

TRANSPORTATION ALTERNATIVES, INC.

AUDITED FINANCIAL STATEMENTS

For the years ended March 31, 2021 and 2020



TRANSPORTATION ALTERNATIVES, INC.

TABLE OF CONTENTS

	Page
Independent Auditor's Report	1-2
Financial Statements	
Statements of Financial Position	3
Statements of Activities	4-5
Statements of Functional Expenses	6-7
Statements of Cash Flows	8
Notes to Financial Statements	9-19

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Transportation Alternatives, Inc.
New York City, New York

We have audited the accompanying financial statements of Transportation Alternatives, Inc. (a nonprofit organization) which comprise the statements of financial position as of March 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 Transportation Alternatives, Inc. as of March 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

UHY LLP

Columbia, Maryland
October 4, 2021

TRANSPORTATION ALTERNATIVES, INC.
STATEMENTS OF FINANCIAL POSITION
March 31, 2021 and 2020

ASSETS	2021	2020
CURRENT ASSETS		
Cash and cash equivalents	\$ 2,534,340	\$ 685,380
Accounts and other receivables	17,820	44,102
Grants, sponsorships and contributions receivable	46,250	-
Prepaid expenses	80,367	100,223
Total current assets	<u>2,678,777</u>	<u>829,705</u>
NON-CURRENT ASSETS		
Investments	338,522	300,019
Property, equipment, and intangibles, net	75,571	83,921
Deposits	74,404	74,404
Total non-current assets	<u>488,497</u>	<u>458,344</u>
TOTAL ASSETS	<u><u>\$ 3,167,274</u></u>	<u><u>\$ 1,288,049</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 27,933	\$ 18,954
Accrued expenses	49,219	35,003
Deferred revenue	47,020	97,710
Paycheck Protection Program Loan	803,897	-
Total current liabilities	<u>928,069</u>	<u>151,667</u>
NON-CURRENT LIABILITIES		
Deferred rent	89,364	88,768
Total liabilities	<u>1,017,433</u>	<u>240,435</u>
NET ASSETS		
Without donor restrictions:		
Board designated	400,000	400,000
Undesignated	1,523,591	629,281
Total net assets without donor restrictions	1,923,591	1,029,281
With donor restrictions	226,250	18,333
Total net assets	<u>2,149,841</u>	<u>1,047,614</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 3,167,274</u></u>	<u><u>\$ 1,288,049</u></u>

TRANSPORTATION ALTERNATIVES, INC.
STATEMENT OF ACTIVITIES
For the year ended March 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Support, Revenue, and Other Income			
Contributions	\$ 2,157,283	\$ 32,500	\$ 2,189,783
Membership support	387,409	-	387,409
Grants	519,580	193,750	713,330
Special events - Streets for People Party	519,875	-	519,875
Registration fees	52,529	-	52,529
Sponsorships	108,350	-	108,350
Consulting income	148,914	-	148,914
Investment income, net	38,572	-	38,572
Merchandise sales and other	15,071	-	15,071
Net assets released from restrictions	18,333	(18,333)	-
	<u>3,965,916</u>	<u>207,917</u>	<u>4,173,833</u>
Total support, revenue, and other income			
Expenses			
Program services:			
Advocacy	1,351,107	-	1,351,107
Membership	260,952	-	260,952
Outreach tours and events	305,517	-	305,517
Research and reporting	300,567	-	300,567
Total program services	<u>2,218,143</u>	<u>-</u>	<u>2,218,143</u>
Supporting services:			
Management and general	346,177	-	346,177
Fundraising	507,286	-	507,286
	<u>3,071,606</u>	<u>-</u>	<u>3,071,606</u>
Change in Net Assets	894,310	207,917	1,102,227
Net Assets, Beginning	<u>1,029,281</u>	<u>18,333</u>	<u>1,047,614</u>
Net Assets, Ending	<u>\$ 1,923,591</u>	<u>\$ 226,250</u>	<u>\$ 2,149,841</u>

TRANSPORTATION ALTERNATIVES, INC.
STATEMENT OF ACTIVITIES
For the year ended March 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Support, Revenue, and Other Income			
Contributions	\$ 1,684,998	\$ -	\$ 1,684,998
Membership support	422,785	-	422,785
Grants	222,904	112,500	335,404
Special events - Streets for People Party	836,585	-	836,585
Registration fees	388,002	-	388,002
Sponsorships	266,770	-	266,770
Consulting income	68,523	-	68,523
Investment income, net	4,296	-	4,296
Merchandise sales and other	37,182	-	37,182
Net assets released from restrictions	119,167	(119,167)	-
	<u>4,051,212</u>	<u>(6,667)</u>	<u>4,044,545</u>
Total support, revenue, and other income			
Expenses			
Program services:			
Advocacy	1,568,020	-	1,568,020
Membership	363,354	-	363,354
Outreach tours and events	680,968	-	680,968
Total program services	<u>2,612,342</u>	<u>-</u>	<u>2,612,342</u>
Supporting services:			
Management and general	616,540	-	616,540
Fundraising	590,990	-	590,990
	<u>3,819,872</u>	<u>-</u>	<u>3,819,872</u>
Total expenses			
Change in Net Assets	231,340	(6,667)	224,673
Net Assets, Beginning	<u>797,941</u>	<u>25,000</u>	<u>822,941</u>
Net Assets, Ending	<u>\$ 1,029,281</u>	<u>\$ 18,333</u>	<u>\$ 1,047,614</u>

TRANSPORTATION ALTERNATIVES, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended March 31, 2021

	Program Services				Supporting Services			Total
	Advocacy	Membership	Outreach Tours and Events	Research and Reporting	Total	Management and General	Fundraising	
Personnel costs:								
Salaries	\$ 848,514	\$ 163,067	\$ 177,149	\$ 149,258	\$ 1,337,988	\$ 181,037	\$ 323,362	\$ 1,842,387
Employee benefits	103,616	19,913	21,633	18,227	163,389	22,106	39,487	224,982
Payroll taxes	68,310	13,128	14,261	12,016	107,715	14,574	26,032	148,321
Total personnel costs	1,020,440	196,108	213,043	179,501	1,609,092	217,717	388,881	2,215,690
Professional fees	16,501	3,171	3,445	2,903	26,020	13,520	6,288	45,828
Advertising	6,701	1,087	5,895	929	14,612	2,246	2,511	19,369
Apparel and promotional items	4,263	2,397	2,699	27	9,386	323	13,141	22,850
Conferences, meetings, and travel	5,073	423	345	-	5,841	275	281	6,397
Consultant, fee for service	47,836	14,400	8,502	82,249	152,987	23,263	14,759	191,009
Credit card fees	11,706	1,945	2,292	1,663	17,606	4,019	3,137	24,762
Depreciation and amortization	8,166	1,357	1,599	1,160	12,282	2,803	2,189	17,274
Information technology	46,906	7,793	9,873	6,661	71,233	16,310	13,804	101,347
Insurance	5,369	892	1,051	763	8,075	1,843	1,439	11,357
Office and postage expenses	27,605	4,258	5,636	3,594	41,093	9,066	11,529	61,688
Other operating expenses	3,061	405	477	346	4,289	4,515	4,210	13,014
Rent and occupancy costs	146,253	25,278	47,870	20,771	240,172	50,208	41,906	332,286
Special events	1,227	1,438	2,790	-	5,455	69	3,211	8,735
Total expenses	\$ 1,351,107	\$ 260,952	\$ 305,517	\$ 300,567	\$ 2,218,143	\$ 346,177	\$ 507,286	\$ 3,071,606

See notes to financial statements.

TRANSPORTATION ALTERNATIVES, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended March 31, 2020

	Program Services				Supporting Services		
	Advocacy	Membership	Outreach Tours and Events	Total	Management and General	Fundraising	Total
Personnel costs:							
Salaries	\$ 997,869	\$ 196,847	\$ 230,722	\$ 1,425,438	\$ 370,149	\$ 269,968	\$ 2,065,555
Employee benefits	97,592	19,251	22,566	139,409	38,401	26,403	204,213
Payroll taxes	82,391	16,253	19,050	117,694	30,563	22,290	170,547
Total personnel costs	1,177,852	232,351	272,338	1,682,541	439,113	318,661	2,440,315
Professional fees	20,453	4,035	4,728	29,216	18,548	5,534	53,298
Advertising	126	6,201	14,654	20,981	-	1,708	22,689
Apparel and promotional items	7,223	19,868	53,544	80,635	3,603	22,719	106,957
Conferences, meetings, and travel	32,160	1,486	6,403	40,049	661	2,662	43,372
Consultant, fee for service	62,828	32,593	78,874	174,295	41,805	32,379	248,479
Credit card fees	21,338	4,209	4,934	30,481	7,916	5,773	44,170
Depreciation and amortization	9,298	1,834	2,150	13,282	3,449	2,515	19,246
Information technology	41,617	8,180	10,557	60,354	15,492	13,115	88,961
Insurance	5,464	1,078	1,263	7,805	2,028	1,478	11,311
Office and postage expenses	24,616	14,004	12,491	51,111	23,050	12,201	86,362
Other operating expenses	5,514	-	-	5,514	5,846	255	11,615
Rent and occupancy costs	146,033	29,332	53,765	229,130	54,168	39,509	322,807
Special events	13,498	8,183	165,267	186,948	861	102,481	290,290
Streets for People Party - direct donor benefit	-	-	-	-	-	30,000	30,000
Total expenses	\$ 1,568,020	\$ 363,354	\$ 680,968	\$ 2,612,342	\$ 616,540	\$ 590,990	\$ 3,819,872

TRANSPORTATION ALTERNATIVES, INC.
STATEMENTS OF CASH FLOWS
For the years ended March 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash Flows from Operating Activities		
Change in net assets	\$ 1,102,227	\$ 224,673
Adjustments to reconcile change in net assets to cash provided by operating activities:		
Depreciation and amortization	17,274	19,246
Unrealized (gains) losses on investments	(30,360)	4,940
Decrease (increase) in assets:		
Accounts and other receivables	26,282	51,641
Grants, sponsorships and contributions receivable	(46,250)	-
Prepaid expenses	19,856	27,460
Increase (decrease) in liabilities:		
Accounts payable	8,979	(14,104)
Accrued expenses	14,216	(3,363)
Deferred revenue	(50,690)	(36,850)
Deferred rent	596	7,931
	<u>1,062,130</u>	<u>281,574</u>
Net cash provided by operating activities		
Cash Flows from Investing Activities		
Purchases of investments	(8,143)	(9,337)
Purchases of property, equipment, and intangibles	(8,924)	(6,671)
	<u>(17,067)</u>	<u>(16,008)</u>
Net cash used in investing activities		
Cash Flows from Financing Activities		
Proceeds from Paycheck Protection Program Loan	803,897	-
Proceeds from line of credit	-	150,000
Repayments on line of credit	-	(150,000)
	<u>803,897</u>	<u>-</u>
Net cash provided by financing activities		
Net Increase in Cash and Cash Equivalents	1,848,960	265,566
Cash and Cash Equivalents, Beginning	<u>685,380</u>	<u>419,814</u>
Cash and Cash Equivalents, Ending	<u><u>\$ 2,534,340</u></u>	<u><u>\$ 685,380</u></u>
Supplemental Cash Flow Information:		
Cash paid for interest	<u><u>\$ 248</u></u>	<u><u>\$ 2,764</u></u>

See notes to financial statements.

TRANSPORTATION ALTERNATIVES, INC.
NOTES TO FINANCIAL STATEMENTS
For the years ended March 31, 2021 and 2020

NOTE 1 - ORGANIZATION

Transportation Alternatives, Inc. (TA) was organized as a nonprofit corporation in New York in 1974 and operates in New York City. TA was formed to promote the creation, development, and implementation of all environmentally sound forms of transportation. These forms include bicycling, walking, and public transit. TA is supported primarily through membership support, donor contributions, and grants. These resources are used to fulfill TA's mission by focusing their efforts on the following programs:

Advocacy - The overarching goal of TA's Advocacy program is to engage and empower New Yorkers to increase biking, walking, and public transit options and achieve Vision Zero – the revolutionary goal of zero deaths or serious injuries caused by traffic. TA turned out activists to hundreds of separate public-facing events, including community board meetings, rallies, community visioning sessions, and petition drives, and held scores of meetings and engagements with elected officials. As a result of these activities, TA achieved numerous campaign milestones this year, including positive community board votes, the endorsement of elected officials, and the full implementation of many projects.

Membership - TA has approximately 3,500 dues-paying members which form the core of their supporter base. Throughout the year, members are kept up-to-date on TA's work and how members can get involved. These New Yorkers are avid readers of TA's award-winning twice-annual *Reclaim* magazine. TA also host membership events throughout the year to thank supporters and get them excited about TA's priority programs and campaigns. TA organizes a citywide Bike to Work Day annually, and hundreds of thousands of bicyclists demonstrate how simple using bicycle for transportation can be.

Outreach Tours and Events - TA's annual bike tours provide an entry-level path to on-street bicycling. The borough tour in Staten Island, attended by over 1,300 cyclists, offers a choice of either 35-mile or 50-mile family-oriented bicycle parades that loop through neighborhoods where New York City's bicycling population has exploded. TA's premier bicycle tour, the NYC Century Bike Tour, hosted an audience of over 3,800 bicyclists, and includes the nation's only all-urban 100-mile route. TA also cemented their reputation as an international leader on Vision Zero by hosting their fifth annual Vision Zero Cities conference in October 2019. The conference brought together traffic safety experts and policymakers from throughout the country and around the world to share common challenges, practical guidance, and cutting-edge solutions.

Research and Reporting - TA employs original research and reporting to push advocacy campaigns and policy areas forward. Through the leadership of its Director of Research and Senior Editor, TA researches and releases signature policy reports. In addition to these reports, TA has released more than a dozen original articles on the internet website, www.Medium.com, combining personal storytelling with statistical evidence to explore policies from restorative justice in traffic violence cases to tactical urbanism as a response to fiscal crisis.

TRANSPORTATION ALTERNATIVES, INC.
NOTES TO FINANCIAL STATEMENTS
For the years ended March 31, 2021 and 2020

NOTE 1 - ORGANIZATION (Continued)

Supporting services include the following functional categories:

Management and General - Activities include program oversight, business management, general record-keeping, budgeting, and related administrative activities.

Fundraising - TA solicits contributions from individuals, foundations, and corporations, among others. TA also maintains donor mailing lists for communications purposes. Fundraising activities also include development and management of various activities involved with soliciting contributions.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (GAAP), whereby revenue is recognized when earned and expenses are recognized when incurred.

Cash and Cash Equivalents

For purposes of reporting cash flows, highly liquid investments with an initial maturity of three months or less are considered to be cash equivalents. Cash and short-term investments held by the investment advisors are reported as investments.

Accounts and Other Receivables

Receivables are carried at the original invoice amounts less an estimate made for doubtful receivables based on an annual review of all outstanding amounts. Management determines the allowance for doubtful accounts by annually evaluating individual receivables and considering the financial condition, credit history, and current economic conditions of the creditors. Receivables are written off when deemed uncollectible. Recoveries of receivables previously written off are recorded in revenue when received. A receivable is considered past due if any portion of the receivable balance is outstanding for more than ninety days. However, TA does not charge interest on past due receivables. All accounts receivable as of March 31, 2021 and 2020 are considered to be fully collectible and there is no allowance for doubtful accounts.

Contributions and Grants Receivable

Contributions and grants receivable that are expected to be collected in future years are recorded at their fair value, measured as the present value of their future cash flows. The discounts on these amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in grants and contribution revenue.

TRANSPORTATION ALTERNATIVES, INC.
NOTES TO FINANCIAL STATEMENTS
For the years ended March 31, 2021 and 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions and Grants Receivable (Continued)

Conditional promises to give are not included as support until the conditions are substantially met. All contributions and grants receivable are considered by management to be fully collectible and due within one year. Accordingly, an allowance for doubtful accounts or discount has not been established.

Property, Equipment, and Intangibles

Property, equipment, and intangibles are recorded at cost, and consist of equipment, intangibles, leasehold improvements, and furniture and fixtures. TA capitalizes all property and equipment with a useful life greater than one year and with a cost basis of \$1,000 or more. Depreciation and amortization of equipment, intangibles, and furniture and fixtures is computed over an estimated useful life 3 - 10 years on a straight-line basis. Depreciation of leasehold improvements is computed over the shorter of the lease term or the useful life of the improvement on a straight-line basis. When property, equipment, and intangibles are retired or otherwise disposed of, the cost and related accumulated depreciation or amortization are removed from the accounts with any resulting gain or loss reflected in income. Repairs and maintenance are expensed when incurred.

Investments

Investments are included in these statements at their fair value on the date of the statements of financial position, which may differ from the amount ultimately realized at the time of sale. The difference may be material. Interest and dividend income, realized and unrealized gains and losses, and investment management fees are reflected in investment income on the statements of activities.

Fair Value Measurements

FASB ASC 820, *Fair Value Measurements and Disclosures*, established a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to the unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

- *Level 1*: Unadjusted quoted prices in active markets for identical assets or liabilities that are accessible at the measurement date (e. g., equity securities traded on the New York Stock Exchange).
- *Level 2*: Inputs from other than quoted market prices included in Level 1 that are observable for the asset or liability, either directly or indirectly (e. g., quoted market prices of similar assets or liabilities in active markets, or quoted market prices for identical or similar assets or liabilities in markets that are not active).

TRANSPORTATION ALTERNATIVES, INC.
NOTES TO FINANCIAL STATEMENTS
For the years ended March 31, 2021 and 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurements (Continued)

- *Level 3*: Unobservable inputs (e. g., a company's own data) and are used to measure fair value to the extent that observable inputs are not available.

Following is a description of the valuation methodologies used for assets measured at fair value.

Mutual Funds – Valued at the closing price reported in the active market on which the individual securities are traded (Level 1).

The fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used should maximize the use of the observable inputs and minimize the use of the unobservable inputs. All assets have been valued using a market approach. There were no changes in the valuation techniques during the current year.

Net Assets

Net assets, revenue, gains and losses are classified based on the existence or absence of contributions with donor-imposed restrictions. Accordingly, net assets of TA and changes therein are classified and reported as follows:

Net assets without donor restrictions - Net assets without donor restrictions are available for use at the discretion of the Board of Directors (the Board) and/or management for general operating purposes. From time to time, the Board may designate a portion of these net assets for specific purposes, which makes them unavailable for use at management's discretion.

Net assets with donor restrictions - Net assets with donor restrictions consist of assets whose use is limited by donor-imposed time and/or purpose restrictions. TA reports gifts of cash and other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use of the donated asset. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, the net assets are reclassified as net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

See notes 6 and 7 for more information on the composition of net assets.

Revenue Recognition

Contributions and grants received, including unconditional grants receivable, are reported as revenue in the year that notification or cash is received from the donor. Contributions and grants are reported as either revenue without donor restrictions or revenue with donor restrictions. Contributions and grants with donor restrictions that are used for the purpose specified by the donor in the same year as the contribution or grants received are recognized as revenue without donor restrictions. Conditional contributions and grants, that is, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met.

TRANSPORTATION ALTERNATIVES, INC.
NOTES TO FINANCIAL STATEMENTS
For the years ended March 31, 2021 and 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

Membership support is recognized when received. Registration fees and consulting income are recognized as services are provided. Sponsorship and special event revenues are recognized when the events occur. Fees received prior to the services being rendered or the event occurs are included in deferred revenue. Merchandise sales and other revenue and investment income are recognized when earned.

Expense Allocation

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities and the statements of functional expenses. Expenses that can be identified with a specific program or supporting service are charged directly to that program or supporting service.

Supporting services are comprised of management and general and fundraising expenses and include those costs that are not directly identifiable with any specific program, but provide for the overall support and direction of TA. Accordingly, certain overhead expenses have been allocated based on time and effort spent by TA's personnel in such functions.

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 the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue, support and expenses during the reporting period. Actual results could differ from those estimates.

Advertising Costs

TA expenses advertising costs as they are incurred. Advertising expense for the years ended March 31, 2021 and 2020 totaled \$19,369 and \$22,689, respectively.

Income Taxes

TA is exempt from federal and state income taxes (except taxes on unrelated business income) under Section 501(c)(3) of the Internal Revenue Code and is classified by the Internal Revenue Service as *other than a private foundation*. No provision for income taxes has been recorded for the years ended March 31, 2021 or 2020.

TRANSPORTATION ALTERNATIVES, INC.
NOTES TO FINANCIAL STATEMENTS
For the years ended March 31, 2021 and 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes (Continued)

The income tax positions taken by TA for any years open under the various statutes of limitations are that TA continues to be exempt from income taxes and that they have properly reported unrelated business income that is subject to income taxes. TA believes that there are no tax positions taken or expected to be taken that would significantly increase unrecognized tax liabilities within 12 months of the reporting date. None of TA's federal or state income tax returns are currently under examination.

Accounting Pronouncements Not Yet Adopted

The FASB has issued ASU 2016-02, Leases (Topic 842) which changes the accounting treatment for operating leases by recognizing both a lease asset and a lease liability, at the present value of the lease payments, in the statement of financial position. Additional disclosures regarding key information about the leasing arrangements will also be required.

TA plans to adopt the new ASU at the required implementation date, and management is currently in the process of evaluating the adoption method and the impact of the new accounting standard on its financial statements.

Reclassifications

Certain reclassifications have been made to the prior year financial statements in order for them to correspond to current year format and standards. Total net assets and changes in net assets are unchanged due to these reclassifications.

NOTE 3 - PROPERTY, EQUIPMENT, AND INTANGIBLES

Property, equipment, and intangibles consisted of the following at March 31:

	<u>2021</u>	<u>2020</u>
Equipment	\$ 120,176	\$ 111,252
Intangibles	26,200	26,200
Leasehold improvements	85,644	85,644
Furniture and fixtures	<u>65,309</u>	<u>65,309</u>
	297,329	288,405
Less, accumulated depreciation and amortization	<u>(221,758)</u>	<u>(204,484)</u>
Net value of property, equipment, and intangibles	<u>\$ 75,571</u>	<u>\$ 83,921</u>

For the years ended March 31, 2021 and 2020, depreciation and amortization expense totaled \$17,274 and \$19,246, respectively.

TRANSPORTATION ALTERNATIVES, INC.
NOTES TO FINANCIAL STATEMENTS
For the years ended March 31, 2021 and 2020

NOTE 4 - INVESTMENTS AND FAIR VALUE MEASUREMENTS

The following are the major categories of assets measured at fair value on a recurring basis during the years ended March 31, 2021 and 2020. All investments are considered Level 1 (using quoted prices in active markets for identical assets):

	<u>2021</u>	<u>2020</u>
Mutual funds:		
Short term investment fund – fixed income	\$ 148,115	\$ 139,264
Wellesley income fund- balanced	<u>190,407</u>	<u>160,755</u>
Total investments	<u>\$ 338,522</u>	<u>\$ 300,019</u>

Net investment income is reflected in the statements of activities and consisted of the following for the years ended March 31:

	<u>2021</u>	<u>2020</u>
Interest income	\$ 111	\$ 112
Dividend income	8,144	9,124
Realized losses	(43)	-
Unrealized gains (losses)	<u>30,360</u>	<u>(4,940)</u>
Total net investment income	<u>\$ 38,572</u>	<u>\$ 4,296</u>

NOTE 5 - LINE OF CREDIT

TA has a \$400,000 unsecured line of credit for which any outstanding obligations are due on demand. Interest is accrued at the prime rate as published in the Wall Street Journal, plus 1.85%. As of March 31, 2021 and 2020, there were no advances outstanding.

NOTE 6 - NET ASSETS WITHOUT DONOR RESTRICTIONS - BOARD DESIGNATED

The Board has designated \$400,000 to be set aside as a minimum reserve for financial stability as of March 31, 2021 and 2020.

NOTE 7 - NET ASSETS WITH DONOR RESTRICTIONS

TA's net assets with donor restrictions for time consisted of \$226,250 and \$18,333 as of March 31, 2021 and 2020, respectively.

TRANSPORTATION ALTERNATIVES, INC.
NOTES TO FINANCIAL STATEMENTS
For the years ended March 31, 2021 and 2020

NOTE 8 - OPERATING LEASE COMMITMENT

TA leases office facilities under a 10-year lease agreement that expires on August 31, 2025. The lease includes an annual 2.75% escalation of payments. TA accounts for the escalating payments by spreading the total base rent payments on a straight-line basis over the term of the lease, resulting in a deferred rent liability. In addition, TA maintains leases for various office equipment.

Future minimum lease commitments under these lease agreements as of March 31 are as follows:

2022	\$ 281,606
2023	289,350
2024	297,308
2025	305,484
2026	<u>128,720</u>
	<u>\$ 1,302,468</u>

TA had been approved to receive an annual real estate tax abatement through June 2020. The tax abatement had been applied against rent expense during the corresponding periods.

Rent and occupancy expense consisted of the following for the years ended March 31:

	<u>2021</u>	<u>2020</u>
Office rent and taxes	\$ 283,692	\$ 273,438
Less, tax abatement	(1,423)	(5,678)
Deferred office rent amortization	<u>596</u>	<u>7,931</u>
	282,865	275,691
Storage, utilities and other	<u>49,421</u>	<u>47,116</u>
Total	<u>\$ 332,286</u>	<u>\$ 322,807</u>

NOTE 9 - RETIREMENT PLAN

TA has an established 401(k) defined contribution plan (the "Plan") for all eligible employees. Eligible employees can elect to make pre-tax contributions to the Plan. In addition, TA can elect to contribute a percentage of all eligible employees' gross salary on an annual basis. TA contributed \$42,019 and \$34,812 to the Plan for the years ended March 31, 2021 and 2020, respectively, which is included in employee benefits in the statements of functional expenses.

TRANSPORTATION ALTERNATIVES, INC.
NOTES TO FINANCIAL STATEMENTS
For the years ended March 31, 2021 and 2020

NOTE 10 - PAYCHECK PROTECTION PROGRAM (PPP) LOANS

During the year ended March 31, 2021, TA received two loans for \$413,500 and \$390,398 from Pursuit Lending BDC, pursuant to the PPP under Division A, Title 1 of the CARES Act, which was enacted March 27, 2020.

The PPP Loans, dated May 1, 2020 and February 23, 2021, have a two-year term and bear interest at a rate of 1.0% per annum. Monthly principal and interest payments are deferred for 10 months until the amount of forgiveness determined is remitted to Pursuit Lending BDC, or 10 months after the last day of the covered period, if the Company does not seek forgiveness. The PPP loan may be repaid at any time prior to maturity with no prepayment penalties. The Promissory Note contains events of default and other provisions customary for a loan of this type.

Under the terms of the CARES Act, PPP Loan participants can apply for and be granted forgiveness for all or a portion of loans granted under the PPP. Under the terms of the PPP, PPP Loans and accrued interest are forgivable, as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the eight-week period. TA intends to use the loan proceeds for purposes consistent with the PPP and anticipates that all or a majority of the loan amount will be forgiven.

According to the rules of the SBA, TA is required to retain PPP Loan documentation for six years after the date the loan is forgiven or repaid in full, and permit authorized representatives of the SBA, including representatives of its Office of Inspector General, to access such files upon request. Should the SBA conduct such a review and reject all or some of the Company's judgments pertaining to satisfying PPP Loan eligibility or forgiveness conditions, the Company may be required to adjust previously reported amounts and disclosures in the financial statements. On July 16, 2021, the first loan was completely forgiven by the U.S. Small Business Administration. During the fiscal year ended March 31, 2022, the forgiven amount will be recognized in the statement of activities as a gain on debt extinguishment.

NOTE 11 - CONCENTRATIONS OF CREDIT RISK

TA has placed its investments in a professionally managed portfolio that contains equity and fixed income mutual funds. Such investments are exposed to various risks such as interest rate, market, and credit risk. Due to the level of risk associated with such investments and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near term would materially affect investment balances and the amounts reported in the financial statements.

TA maintains bank accounts with a local financial institution and cash equivalents within the investment accounts. The balances may exceed the maximum amount covered by the Federal Deposit Insurance Corporation (FDIC) and the Securities Investor Protection Corporation (SIPC). TA has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk in cash and cash equivalents.

TRANSPORTATION ALTERNATIVES, INC.
NOTES TO FINANCIAL STATEMENTS
For the years ended March 31, 2021 and 2020

NOTE 12 - STREETS FOR PEOPLE PARTY

TA hosts an annual *Streets for People Party* to celebrate the many victories won in the name of safer streets and to honor individuals who have gone above and beyond to usher in the shared vision of a better New York. The *Streets for People Party* raises funds for operations and outreach efforts to support its vision. In 2020, the event was completely virtual due to the COVID-19 pandemic, which resulted no event costs. For the years ended March 31, 2021 and 2020, net revenue for the event was as follows:

	<u>2021</u>	<u>2020</u>
Revenue:		
Special events	\$ 519,875	\$ 836,585
Less, direct benefit costs to donors for meals and entertainment	<u>-</u>	<u>(30,000)</u>
Total revenue, net	<u>\$ 519,875</u>	<u>\$ 806,585</u>

NOTE 13 - LIQUIDITY AND AVAILABILITY OF RESOURCES

The following represents TA's financial assets which are available to meet general operating expenditures within one year of March 31:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 2,534,340	\$ 685,380
Accounts and other receivables	17,820	44,102
Grants, sponsorships and contributions receivable	46,250	
Investments	<u>338,522</u>	<u>300,019</u>
Total financial assets available within one year	2,936,932	1,029,501
Less, amounts unavailable for general expenditures within one year, due to:		
Donor restricted for purpose or time	(226,250)	(18,333)
Board designated	<u>(400,000)</u>	<u>(400,000)</u>
Total financial assets available to management for general expenditures within one year	<u>\$ 2,310,682</u>	<u>\$ 611,168</u>

Liquidity Management

TA maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due. To help manage unanticipated liquidity needs, TA has a line of credit available to draw upon. In addition, TA has board designated net assets of \$400,000 that, while TA does not intend to spend the funds, could be made available for current operations if necessary.

TRANSPORTATION ALTERNATIVES, INC.
NOTES TO FINANCIAL STATEMENTS
For the years ended March 31, 2021 and 2020

NOTE 14 - IMPACT OF COVID-19

The COVID-19 pandemic, whose effects first became known in January 2020, is having a broad and negative impact on commerce and financial markets around the world. The United States and global markets experienced significant declines in value resulting from uncertainty caused by the pandemic. TA is closely monitoring its investment portfolio and its liquidity and is actively working to minimize the impact of these declines. The extent of the impact of COVID-19 on TA's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and its impacts on TA's donors, employees, and vendors, all of which at present, cannot be determined. Accordingly, the extent to which COVID-19 may impact TA's financial position and changes in net assets and cash flows is uncertain and the accompanying financial statements include no adjustments relating to the effects of this pandemic.

NOTE 15 - SUBSEQUENT EVENTS

Subsequent events have been evaluated through October 4, 2021, which is the date the financial statements were available to be issued. Management has determined that there are no unrecognized subsequent events that require additional disclosure. Except as disclosed in Note 10, Management has determined that there are no unrecognized subsequent events that require additional disclosure.