |
| Less: Direct Costs of Special Events | (5,626) | - | (5,626) |
| Interest and Dividends (Net of Fees of \$385) | 1,778 | - | 1,778 |
| Realized Gains on Investments | 25 | - | 25 |
| Unrealized Loss on Investments | (19,985) | - | (19,985) |
| Net Assets Released from Restrictions | - | - | - |
| Total Revenues, Gains and Other Support | 766,588 | 25,000 | 791,588 |
| Expenses | | | |
| Program Services | 744,091 | - | 744,091 |
| Management and General | 143,324 | - | 143,324 |
| Fundraising | 96,957 | - | 96,957 |
| Total Expenses | 984,372 | - | 984,372 |
| Change in Net Assets | (217,784) | 25,000 | (192,784) |
| Net Assets at Beginning of Year | 569,415 | - | 569,415 |
| Net Assets at End of Year | \$ 351,631 | \$ 25,000 | \$ 376,631 |

See independent auditor's report and notes to financial statements.

COMMUNITY BIKE WORKS
(A Not-for-Profit Corporation)
STATEMENTS OF SUPPORT, REVENUES, EXPENSES,
AND CHANGES IN NET ASSETS - MODIFIED CASH BASIS

| | For the Year Ended June 30, 2021 | | |
|--|----------------------------------|----------------------------|----------------|
| | Without Donor Restrictions | With Donor Restrictions | Total |
| Revenues, Gains and Other Support | | | |
| Contributions | \$ 635,559 | | \$ 635,559 |
| Government Grant - Paycheck Protection Program | 102,222 | - | 102,222 |
| Special Events | 62,419 | - | 62,419 |
| Less: Direct Costs of Special Events | (8,935) | - | (8,935) |
| Interest and Dividends (Net of Fees of \$-0-) | 542 | - | 542 |
| Realized Gains on Investments | - | - | - |
| Unrealized Gains on Investments | 200 | - | 200 |
| Net Assets Released from Restrictions | 50,000 | (50,000) | - |
| Total Revenues, Gains and Other Support | 842,007 | (50,000) | 792,007 |
| Expenses | | | |
| Program Services | 573,981 | - | 573,981 |
| Management and General | 121,996 | - | 121,996 |
| Fundraising | 89,869 | - | 89,869 |
| Total Expenses | 785,846 | - | 785,846 |
| Change in Net Assets | 56,161 | (50,000) | 6,161 |
| Net Assets at Beginning of Year | 513,254 | 50,000 | 563,254 |
| Net Assets at End of Year | \$ 569,415 | \$ - | \$ 569,415 |

See independent auditor's report and notes to financial statements.

COMMUNITY BIKE WORKS
(A Not-for-Profit Corporation)
STATEMENTS OF FUNCTIONAL EXPENSES - MODIFIED CASH BASIS

| | Year Ended June 30, 2022 | | | |
|--|--------------------------|---------------------------|------------------|-------------------|
| | Program Services | Management and General | Fundraising | Total |
| Salaries, Wages, and Benefits | \$ 626,544 | \$ 129,747 | \$ 96,006 | \$ 852,297 |
| Professional Fees | 1,407 | 8,054 | - | 9,461 |
| Program Supplies | 43,698 | - | - | 43,698 |
| Telephone | 3,351 | 252 | - | 3,603 |
| Postage and Shipping | 7,889 | 665 | 951 | 9,505 |
| Occupancy | 11,173 | 841 | - | 12,014 |
| Repairs and Maintenance | 6,945 | 523 | - | 7,468 |
| Insurance | 11,990 | 902 | - | 12,892 |
| Meetings and Travel | 1,709 | 129 | - | 1,838 |
| Office Expenses | 9,327 | 702 | - | 10,029 |
| Direct Costs of Special Events | - | - | 5,626 | 5,626 |
| Miscellaneous | 7,831 | 589 | - | 8,420 |
| | 731,864 | 142,404 | 102,583 | 976,851 |
| Depreciation | 12,227 | 920 | - | 13,147 |
| Total Expenses by Function | 744,091 | 143,324 | 102,583 | 989,998 |
| Less Expenses Included With Revenues on the Statement of Support, Revenues, Expenses, and Changes in Net Assets - Modified Cash Basis: | | | | |
| Direct Costs of Special Events | - | - | (5,626) | (5,626) |
| Total Expenses by Function | <u>\$ 744,091</u> | <u>\$ 143,324</u> | <u>\$ 96,957</u> | <u>\$ 984,372</u> |

See independent auditor's report and notes to financial statements.

COMMUNITY BIKE WORKS
(A Not-for-Profit Corporation)
STATEMENTS OF FUNCTIONAL EXPENSES - MODIFIED CASH BASIS

| | Year Ended June 30, 2021 | | | |
|--|--------------------------|---------------------------|------------------|-------------------|
| | Program Services | Management and General | Fundraising | Total |
| Salaries, Wages, and Benefits | \$ 486,606 | \$ 109,565 | \$ 88,753 | \$ 684,924 |
| Professional Fees | 1,286 | 7,137 | - | 8,423 |
| Program Supplies | 16,886 | - | - | 16,886 |
| Telephone | 1,964 | 148 | - | 2,112 |
| Postage and Shipping | 9,265 | 782 | 1,116 | 11,163 |
| Occupancy | 9,459 | 712 | - | 10,171 |
| Repairs and Maintenance | 12,412 | 934 | - | 13,346 |
| Insurance | 10,692 | 805 | - | 11,497 |
| Meetings and Travel | 485 | 36 | - | 521 |
| Office Expenses | 7,369 | 555 | - | 7,924 |
| Direct Costs of Special Events | - | - | 8,935 | 8,935 |
| Miscellaneous | 3,330 | 251 | - | 3,581 |
| | 559,754 | 120,925 | 98,804 | 779,483 |
| Depreciation | 14,227 | 1,071 | - | 15,298 |
| Total Expenses by Function | 573,981 | 121,996 | 98,804 | 794,781 |
| Less Expenses Included With Revenues on the Statement of Support, Revenues, Expenses, and Changes in Net Assets - Modified Cash Basis: | | | | |
| Direct Costs of Special Events | - | - | (8,935) | (8,935) |
| Total Expenses by Function | <u>\$ 573,981</u> | <u>\$ 121,996</u> | <u>\$ 89,869</u> | <u>\$ 785,846</u> |

See independent auditor's report and notes to financial statements.

COMMUNITY BIKE WORKS
(A Not-for-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
June 30, 2022 and 2021

1. Nature of Activities and Summary of Significant Accounting Policies

Nature of Activities

Community Bike Works (the "Organization") is a not-for-profit corporation organized under the laws of the Commonwealth of Pennsylvania to develop youth through instruction in mechanics, safe riding skills and community service. The Organization sponsors classes for inner city youth through which they may earn a bike of their own.

Financial Reporting

The Organization's policy is to prepare its financial statements on the modified cash basis of accounting; consequently, certain revenues are recognized when received rather than when earned and certain expenses and purchases of assets are recognized when cash is disbursed rather than when the obligation is incurred. Modifications to the cash basis of accounting include capitalizing land, building, and equipment, and recording the liabilities for payroll taxes withheld. Additionally, the Organization recognizes contributions of goods and services as support without donor restrictions during the period received rather than not recognizing the contributions as support without donor restrictions.

The Organization reports gifts of cash and other assets as support with donor restrictions which are temporary in nature if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose is accomplished, net assets with donor restrictions which are temporary in nature are reclassified to net assets without donor restrictions and reported in the Statement of Support, Revenues, Expenses, and Changes in Net Assets - Modified Cash Basis as net assets released from restrictions.

The Organization reports gifts of land, buildings, and equipment as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as support with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Net Asset Classifications

Net assets are classified based on the existence or absence of donor-imposed restrictions.

Net assets are defined as follows:

Net Assets Without Donor Restrictions

Net assets available for use in general operations and not subject to donor or certain grantor restrictions. Net assets without donor restrictions may be designated for specific purposes by the action of the Board of Directors.

COMMUNITY BIKE WORKS
(A Not-for-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
June 30, 2022 and 2021

1. Nature of Activities and Summary of Significant Accounting Policies (Continued)

Net Asset Classifications (Continued)

Net Assets With Donor Restrictions

Net assets subject to donor or certain grantor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time, or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Cash and Cash Equivalents

For purposes of reporting cash and cash equivalents, cash is defined as cash on hand, and checking and savings accounts at financial institutions. Investments with an original maturity of three months or less are considered cash and cash equivalents for these purposes.

Investments

Investments are generally recorded at fair value based upon quoted market prices, when available, or estimates of fair value. Donated assets are recorded at fair value at the date of donation, or if sold immediately after receipt, at the amount of sales proceeds received, which are considered a fair measure of the value at the date of donation. Realized gains and losses are computed based upon the average cost basis at the date of the trade.

Land, Building, and Equipment

Land, building, and equipment is stated at cost or donated value. Depreciation is computed by use of the straight-line method based on estimated useful lives. Acquisitions in excess of \$500 are capitalized. The cost of maintenance and repairs is charged to operations as incurred.

| | <u>Years</u> |
|-------------------------|--------------|
| Buildings | 15 - 20 |
| Furniture and Equipment | 3 - 10 |
| Vehicles | 5 |

Use of Estimates

The preparation of financial statements in conformity with the modified cash basis of accounting in the United States of America 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.

COMMUNITY BIKE WORKS
(A Not-for-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
June 30, 2022 and 2021

1. Nature of Activities and Summary of Significant Accounting Policies (Continued)

Allocation of Expenses by Function

As reported in the Statement of Functional Expenses – Modified Cash Basis, expenses of the Organization have been allocated to the following functional reporting classifications:

Program Services Provided by Community Bike Works

Program service expenses include costs incurred for activities that ultimately result in the delivery of services that fulfill the Organization's charitable purposes.

Management and General

Management and general expenses include costs incurred for the overall direction of the Organization, general record keeping, business management, budgeting, general board activities, and related purposes.

Fundraising

Fundraising expenses include costs incurred for activities that ultimately result in inducing potential donors to contribute money, securities, services, materials, facilities, other assets, or time. Fundraising activities include publicizing and conducting fund raising campaigns, maintaining donor mailing lists, conducting special fundraising events, and conducting other activities involved with soliciting contributions from individuals, foundations, governments, and others.

The Organization's methods for allocating expenses among the functional reporting classifications which cannot be specifically identified as program or supporting service are based on estimates made for time spent by key personnel between functions, space occupied by function, consumption of supplies and postage by function, and other objective bases.

Income Taxes

The Organization is a not-for-profit corporation organized under the laws of the Commonwealth of Pennsylvania and is exempt from the federal income tax under the provisions of Section 501(c)(3) of the Internal Revenue Code. The accounting standard for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under that guidance, the Organization may recognize the tax benefits from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the Organization and various positions related to the potential sources of unrelated business taxable income (UBIT). The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. There were no unrecognized tax benefits identified or liabilities recorded for the fiscal years 2022 and 2021.

COMMUNITY BIKE WORKS
(A Not-for-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
June 30, 2022 and 2021

1. Nature of Activities and Summary of Significant Accounting Policies (Continued)

Concentration of Credit Risk

The Organization maintains checking and money market accounts and certificates of deposit at commercial banks. Accounts at the banks are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Amounts on deposit at various times throughout the year may exceed the federally insured limits. The Organization historically has not experienced any credit related losses. At June 30, 2022, the Organization did not possess funds in excess of the FDIC insured limit.

Accounting for Paycheck Protection Program (PPP)

The Organization may account for a Paycheck Protection Program (PPP) loan as a financial liability in accordance with FASB ASC *Topic 470, Debt*, or under other models, if certain conditions are met. If the Organization expects to meet the PPP's eligibility criteria and concludes that the PPP loan represents, in substance a grant that is expected to be forgiven, the Organization may account for the PPP loan in accordance with ASC Subtopic 958-605 as a conditional contribution. Management believes that, based on evaluation of the facts and circumstances specific to the Organization, eligibility criteria will be met, and that the Organization will qualify for full forgiveness. Therefore, the Organization elected the conditional contribution method. Under this method, once there is a reasonable assurance that the conditions for forgiveness will be met, the earnings impact of the government grant is recorded on a systematic basis over the periods in which the entity recognizes as expenses the related costs for which the grant is intended to compensate. The Organization received \$102,222 during the year ended June 30, 2021 under the Paycheck Protection Program. The second draw PPP loan under provisions of the Consolidated Appropriations Act, was recorded as a government grant during the year ended June 30, 2021 and was forgiven in its entirety during the year ended June 30, 2022.

2. Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the date of the Statements of Assets, Liabilities, and Net Assets – Modified Cash Basis, consist of the following:

| | June 30, | |
|------------------------------------|-------------------|-------------------|
| | 2022 | 2021 |
| Cash and Cash Equivalents | \$ 214,895 | \$ 385,295 |
| Investments | 123,088 | 133,005 |
| Net Assets With Board Designations | (2,600) | (2,600) |
| Net Assets With Donor Restrictions | (25,000) | - |
| | <u>\$ 310,383</u> | <u>\$ 515,700</u> |

The Organization is supported mainly by contributions and special events revenue. The Organization believes that contributions and special events revenue along with the assets held at June 30, 2022, are sufficient to enable the Organization to operate for the upcoming year. Additionally, by approval by the Board of Directors, net assets with designations could be made available if necessary.

COMMUNITY BIKE WORKS
(A Not-for-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
June 30, 2022 and 2021

3. Investments

On June 30, 2022 and 2021, the Organization had the following:

- *Exchange Traded Funds*: valued at the quoted net asset value ("NAV") of shares held by the Organization at year end.
- *Certificates of Deposit and U.S. Treasury Notes*: yielding 1.25% with an original maturity of longer than three months. These certificates and treasury notes, which matured between July 2021 and August 2021, were federally insured. The certificates of deposit and treasury notes are reported at fair value and are considered Level 1 assets under Financial Accounting Standards Board ASC, 820-10. The fair value of the certificates and treasury notes approximates the carrying value because of the short-term maturity of the certificates and treasury notes. The value is estimated using a discounted cash flow calculation that applies interest rates currently being offered in the market on certificates and treasury notes to a schedule of aggregated expected monthly maturities on time deposits.

The following table represents the Organization's assets measured at fair value on a recurring basis as of June 30th and are categorized using three levels of fair value hierarchy.

| 2022 | Level 1 | Level 2 | Level 3 | Total |
|---------------------------|-------------------|-------------|-------------|-------------------|
| Cash and Cash Equivalents | \$ 2,173 | \$ - | \$ - | \$ 2,173 |
| Exchange Traded Funds | 120,915 | - | - | 120,915 |
| U.S. Treasury Notes | - | - | - | - |
| | <u>\$ 123,088</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 123,088</u> |
| 2021 | | | | |
| Cash and Cash Equivalents | \$ 78,744 | \$ - | \$ - | \$ 78,744 |
| Certificates of Deposit | 33,235 | - | - | 33,235 |
| U.S. Treasury Notes | 21,026 | - | - | 21,026 |
| | <u>\$ 133,005</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 133,005</u> |

Investment earnings during the years ended June 30, 2022 and 2021 were as follows:

| | Year Ended June 30, | |
|-----------------------------|---------------------|---------------|
| | 2022 | 2021 |
| Interest and Dividends | \$ 2,163 | \$ 542 |
| Realized Gains | 25 | - |
| Unrealized Gains / (Losses) | (19,985) | 200 |
| Investment Fees | (385) | - |
| | <u>\$ (18,182)</u> | <u>\$ 742</u> |

COMMUNITY BIKE WORKS
(A Not-for-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
June 30, 2022 and 2021

4. Land, Building, and Equipment

Land, building, and equipment consist of the following:

| | June 30, | |
|--------------------------------|-------------------------|-------------------------|
| | 2022 | 2021 |
| Land | \$ 7,143 | \$ 7,143 |
| Buildings | 182,565 | 182,565 |
| Furniture and Equipment | 14,524 | 13,811 |
| Vehicles | 40,962 | 40,962 |
| | <u>245,194</u> | <u>244,481</u> |
| Less: Accumulated Depreciation | <u>(206,272)</u> | <u>(193,125)</u> |
| | <u><u>\$ 38,922</u></u> | <u><u>\$ 51,356</u></u> |

Depreciation charged to expense was \$13,147 and \$15,298 for the years ended June 30, 2022 and 2021, respectively.

5. Net Assets With Donor Restrictions

Net assets with donor restrictions which are temporary in nature consist of the following:

| | June 30, | |
|--------------------------------|-------------------------|--------------------|
| | 2022 | 2021 |
| Van Purchase - Easton Location | \$ 25,000 | \$ - |
| Total | <u><u>\$ 25,000</u></u> | <u><u>\$ -</u></u> |

Net assets with donor restrictions were released as follows:

| | Year Ended June 30, | |
|----------------------------------|---------------------|-------------------------|
| | 2022 | 2021 |
| High School/Junior High Programs | \$ - | \$ 50,000 |
| | <u><u>\$ -</u></u> | <u><u>\$ 50,000</u></u> |

COMMUNITY BIKE WORKS
(A Not-for-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
June 30, 2022 and 2021

6. Retirement Plan

The Organization contributes to a Simple IRA Plan for all employees with at least one full year of service time. The Plan agreement stipulates that the employer shall match up to a maximum of 3% of the employee's base compensation. Employer contributions to the plan were \$10,584 and \$6,370 for the years ended June 30, 2022 and 2021, respectively.

7. Paycheck Protection Program Loan

During the fiscal year ended June 30, 2021, the Organization borrowed \$102,222 through a second draw of the Paycheck Protection Program backed by the United States Small Business Administration as a result of the Consolidated Appropriations Act. The note is forgivable under certain circumstances. Repayment terms of the loan would have been twenty-four (24) monthly payments of \$4,304, including interest at 1.00%, from December 2021 through November 2023. As described in Note 1, the Organization accounted for the loan as grant revenue for the year ended June 30, 2021. During the year ended June 30, 2022, the Organization was notified by its lender and the United States Small Business Administration that the second draw PPP loan was forgiven in its entirety.

8. Subsequent Events

Economic uncertainties have arisen as a result of the global pandemic due to the spread of the COVID-19 coronavirus. The pandemic has the potential to have a significant impact on all aspects of the Organization's operations. The full extent of the economic impact on the Organization is unknown at this time.

Subsequent events have been evaluated through November 14, 2022, the date on which the financial statements were available to be issued.

**COMMUNITY BIKE WORKS
(A Not-for-Profit Corporation)**

**Financial Statements and
Independent Auditor's Report**

For the Years Ended June 30, 2021 and 2020

COMMUNITY BIKE WORKS
(A Not-for-Profit Corporation)
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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Community Bike Works
Allentown, PA

Opinion

We have audited the accompanying financial statements of Community Bike Works (a not-for-profit corporation), which comprise the statements of assets, liabilities, and net assets – modified cash basis as of June 30, 2021 and 2020, and the related statements of support, revenues, expenses, and changes in net assets – modified cash basis and functional expenses – modified cash basis for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and net assets of Community Bike Works as of June 30, 2021 and 2020, and its support, revenue, and expenses for the years then ended in accordance with the modified cash basis of accounting as described in Note 1.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 Community Bike Works and to meet our ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting as described in Note 1, and for determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

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 generally accepted auditing standards 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, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, 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 Community Bike Works' 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 Community Bike Works' 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 matters that we identified during the audit.

Cory Bell, Rappold & Yunesita LLP

February 21, 2022

COMMUNITY BIKE WORKS
(A Not-for-Profit Corporation)
STATEMENTS OF ASSETS, LIABILITIES,
AND NET ASSETS – MODIFIED CASH BASIS

| | <u>Assets</u> | |
|---|-------------------|-------------------|
| | June 30, | |
| | 2021 | 2020 |
| Cash and Cash Equivalents | \$ 385,295 | \$ 372,076 |
| Investments (Note 1) | 133,005 | 125,384 |
| Land, Building, and Equipment, Net (Note 3) | 51,356 | 66,071 |
| Total Assets | \$ 569,656 | \$ 563,531 |

| <u>Liabilities and Net Assets</u> | | |
|---|-------------------|-------------------|
| Liabilities | | |
| Payroll Withholding | \$ 241 | \$ 277 |
| Total Liabilities | 241 | 277 |
| Net Assets | | |
| Without Donor Restrictions: | | |
| Available for Operations | 515,459 | 444,583 |
| Designated for Scholarships | 2,600 | 2,600 |
| Expended on Land, Building, and Equipment | 51,356 | 66,071 |
| | 569,415 | 513,254 |
| With Donor Restrictions (Note 4) | - | 50,000 |
| Total Net Assets | 569,415 | 563,254 |
| Total Liabilities and Net Assets | \$ 569,656 | \$ 563,531 |

See independent auditor's report and notes to financial statements.

COMMUNITY BIKE WORKS
(A Not-for-Profit Corporation)
STATEMENTS OF SUPPORT, REVENUES, EXPENSES,
AND CHANGES IN NET ASSETS - MODIFIED CASH BASIS

| | For the Year Ended June 30, 2021 | | |
|--|----------------------------------|----------------------------|-----------------------|
| | Without Donor Restrictions | With Donor Restrictions | Total |
| Revenues, Gains and Other Support | | | |
| Contributions | \$ 635,559 | \$ - | \$ 635,559 |
| Government Grant - Paycheck Protection Program | 102,222 | - | 102,222 |
| Special Events | 62,419 | - | 62,419 |
| Less: Direct Costs of Special Events | (8,935) | - | (8,935) |
| Interest and Dividends | 542 | - | 542 |
| Unrealized Gains on Investments | 200 | - | 200 |
| Net Assets Released from Restrictions | 50,000 | (50,000) | - |
| Total Revenues, Gains and Other Support | 842,007 | (50,000) | 792,007 |
| Expenses | | | |
| Program Services | 573,981 | - | 573,981 |
| Management and General | 121,996 | - | 121,996 |
| Fundraising | 89,869 | - | 89,869 |
| Total Expenses | 785,846 | - | 785,846 |
| Change in Net Assets | 56,161 | (50,000) | 6,161 |
| Net Assets at Beginning of Year | 513,254 | 50,000 | 563,254 |
| Net Assets at End of Year | <u>\$ 569,415</u> | <u>\$ -</u> | <u>\$ 569,415</u> |

See independent auditor's report and notes to financial statements.

COMMUNITY BIKE WORKS
(A Not-for-Profit Corporation)
STATEMENTS OF SUPPORT, REVENUES, EXPENSES,
AND CHANGES IN NET ASSETS - MODIFIED CASH BASIS

| | For the Year Ended June 30, 2020 | | |
|--|----------------------------------|----------------------------|----------------|
| | Without Donor Restrictions | With Donor Restrictions | Total |
| Revenues, Gains and Other Support | | | |
| Contributions | \$ 545,907 | \$ 50,000 | \$ 595,907 |
| Government Grant - Paycheck Protection Program | 102,222 | - | 102,222 |
| Special Events | 41,234 | - | 41,234 |
| Less: Direct Costs of Special Events | (4,141) | - | (4,141) |
| Interest and Dividends | 2,294 | - | 2,294 |
| Unrealized Gains on Investments | - | - | - |
| Net Assets Released from Restrictions | 50,000 | (50,000) | - |
| Total Revenues, Gains and Other Support | 737,516 | - | 737,516 |
| Expenses | | | |
| Program Services | 565,374 | - | 565,374 |
| Management and General | 82,584 | - | 82,584 |
| Fundraising | 74,423 | - | 74,423 |
| Total Expenses | 722,381 | - | 722,381 |
| Change in Net Assets | 15,135 | | 15,135 |
| Net Assets at Beginning of Year | 498,119 | 50,000 | 548,119 |
| Net Assets at End of Year | \$ 513,254 | \$ 50,000 | \$ 563,254 |

See independent auditor's report and notes to financial statements.

COMMUNITY BIKE WORKS
(A Not-for-Profit Corporation)
STATEMENTS OF FUNCTIONAL EXPENSES - MODIFIED CASH BASIS

| | Year Ended June 30, 2021 | | | |
|--|--------------------------|---------------------------|------------------|-------------------|
| | Program Services | Management and General | Fundraising | Total |
| Salaries, Wages, and Benefits | \$ 486,606 | \$ 109,565 | \$ 88,753 | \$ 684,924 |
| Professional Fees | 1,286 | 7,137 | - | 8,423 |
| Program Supplies | 16,886 | - | - | 16,886 |
| Telephone | 1,964 | 148 | - | 2,112 |
| Postage and Shipping | 9,265 | 782 | 1,116 | 11,163 |
| Occupancy | 9,459 | 712 | - | 10,171 |
| Repairs and Maintenance | 12,412 | 934 | - | 13,346 |
| Insurance | 10,692 | 805 | - | 11,497 |
| Meetings and Travel | 485 | 36 | - | 521 |
| Office Expenses | 7,369 | 555 | - | 7,924 |
| Direct Costs of Special Events | - | - | 8,935 | 8,935 |
| Miscellaneous | 3,330 | 251 | - | 3,581 |
| | 559,754 | 120,925 | 98,804 | 779,483 |
| Depreciation | 14,227 | 1,071 | - | 15,298 |
| Total Expenses by Function | 573,981 | 121,996 | 98,804 | 794,781 |
| Less Expenses Included With Revenues on the Statement of Support, Revenues, Expenses, and Changes in Net Assets - Modified Cash Basis: | | | | |
| Direct Costs of Special Events | - | - | (8,935) | (8,935) |
| Total Expenses by Function | <u>\$ 573,981</u> | <u>\$ 121,996</u> | <u>\$ 89,869</u> | <u>\$ 785,846</u> |

See independent auditor's report and notes to financial statements.

COMMUNITY BIKE WORKS
(A Not-for-Profit Corporation)
STATEMENTS OF FUNCTIONAL EXPENSES - MODIFIED CASH BASIS

| | Year Ended June 30, 2020 | | | |
|--|--------------------------|---------------------------|------------------|-------------------|
| | Program Services | Management and General | Fundraising | Total |
| Salaries, Wages, and Benefits | \$ 475,636 | \$ 70,421 | \$ 73,938 | \$ 619,995 |
| Professional Fees | 935 | 7,136 | - | 8,071 |
| Program Supplies | 22,477 | - | - | 22,477 |
| Telephone | 1,402 | 105 | - | 1,507 |
| Postage and Shipping | 4,022 | 339 | 485 | 4,846 |
| Occupancy | 9,486 | 714 | - | 10,200 |
| Repairs and Maintenance | 5,466 | 411 | - | 5,877 |
| Insurance | 10,938 | 823 | - | 11,761 |
| Meetings and Travel | 1,053 | 79 | - | 1,132 |
| Office Expenses | 8,426 | 634 | - | 9,060 |
| Direct Costs of Special Events | - | - | 4,141 | 4,141 |
| Miscellaneous | 6,641 | 500 | - | 7,141 |
| | 546,482 | 81,162 | 78,564 | 706,208 |
| Depreciation | 18,892 | 1,422 | - | 20,314 |
| Total Expenses by Function | 565,374 | 82,584 | 78,564 | 726,522 |
| Less Expenses Included With Revenues on the Statement of Support, Revenues, Expenses, and Changes in Net Assets - Modified Cash Basis: | | | | |
| Direct Costs of Special Events | - | - | (4,141) | (4,141) |
| Total Expenses by Function | <u>\$ 565,374</u> | <u>\$ 82,584</u> | <u>\$ 74,423</u> | <u>\$ 722,381</u> |

See independent auditor's report and notes to financial statements.

COMMUNITY BIKE WORKS
(A Not-for-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

1. Nature of Activities and Summary of Significant Accounting Policies

Nature of Activities

Community Bike Works (the "Organization") is a not-for-profit corporation organized under the laws of the Commonwealth of Pennsylvania to develop youth through instruction in mechanics, safe riding skills and community service. The Organization sponsors classes for inner city youth through which they may earn a bike of their own.

Financial Reporting

The Organization's policy is to prepare its financial statements on the modified cash basis of accounting; consequently, certain revenues are recognized when received rather than when earned and certain expenses and purchases of assets are recognized when cash is disbursed rather than when the obligation is incurred. Modifications to the cash basis of accounting include capitalizing land, building, and equipment, and recording the liabilities for payroll taxes withheld and the acquisition of land, building, and equipment. Additionally, the Organization recognizes contributions of goods and services as support without donor restrictions during the period received rather than not recognizing the contributions as support without donor restrictions.

The Organization reports gifts of cash and other assets as support with donor restrictions which are temporary in nature if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose is accomplished, net assets with donor restrictions which are temporary in nature are reclassified to net assets without donor restrictions and reported in the Statement of Support, Revenues, Expenses, and Changes in Net Assets - Modified Cash Basis as net assets released from restrictions.

The Organization reports gifts of land, buildings, and equipment as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as support with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Net Asset Classifications

Net assets are classified based on the existence or absence of donor-imposed restrictions.

Net assets are defined as follows:

Net Assets Without Donor Restrictions

Net assets available for use in general operations and not subject to donor or certain grantor restrictions. Net assets without donor restrictions may be designated for specific purposes by the action of the Board of Directors.

COMMUNITY BIKE WORKS
(A Not-for-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

1. Nature of Activities and Summary of Significant Accounting Policies (Continued)

Net Asset Classifications (Continued)

Net Assets With Donor Restrictions

Net assets subject to donor or certain grantor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time, or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Cash and Cash Equivalents

For purposes of reporting cash and cash equivalents, cash is defined as cash on hand, and checking and savings accounts at financial institutions. Investments with an original maturity of three months or less are considered cash and cash equivalents for these purposes.

Investments

On June 30, 2021 and 2020, the Organization had the following:

- *Exchange Traded Funds:* valued at the quoted net asset value ("NAV") of shares held by the Organization at year end.
- *Certificates of Deposit and U.S. Treasury Notes:* yielding between 0.20% and 2.75% with an original maturity of longer than three months. These certificates and treasury notes, which mature between July 2020 and August 2021, are federally insured. The certificates of deposit and treasury notes are reported at fair value and are considered Level 1 assets under Financial Accounting Standards Board ASC, 820-10. The fair value of the certificates and treasury notes approximates the carrying value because of the short-term maturity of the certificates and treasury notes. The value is estimated using a discounted cash flow calculation that applies interest rates currently being offered in the market on certificates and treasury notes to a schedule of aggregated expected monthly maturities on time deposits.

The following table represents the Organization's assets measured at fair value on a recurring basis as of June 30 and are categorized using three levels of fair value hierarchy.

COMMUNITY BIKE WORKS
(A Not-for-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

1. Nature of Activities and Summary of Significant Accounting Policies (Continued)

Investments (Continued)

| <u>2021</u> | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
|---------------------------|-------------------|----------------|----------------|-------------------|
| Cash and Cash Equivalents | \$ 78,744 | \$ - | \$ - | \$ 78,744 |
| Exchange Traded Funds | 33,235 | - | - | 33,235 |
| U.S. Treasury Notes | 21,026 | - | - | 21,026 |
| | <u>\$ 133,005</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 133,005</u> |
| | | | | |
| <u>2020</u> | | | | |
| Cash and Cash Equivalents | \$ 11,255 | \$ - | \$ - | \$ 11,255 |
| Certificates of Deposit | 12,009 | - | - | 12,009 |
| U.S. Treasury Notes | 102,120 | - | - | 102,120 |
| | <u>\$ 125,384</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 125,384</u> |

Land, Building, and Equipment

Land, building, and equipment is stated at cost or donated value. Depreciation is computed by use of the straight-line method based on estimated useful lives. Acquisitions in excess of \$500 are capitalized. The cost of maintenance and repairs is charged to operations as incurred.

| | <u>Years</u> |
|-------------------------|--------------|
| Buildings | 15 - 20 |
| Furniture and Equipment | 3 - 10 |
| Vehicles | 5 |

Use of Estimates

The preparation of financial statements in conformity with the modified cash basis of accounting in the United States of America 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.

COMMUNITY BIKE WORKS
(A Not-for-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

1. Nature of Activities and Summary of Significant Accounting Policies (Continued)

Allocation of Expenses by Function

As reported in the Statement of Functional Expenses, expenses of the Organization have been allocated to the following functional reporting classifications:

Program Services Provided by Community Bike Works

Program service expenses include costs incurred for activities that ultimately result in the delivery of services that fulfill the Organization's charitable purposes.

Management and General

Management and general expenses include costs incurred for the overall direction of the Organization, general record keeping, business management, budgeting, general board activities, and related purposes.

Fundraising

Fundraising expenses include costs incurred for activities that ultimately result in inducing potential donors to contribute money, securities, services, materials, facilities, other assets, or time. Fundraising activities include publicizing and conducting fund raising campaigns, maintaining donor mailing lists, conducting special fundraising events, and conducting other activities involved with soliciting contributions from individuals, foundations, governments, and others.

The Organization's methods for allocating expenses among the functional reporting classifications which cannot be specifically identified as program or supporting service are based on estimates made for time spent by key personnel between functions, space occupied by function, consumption of supplies and postage by function, and other objective bases.

Income Taxes

The Organization is a not-for-profit corporation organized under the laws of the Commonwealth of Pennsylvania and is exempt from the federal income tax under the provisions of Section 501(c)(3) of the Internal Revenue Code. The accounting standard for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under that guidance, the Organization may recognize the tax benefits from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the Organization and various positions related to the potential sources of unrelated business taxable income (UBIT). The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. There were no unrecognized tax benefits identified or liabilities recorded for the fiscal years 2021 and 2020.

COMMUNITY BIKE WORKS
(A Not-for-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

1. Nature of Activities and Summary of Significant Accounting Policies (Continued)

Concentration of Credit Risk

The Organization maintains checking and money market accounts and certificates of deposit at commercial banks. Accounts at the banks are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Amounts on deposit at various times throughout the year may exceed the federally insured limits. The Organization historically has not experienced any credit related losses. At June 30, 2021, the Organization had \$58,184 in excess of the FDIC insured limit.

Accounting for Paycheck Protection Program (PPP)

The Organization may account for a Paycheck Protection Program (PPP) loan as a financial liability in accordance with FASB ASC *Topic 470, Debt*, or under other models, if certain conditions are met. If the Organization expects to meet the PPP's eligibility criteria and concludes that the PPP loan represents, in substance a grant that is expected to be forgiven, the Organization may account for the PPP loan in accordance with ASC Subtopic 958-605 as a conditional contribution. Management believes that, based on evaluation of the facts and circumstances specific to the Organization, eligibility criteria will be met, and that the Organization will qualify for full forgiveness. Therefore, the Organization elected the conditional contribution method. Under this method, once there is a reasonable assurance that the conditions for forgiveness will be met, the earnings impact of the government grant is recorded on a systematic basis over the periods in which the entity recognizes as expenses the related costs for which the grant is intended to compensate. The Organization received \$102,222 during each of the years ended June 30, 2021 and 2020 under the Paycheck Protection Program. The first draw PPP loan under provisions of the CARES Act, was recorded as a government grant during the year ended June 30, 2020 and was forgiven in its entirety on May 19, 2021. The second draw PPP loan under provisions of the Consolidated Appropriations Act, was recorded as a government grant during the year ended June 30, 2021 and was forgiven in its entirety subsequent to June 30, 2021.

Adoption of New Accounting Standards

During 2021, the Organization adopted ASU No. 2018-13, *Fair Value Measurements* (Topic 820) which provides for changes to the disclosure requirements for recurring and nonrecurring fair value measurements under Topic 820, including changes in unrealized gains and losses, the range and weighted average of significant unobservable inputs used to develop level 3 fair value measurements, and the narrative description of measurement uncertainty.

COMMUNITY BIKE WORKS
(A Not-for-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

2. Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the date of the Statements of Assets, Liabilities, and Net Assets – Modified Cash Basis, consist of the following:

| | Year Ended June 30, | |
|------------------------------------|---------------------|-------------------|
| | 2021 | 2020 |
| Cash and Cash Equivalents | \$ 385,295 | \$ 372,076 |
| Investments | 133,005 | 125,384 |
| Net Assets With Board Designations | (2,600) | (2,600) |
| Net Assets With Donor Restrictions | - | (50,000) |
| | <u>\$ 515,700</u> | <u>\$ 444,860</u> |

The Organization is supported mainly by contributions and special events revenue. The Organization believes that contributions and special events revenue along with the assets held at June 30, 2021, is sufficient to enable the Organization to operate for the upcoming year. Additionally, by approval by the Board of Directors, net assets with designations could be made available if necessary.

3. Land, Building, and Equipment

Land, building, and equipment consist of the following:

| | June 30, | |
|--------------------------------|------------------|------------------|
| | 2021 | 2020 |
| Land | \$ 7,143 | \$ 7,143 |
| Buildings | 182,565 | 182,565 |
| Furniture and Equipment | 13,811 | 13,228 |
| Vehicles | 40,962 | 40,962 |
| | <u>244,481</u> | <u>243,898</u> |
| Less: Accumulated Depreciation | <u>(193,125)</u> | <u>(177,827)</u> |
| | <u>\$ 51,356</u> | <u>\$ 66,071</u> |

Depreciation charged to expense was \$15,298 and \$20,314 for the years ended June 30, 2021 and 2020, respectively.

COMMUNITY BIKE WORKS
(A Not-for-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

4. Net Assets With Donor Restrictions

Net assets with donor restrictions which are temporary in nature consist of the following:

| | June 30, | |
|----------------------------------|-------------|------------------|
| | 2021 | 2020 |
| High School/Junior High Programs | \$ - | \$ 50,000 |
| Total | <u>\$ -</u> | <u>\$ 50,000</u> |

Net assets with donor restrictions were released as follows:

| | Year Ended June 30, | |
|----------------------------------|---------------------|-------------|
| | 2021 | 2020 |
| High School/Junior High Programs | \$ 50,000 | \$ - |
| | <u>\$ 50,000</u> | <u>\$ -</u> |

5. Retirement Plan

The Organization contributes to a Simple IRA Plan for all employees with at least one full year of service time. The Plan agreement stipulates that the employer shall match up to a maximum of 3% of the employee's base compensation. Employer contributions to the plan were \$6,370 and \$5,034 for the years ended June 30, 2021 and 2020, respectively.

6. Paycheck Protection Program Loan

During the fiscal year ended June 30, 2021 the Organization's first draw PPP loan was forgiven in its entirety by the lender and the United States Small Business Administration (SBA). Additionally, during the fiscal year ended June 30, 2021, the Organization borrowed \$102,222 through a second draw of the Paycheck Protection Program backed by the United States Small Business Administration as a result of the Consolidated Appropriations Act. The note is forgivable under certain circumstances. While the Organization believes this note will ultimately be forgiven in-part or in-full under the provisions of the Consolidated Appropriations Act, that determination has not been made by the SBA as of the date of the financial statements. Repayment terms of the loan, if not forgiven would be twenty-four (24) monthly payments of \$4,304, including interest at 1.00%, from December 2021 through November 2023. As described in Note 1, the Organization is accounting for the loan as grant revenue for the year ended June 30, 2021. Subsequent to the date of the financial statements, the second draw PPP loan was forgiven in its entirety.

COMMUNITY BIKE WORKS
(A Not-for-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

7. Subsequent Events

Management is required to consider and investigate the existence of transactions or events that would qualify as subsequent events in relationship to their internal and external financial statements. In 2019, a novel strain of coronavirus surfaced in China and has spread around the world, with resulting business and social disruption. The coronavirus was declared a Public Health Emergency of International Concern by the World Health Organization on January 30, 2020. The operations and business results of the Organization could be materially adversely affected. The extent to which the coronavirus may impact business activity or investment results will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the coronavirus and the actions required to contain or treat its impact, among others.

Subsequent to the date of the financial statements, the Organization was notified by its lender and the United States Small Business Administration that the second draw PPP loan of \$102,222 had been forgiven in its entirety.

Subsequent events have been evaluated through February 21, 2022, the date on which the financial statements were available to be issued.

