

ACTIVE TRANSPORTATION ALLIANCE

FINANCIAL STATEMENTS

SEPTEMBER 30, 2013 AND 2012

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Active Transportation Alliance

I have audited the accompanying financial statements of Active Transportation Alliance (a nonprofit organization), which comprise the statement of financial position as of September 30, 2013 and 2012, and the related statements of activities, change in net assets, functional expense 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

My responsibility is to express an opinion on these financial statements based on my audits. I conducted my audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Active Transportation Alliance, as of September 30, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, I have also issued my report dated March 12, 2014, on my consideration of Active Transportation Alliance's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters for the year ended September 30, 2013. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Active Transportation Alliance's internal control over financial reporting and compliance.



Northbrook, Illinois
March 12, 2014

ACTIVE TRANSPORTATION ALLIANCE
STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2013 AND 2012

	2013			2012		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
ASSETS						
Cash and cash equivalents	\$ 605,270	\$ 77,365	\$ 682,635	\$ 826,195	\$ 180,521	\$ 1,006,716
Investments	24,778		24,778	22,005		22,005
Accounts, grants, contracts and pledges receivable net of allowance for doubtful accounts of \$10,000 and \$5,000.	571,951		571,951	508,625	144,999	653,624
Inventory	11,808		11,808	4,251		4,251
Prepaid expense	18,062		18,062	6,320		6,320
Deposits	11,560		11,560	11,040		11,040
Property and equipment, net of accumulated depreciation of \$141,137 and \$112,032 respectively	66,537		66,537	95,642		95,642
TOTAL ASSETS	<u>\$ 1,309,966</u>	<u>\$ 77,365</u>	<u>\$ 1,387,331</u>	<u>\$ 1,474,078</u>	<u>\$ 325,520</u>	<u>\$ 1,799,598</u>
LIABILITIES AND NET ASSETS						
LIABILITIES						
Accounts payable and accrued expense	\$ 233,787		\$ 233,787	\$ 231,607		\$ 231,607
Accrued payroll, payroll taxes, benefits and vacation	124,545		124,545	115,235		115,235
Funds held as fiscal agent	34,793		34,793	69,445		69,445
TOTAL LIABILITIES	<u>\$ 393,125</u>	<u>\$ -</u>	<u>\$ 393,125</u>	<u>\$ 416,287</u>	<u>\$ -</u>	<u>\$ 416,287</u>
NET ASSETS						
Unrestricted net assets	\$ 916,841		\$ 916,841	\$ 1,057,791		\$ 882,594
Temporarily restricted net assets		\$ 77,365	77,365		\$ 325,520	599,941
Permanently restricted net assets	-	-	-	-	-	-
TOTAL NET ASSETS	<u>\$ 916,841</u>	<u>\$ 77,365</u>	<u>\$ 994,206</u>	<u>\$ 1,057,791</u>	<u>\$ 325,520</u>	<u>\$ 1,383,311</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,309,966</u>	<u>\$ 77,365</u>	<u>\$ 1,387,331</u>	<u>\$ 1,474,078</u>	<u>\$ 325,520</u>	<u>\$ 1,799,598</u>

The accompanying notes are an integral part of these financial statements.

ACTIVE TRANSPORTATION ALLIANCE
STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
YEARS ENDED SEPTEMBER 30, 2013 AND 2012

\$	2013			2012		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE:						
Support:						
Contract revenue	\$1,334,812	\$ -	\$ 1,334,812	\$ 2,048,425	\$ -	\$ 2,048,425
Contributions and grants	411,434	-	411,434	142,699	210,000	352,699
Donated goods and services	67,208	-	67,208	165,812	-	165,812
Total support	<u>1,813,454</u>	<u>-</u>	<u>1,813,454</u>	<u>2,356,936</u>	<u>210,000</u>	<u>2,566,936</u>
Revenue:						
Membership dues	151,748	-	151,748	169,623	-	169,623
Program events	1,074,966	-	1,074,966	1,074,763	-	1,074,763
Sales of merchandise	79,946	-	79,946	5,386	-	5,386
Special events, net of expenses of \$0 and \$24,157 respectively	-	-	-	83,869	-	83,869
Interest and investment income	6,135	-	6,135	2,198	-	2,198
Other	4,840	-	4,840	15,912	-	15,912
Net assets released from restriction	198,155	(198,155)	-	484,421	(484,421)	-
Total revenue	<u>1,515,790</u>	<u>(198,155)</u>	<u>1,317,635</u>	<u>1,836,172</u>	<u>(484,421)</u>	<u>1,351,751</u>
Total support and revenue	<u>3,329,244</u>	<u>(198,155)</u>	<u>3,131,089</u>	<u>4,193,108</u>	<u>(274,421)</u>	<u>3,918,687</u>
EXPENSES:						
Program services	3,000,227	-	3,000,227	3,569,358	-	3,569,358
Management and general	411,785	-	411,785	404,265	-	404,265
Fundraising	58,182	-	58,182	44,288	-	44,288
Total expenses	<u>3,470,194</u>	<u>-</u>	<u>3,470,194</u>	<u>4,017,911</u>	<u>-</u>	<u>4,017,911</u>
Change in net assets	<u>(140,950)</u>	<u>(198,155)</u>	<u>(339,105)</u>	<u>175,197</u>	<u>(274,421)</u>	<u>(99,224)</u>
Net assets - Beginning of year, as originally stated	<u>1,057,791</u>	<u>325,520</u>	<u>1,383,311</u>	<u>882,594</u>	<u>599,941</u>	<u>1,482,535</u>
Prior period adjustment	-	(50,000)	(50,000)	-	-	-
Net assets - Beginning of year as restated	<u>1,057,791</u>	<u>275,520</u>	<u>1,333,311</u>	<u>882,594</u>	<u>599,941</u>	<u>1,482,535</u>
Net assets - End of year	<u>\$ 916,841</u>	<u>\$ 77,365</u>	<u>\$ 994,206</u>	<u>\$ 1,057,791</u>	<u>\$ 325,520</u>	<u>\$ 1,383,311</u>

The accompanying notes are an integral part of these financial statements.

ACTIVE TRANSPORTATION ALLIANCE
STATEMENT OF FUNCTIONAL EXPENSE
YEARS ENDED SEPTEMBER 30, 2013 AND 2012

	2013				2012			
	Total Programs	Management and General	Fundraising	Organization Total	Total Programs	Management and General	Fundraising	Organization Total
Salaries and wages	\$ 1,540,647	\$ 274,265	\$ 38,481	\$ 1,853,393	\$ 1,539,115	\$ 272,033	\$ 27,166	\$ 1,838,314
Payroll taxes	136,236	19,516	3,378	159,130	150,806	19,357	2,233	172,396
Employee benefits	148,745	30,169	3,841	182,755	154,559	27,318	2,728	184,605
Programs and events	468,217	-	-	468,217	789,201	-	-	789,201
Professional services	15,106	14,591	-	29,697	83,784	14,012	520	98,316
Contract expense	418,242	-	-	418,242	587,893	-	-	587,893
Supplies and office expense	10,880	28,460	726	40,066	15,202	29,139	650	44,991
Occupancy	90,697	16,220	2,684	109,601	101,354	17,914	1,789	121,057
Telephone and internet	12,218	2,160	276	14,654	10,450	1,847	184	12,481
Insurance	28,850	5,005	464	34,319	17,488	3,091	309	20,888
Printing	18,055	-	2,510	20,565	12,286	-	2,896	15,182
Postage	15,009	1,125	5,061	21,195	10,797	1,901	5,208	17,906
Travel and meetings	32,620	5,855	293	38,768	45,593	3,539	293	49,425
Membership and promotion	29,999	-	-	29,999	32,489	-	-	32,489
Cost of inventory items sold	467	346	-	813	689	240	-	929
Miscellaneous and bad debt	11,417	8,257	-	19,674	-	10,754	-	10,754
Depreciation	22,822	5,816	468	29,106	17,652	3,120	312	21,084
Total expense	\$ 3,000,227	\$ 411,785	\$ 58,182	\$ 3,470,194	\$ 3,569,358	\$ 404,265	\$ 44,288	\$ 4,017,911

The accompanying notes are an integral part of these financial statements.

**ACTIVE TRANSPORTATION ALLIANCE
STATEMENT OF CASH FLOWS
YEARS ENDED SEPTEMBER 30, 2013 AND 2012**

INCREASE <DECREASE> IN CASH AND CASH EQUIVALENTS:

	<u>2013</u>	<u>2012</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (339,105)	\$ (99,224)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	29,106	21,084
Change in unrealized gain on investments	(2,773)	(122)
Change in accounts, grants and contract receivable	31,673	141,782
Change in inventory	(7,557)	(1,990)
Change in prepaid expense	(11,742)	131,246
Change in deposits	(520)	475
Change in accounts payable and accrued expense	11,489	(153,060)
Change in funds held as fiscal agent	<u>(34,652)</u>	<u>-</u>
Net Cash Provided (Used) by Operating Activities	<u>(324,081)</u>	<u>675,508</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Sale of investments	-	25,409
Purchase of equipment	<u>-</u>	<u>(53,550)</u>
Net Cash (Used) by Investing Activities	<u>-</u>	<u>(28,141)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net Cash (Used) by Financing Activities	<u>-</u>	<u>-</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ (324,081)	\$ 12,050
CASH AND CASH EQUIVALENTS - BEGINNING OF THE YEAR	<u>1,006,716</u>	<u>994,666</u>
CASH AND CASH EQUIVALENTS - END OF THE YEAR	<u><u>\$ 682,635</u></u>	<u><u>\$ 1,006,716</u></u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid for interest	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

The accompanying notes are an integral part of these financial statements.

ACTIVE TRANSPORTATION ALLIANCE

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2013 AND 2012

HISTORY AND NATURE OF ORGANIZATION

The mission of Active Transportation Alliance (the "Organization") is to make bicycling, walking and public transit so safe, convenient and fun that residents of the Chicago area will achieve a significant shift from environmentally harmful, sedentary travel to clean, active travel. For over 25 years, the Organization has advocated for transportation that encourages and promotes safety, physical activity, health, recreation, social interaction, equity, environmental stewardship, and resource conservation. The Organization has developed a strategic plan that outlines a 20-year vision for a more livable region in which half of all trips are made by walking, biking or transit, with half as many traffic crashes.

Active Transportation Alliance was incorporated in 1985 as an Illinois not-for-profit corporation as the Chicagoland Bicycle Federation, an all-volunteer organization of bicyclists who sought to promote bicycling and fight for the safety of bicyclists on the road. Along the way, the Organization attracted members, donors, and political allies through years of respected work in bicycle safety, planning, and promotion. Since 1999, more than \$100 million worth of trails, bike lanes, bike racks and other projects became a reality because the Organization was helping, asking, training and working. In 2008, the Organization introduced a new brand and expanded mission statement to include advocating for pedestrians and transit users, and officially changed its name to Active Transportation Alliance. Today, the Organization has grown to become the largest advocacy organization for walking, biking and transit in the U.S. With over 7,000 members and 35 professional staff, along with donors and partners, stand poised to take on the next 25 years to make Chicagoland the most walkable, bikeable and transit friendly region in the country.

The major programs of the Organization are as follows:

Movement Building: The purpose of these programs is to demonstrate active transportation through events and activities.

Safety and Encouragement: The purpose of these programs and campaigns is to reduce bicycle and pedestrian crashes and injuries and increase active transportation.

World Class Network: The purpose of these programs is to enhance the size, safety, and convenience of the linear network through infrastructure improvement.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting.

ACTIVE TRANSPORTATION ALLIANCE

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2013 AND 2012

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation

Financial statement presentation follows current accounting standards based on the recommendation of the Financial Accounting Standards Board. Under current accounting standards, the Organization is required to report information regarding its financial position according to three classes of net assets: unrestricted net assets, which represents the expendable resources that are available for operations at management's discretion; temporarily restricted net assets, which represents resources restricted by donors as to purpose or by passage of time; and permanently restricted net assets, which represents resources whose use by the organization is limited by donor imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the organization. Temporarily restricted net assets amounted to \$77,365 and \$275,520 at September 30, 2013 and 2012 respectively, and the Organization had no permanently restricted net assets in either year.

Contributions

All contributions and non-governmental grants are considered to be available for unrestricted use unless specifically restricted by the donor for specific purposes. Amounts that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support. Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. Restricted contributions received and spent in the same year are treated as unrestricted support.

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Support, Revenue and Accounts Receivable

The Organization receives its grant and contract support from various Federal, State and Local governmental units, as well as individuals, foundations, and corporations. Support received from those grants and contracts is recognized based on their contract length, or by other contract provisions of the specific contract. When temporarily restricted net assets are reclassified to unrestricted net assets, those net assets are reported in the statement of activities as net assets released from restrictions.

Accounts receivable are generally considered by management to be fully collectible, based on the Organization's history. However, an allowance for doubtful accounts has been established in the amount of \$10,000 to provide for any small uncollectable accounts, and this was recorded for the year ended September 30, 2013. For the year ended September 30, 2012, the allowance was \$5,000.

ACTIVE TRANSPORTATION ALLIANCE

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2013 AND 2012

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Compensated Absences

Compensated absences consist of accumulated unused vacation days. The total compensated absences at September 30, 2013 and 2012, amounted to \$41,818 and \$34,835 respectively.

Statement of Functional Expense

The costs of providing various program and supporting services have been summarized on a functional basis in the statement of functional expense. Accordingly, costs have been allocated among the programs and supporting services in a direct functional method, when applicable, and on the basis of proportional use of the service provided.

Advertising Costs

The Organization expenses all advertising costs in the period incurred.

Tax Status

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. It qualifies for charitable contribution deductions under Section 170(b)(1)(iii) and has been classified as an organization that is not a private foundation under Section 509(a)(1). All required payroll tax filings through September 30, 2013 have been filed by the Organization. The Organization has filed its US Form 990 and Illinois AG 990 IL through September 30, 2012.

Uncertain tax positions

The Organization is exempt from federal income taxes under Sections 501(c)(3) of the Internal Revenue Code, except on net income derived from unrelated business activities. The Organization had no unrelated business income for the years ended September 30, 2013 and 2012. All related payroll tax returns have been filed. The Organization believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

The Organization's federal Exempt Organization Returns for the years ending September 30, 2010, 2011 and 2012 are subject to examination by the IRS, generally for three years after they were filed. Tax returns for the periods prior to October 1, 2009 are considered closed. The tax returns for the year ending September 30, 2013 have not been filed as of the date of this report, and has filed an extension for the year ending September 30, 2013.

ACTIVE TRANSPORTATION ALLIANCE

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2013 AND 2012

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Long Lived Assets

Long-lived assets to be held and used are reviewed for impairment whenever events or changes in circumstances indicate that the related carrying amount may not be recoverable. When required, impairment losses on assets to be held and used are recognized based on the excess of the assets' carrying amount over the fair value of the asset. Fair value is based on market quotes, if available, or is based on valuation techniques. There were no impairment losses recognized during the years ended September 30, 2013 and 2012.

MANAGEMENT REVIEW OF SUBSEQUENT EVENTS

The Organization's management has evaluated subsequent events through March 12, 2014, the date which the financial statements were available to be issued.

CERTAIN VULNERABILITIES AND CONCENTRATIONS

The Organization maintains deposit accounts at financial institutions that are insured up to the FDIC limit of \$250,000 in each institution. Bank account levels may exceed FDIC insurance limits from time to time during the year, leaving those amounts at risk.

At September 30, 2013 and 2012 one governmental agency owed the Organization \$277,400 and \$351,223 respectively.

PROPERTY AND EQUIPMENT

Property and equipment are recorded at cost. Donations for property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. All property and equipment are depreciated using the straight-line method over the useful lives of the assets.

The Organization capitalizes those assets of \$1,000 or more with an estimated useful life greater than one year. Depreciation is calculated using the straight-line method, over periods of 3 to 5 years. Depreciation for the years ended September 30, 2013 and 2012 amounted to \$29,106 and \$21,084 respectively.

ACTIVE TRANSPORTATION ALLIANCE

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2013 AND 2012

PROPERTY AND EQUIPMENT(continued)

Property and equipment at September 30, 2013 and 2012 consist of the following:

	<u>2013</u>	<u>2012</u>
Furniture and equipment	\$ 207,674	\$ 207,674
Total property and equipment at cost	207,674	207,674
Less: accumulated depreciation	<u>(141,137)</u>	<u>(112,032)</u>
Net property and equipment	<u>\$ 66,537</u>	<u>\$ 95,642</u>

INVESTMENTS

Investments at September 30, 2013 and 2012 are summarized as follows:

	<u>2013</u>		<u>2012</u>	
	Market Value	Cost	Market Value	Cost
Equities and equity funds	\$ 3,596	\$ 1,673	\$ 1,576	\$ 1,673
Certificate of deposit	20,625	20,429	20,429	20,429
Cash	<u>557</u>	<u>557</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 24,778</u>	<u>\$ 22,659</u>	<u>\$ 22,005</u>	<u>\$ 22,102</u>

Investment income for each of the respective years ended September 30, 2013 and 2012 is as follows:

	<u>2013</u>	<u>2012</u>
Interest and dividends	\$ 5,584	\$ 2,076
Change in unrealized gains	<u>551</u>	<u>122</u>
Total	<u>\$ 6,135</u>	<u>\$ 2,198</u>

ACTIVE TRANSPORTATION ALLIANCE

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2013 AND 2012

PRIOR PERIOD ADJUSTMENT

During 2013, the Organization recorded a prior period adjustment in its temporarily restricted net assets for the year ended September 30, 2012 for a grant that had been fully paid through that date.

TEMPORARILY RESTRICTED NET ASSETS

At September 30, 2012, the Organization recorded \$275,520 (after a prior period adjustment) in temporarily restricted net assets. Those funds represented grants for project expenditures for the year ending September 30, 2013 and beyond.

At September 30, 2013, the Organization recorded \$77,365 in temporarily restricted net assets for grants received at September 30, 2013 for project expenditures in subsequent years. Those net assets consisted of funds from the following entities as follows:

Blue Cross/Blue Shield Curriculum	\$	59,211
Boeing (Transit)		2,083
Chicago Community Trust		12,500
Bikeways		3,571
		<hr/>
	\$	<u>77,365</u>

RETIREMENT PLAN

In 2004, the Organization adopted a simplified employee individual retirement pension account (SEP IRA) for all employees. The Organization, at its discretion, may make an elective contribution to each employee's account, based on a percentage of the employee's salary. Effective January 1, 2008, the Organization adopted a new pension plan. Employer contributions vest to the employee at the rate of 25% per year commencing year two with full vesting after 5 years of service. Forfeited contributions will reduce the Organization's contribution to the plan. The Organization made contributions to the Plan of \$14,956 and \$22,268 respectively during the years ended September 30, 2013 and 2012.

LINE OF CREDIT

On April 10, 2013 the Organization entered into a revolving line of credit with a financial institution. The Organization, under the line of credit may borrow up to \$200,000, and the line has no maturity date. The new line replaced a \$200,000 line of credit that matured in May, 2013. Interest is based on the Wall Street Journal Prime rate plus 1.5 basis points, with a floor of 5.0%. There was no amount due on the line of credit at September 30, 2013, and no money was drawn against the line during the year then ended.

ACTIVE TRANSPORTATION ALLIANCE

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2013 AND 2012

FACILITY LEASES

The Organization leases approximately 5,500 square feet of office facilities under the terms of a lease that commenced on May 1, 2008 and was renewed for a period of five years on January 16, 2013. The lease currently is due to expire on October 30, 2017. A security deposit of \$10,000 is on deposit with the landlord. Scheduled aggregate lease payments for the periods subsequent to September 30, 2013, is as follows:

Year ending 9/30:		
2014	\$	104,805
2015		107,979
2016		111,188
2017		114,523
2018		9,567
Subtotal		<u>448,062</u>
Thereafter		<u>-</u>
Total	\$	<u><u>448,062</u></u>

Pursuant to lease terms, the Organization has the right to exercise an extension of the lease term for a period of five years, through October 30, 2022.

*Report on Internal Control Over Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance With Government
Auditing Standards*

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Active Transportation Alliance

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of Active Transportation Alliance, which comprise the statement of financial position as of September 30, 2013, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued my report thereon dated March 12, 2014.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered Active Transportation Alliance's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Active Transportation Alliance's internal control. Accordingly, I do not express an opinion on the effectiveness of Active Transportation Alliance's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.


My consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Active Transportation Alliance's financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Arthur S. Gunn, Ltd.".

Arthur S. Gunn, Ltd.
March 12, 2014