ACTIVE TRANSPORTATION ALLIANCE

FINANCIAL STATEMENTS

SEPTEMBER 30, 2012 AND 2011
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INDEPENDENT AUDITOR’S REPORT

April 19, 2013

To the Board of Directors of
Active Transportation Alliance

I have audited the accompanying statement of financial position of Active Transportation Alliance (a nonprofit organization, the “Organization”) as of September 30, 2012 and 2011, and the related statements of activities and change in net assets, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the Organization’s management. 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 and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audits provide a reasonable basis for my 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, 2012 and 2011, 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.

In accordance with Government Auditing Standards, I have also issued my report dated April 19, 2013 on my consideration of the Organization’s internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of my audit.

My audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards on page 18 is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying financial statements or the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America and, in my opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Arthur S. Gunn, Ltd.
# ACTIVE TRANSPORTATION ALLIANCE
## STATEMENT OF FINANCIAL POSITION
### SEPTEMBER 30, 2012 AND 2011

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th></th>
<th>2011</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Unrestricted</td>
<td>Temporarily Restricted</td>
<td>Total</td>
<td>Unrestricted</td>
</tr>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$826,195</td>
<td>$180,521</td>
<td>$1,006,716</td>
<td>$547,308</td>
</tr>
<tr>
<td>Investments</td>
<td>22,005</td>
<td>22,005</td>
<td>47,292</td>
<td>47,292</td>
</tr>
<tr>
<td>Accounts, grants, contracts and pledges receivable net of allowance for doubtful accounts of $5,000</td>
<td>508,625</td>
<td>144,999</td>
<td>653,624</td>
<td>642,823</td>
</tr>
<tr>
<td>Inventory</td>
<td>4,251</td>
<td>4,251</td>
<td>2,261</td>
<td>2,261</td>
</tr>
<tr>
<td>Prepaid expense</td>
<td>6,320</td>
<td>6,320</td>
<td>137,566</td>
<td>137,566</td>
</tr>
<tr>
<td>Deposits</td>
<td>11,040</td>
<td>11,040</td>
<td>11,515</td>
<td>11,515</td>
</tr>
<tr>
<td>Property and equipment, net of accumulated depreciation of $112,032 and $90,949 respectively</td>
<td>95,642</td>
<td>95,642</td>
<td>63,176</td>
<td>63,176</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td>$1,474,078</td>
<td>$325,520</td>
<td>$1,799,598</td>
<td>$1,451,941</td>
</tr>
</tbody>
</table>

|                      | 2011            |         | 2011            |         |
|                      |                 |         |                 |         |
| **LIABILITIES AND NET ASSETS** |             |         |                 |         |
| **LIABILITIES**      |                 |         |                 |         |
| Accounts payable and accrued expense | $231,607 | $231,607 | $347,446 | $347,446 |
| Accrued payroll, payroll taxes, benefits and vacation | 115,235 | 115,235 | 152,456 | 152,456 |
| Funds held as fiscal agent | 69,445 | 69,445 | 69,445 | 69,445 |
| **TOTAL LIABILITIES** | $416,287 | $ -   | $416,287 | $569,347 | $ - | $569,347 |

|                      | 2012            | 2011    | 2012            | 2011    |
|                      |                 |         |                 |         |
| **NET ASSETS**       |                 |         |                 |         |
| Unrestricted net assets | $1,057,791 | $1,057,791 | $882,594 | $882,594 |
| Temporarily restricted net assets | $325,520 | $325,520 | $599,941 | $599,941 |
| Permanently restricted net assets | - | - | - | - |
| **TOTAL NET ASSETS** | $1,057,791 | $325,520 | $1,383,311 | $882,594 | $599,941 | $1,482,535 |

|                      | 2012            | 2011    | 2012            | 2011    |
|                      |                 |         |                 |         |
| **TOTAL LIABILITIES AND NET ASSETS** | $1,474,078 | $325,520 | $1,799,598 | $1,451,941 | $599,941 | $2,051,882 |

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, 2012 AND 2011

<table>
<thead>
<tr>
<th>SUPPORT AND REVENUE:</th>
<th>Unrestricted</th>
<th>Temporarily Restricted</th>
<th>Total</th>
<th>Unrestricted</th>
<th>Temporarily Restricted</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Support:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contract revenue</td>
<td>$2,048,425</td>
<td>$ -</td>
<td>$2,048,425 $1,735,356 $ -</td>
<td>$1,735,356</td>
<td>$735,228</td>
<td></td>
</tr>
<tr>
<td>Contributions and grants</td>
<td>142,699</td>
<td>210,000</td>
<td>352,699</td>
<td>454,785</td>
<td>280,443</td>
<td>735,228</td>
</tr>
<tr>
<td>Donated goods and services</td>
<td>165,812</td>
<td>-</td>
<td>165,812</td>
<td>289,235</td>
<td>-</td>
<td>289,235</td>
</tr>
<tr>
<td><strong>Total support</strong></td>
<td>2,356,936</td>
<td>210,000</td>
<td>2,566,936 $2,479,376 $280,443</td>
<td>$2,759,819</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Revenue:</th>
<th>Unrestricted</th>
<th>Temporarily Restricted</th>
<th>Total</th>
<th>Unrestricted</th>
<th>Temporarily Restricted</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Membership dues</td>
<td>169,623</td>
<td>-</td>
<td>169,623</td>
<td>$158,833 $ -</td>
<td>$158,833</td>
<td></td>
</tr>
<tr>
<td>Program events</td>
<td>1,074,763</td>
<td>-</td>
<td>1,074,763</td>
<td>$1,050,987 $ -</td>
<td>$1,050,987</td>
<td></td>
</tr>
<tr>
<td>Sales of merchandise</td>
<td>5,386</td>
<td>-</td>
<td>5,386</td>
<td>6,714 $ -</td>
<td>6,714</td>
<td></td>
</tr>
<tr>
<td>Special events, net of expenses of $24,157 and $41,974 respectively</td>
<td>83,869</td>
<td>-</td>
<td>83,869</td>
<td>13,019</td>
<td>-</td>
<td>13,019</td>
</tr>
<tr>
<td>Interest and investment income</td>
<td>2,198</td>
<td>-</td>
<td>2,198</td>
<td>4,481</td>
<td>-</td>
<td>4,481</td>
</tr>
<tr>
<td>Other</td>
<td>15,912</td>
<td>-</td>
<td>15,912</td>
<td>5,146 $ -</td>
<td>5,146</td>
<td></td>
</tr>
<tr>
<td><strong>Net assets released from restriction</strong></td>
<td>484,421</td>
<td>(484,421)</td>
<td>-</td>
<td>228,004</td>
<td>(228,004)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total revenue</strong></td>
<td>1,836,172</td>
<td>(484,421)</td>
<td>1,351,751</td>
<td>1,467,184</td>
<td>(228,004)</td>
<td>1,239,180</td>
</tr>
</tbody>
</table>

| **Total support and revenue** | 4,193,108 | (274,421) | 3,918,687 | 3,946,560 | 52,439 | 3,998,999 |

## EXPENSES:

<table>
<thead>
<tr>
<th></th>
<th>Unrestricted</th>
<th>Temporarily Restricted</th>
<th>Total</th>
<th>Unrestricted</th>
<th>Temporarily Restricted</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Program services</td>
<td>3,569,358</td>
<td>-</td>
<td>3,569,358</td>
<td>3,256,002 $ -</td>
<td>3,256,002</td>
<td></td>
</tr>
<tr>
<td>Management and general</td>
<td>404,265</td>
<td>-</td>
<td>404,265</td>
<td>340,681</td>
<td>-</td>
<td>340,681</td>
</tr>
<tr>
<td>Fundraising</td>
<td>44,288</td>
<td>-</td>
<td>44,288</td>
<td>75,249 $ -</td>
<td>75,249</td>
<td></td>
</tr>
<tr>
<td><strong>Total expenses</strong></td>
<td>4,017,911</td>
<td>-</td>
<td>4,017,911</td>
<td>3,671,932</td>
<td>-</td>
<td>3,671,932</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Change in net assets</th>
<th>Unrestricted</th>
<th>Temporarily Restricted</th>
<th>Total</th>
<th>Unrestricted</th>
<th>Temporarily Restricted</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net assets - Beginning of year, as originally stated</strong></td>
<td>882,594</td>
<td>599,941</td>
<td>1,482,535</td>
<td>612,581</td>
<td>410,002</td>
<td>1,022,583</td>
</tr>
<tr>
<td>Prior period adjustment</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(4,615)</td>
<td>137,500</td>
<td>132,885</td>
</tr>
<tr>
<td><strong>Net assets - Beginning of year, as restated</strong></td>
<td>882,594</td>
<td>599,941</td>
<td>1,482,535</td>
<td>607,966</td>
<td>547,502</td>
<td>1,155,468</td>
</tr>
</tbody>
</table>

| **Net assets - End of year** | $1,057,791 | $325,520 | $1,383,311 | $882,594 | $599,941 | $1,482,535 |

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

- 5 -
<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total</td>
<td>Management and General</td>
</tr>
<tr>
<td></td>
<td>Programs</td>
<td>and General</td>
</tr>
<tr>
<td>Salaries and wages</td>
<td>$1,539,115</td>
<td>$272,033</td>
</tr>
<tr>
<td>Payroll taxes</td>
<td>150,806</td>
<td>19,357</td>
</tr>
<tr>
<td>Employee benefits</td>
<td>154,559</td>
<td>27,318</td>
</tr>
<tr>
<td>Programs and events</td>
<td>789,201</td>
<td>-</td>
</tr>
<tr>
<td>Professional services</td>
<td>83,784</td>
<td>14,012</td>
</tr>
<tr>
<td>Contract expense</td>
<td>587,893</td>
<td>-</td>
</tr>
<tr>
<td>Supplies and office expense</td>
<td>15,202</td>
<td>29,139</td>
</tr>
<tr>
<td>Occupancy</td>
<td>101,354</td>
<td>17,914</td>
</tr>
<tr>
<td>Telephone</td>
<td>10,450</td>
<td>1,847</td>
</tr>
<tr>
<td>Insurance</td>
<td>17,488</td>
<td>3,091</td>
</tr>
<tr>
<td>Printing</td>
<td>12,286</td>
<td>-</td>
</tr>
<tr>
<td>Postage</td>
<td>10,797</td>
<td>1,901</td>
</tr>
<tr>
<td>Travel and meetings</td>
<td>45,593</td>
<td>3,539</td>
</tr>
<tr>
<td>Membership and promotion</td>
<td>32,489</td>
<td>-</td>
</tr>
<tr>
<td>Cost of inventory items sold</td>
<td>689</td>
<td>240</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>-</td>
<td>10,754</td>
</tr>
<tr>
<td>Depreciation</td>
<td>17,652</td>
<td>3,120</td>
</tr>
<tr>
<td><strong>Total expense</strong></td>
<td><strong>$3,569,358</strong></td>
<td><strong>$404,265</strong></td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these financial statements.
ACTIVE TRANSPORTATION ALLIANCE
STATEMENT OF CASH FLOWS
YEARS ENDED SEPTEMBER 30, 2012 AND 2011

INCREASE <DECREASE> IN CASH AND CASH EQUIVALENTS:

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Change in net assets</td>
<td>$ (99,224)</td>
<td>$ 327,067</td>
</tr>
<tr>
<td>Adjustments to reconcile change in net assets to net cash provided by operating activities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>21,084</td>
<td>21,482</td>
</tr>
<tr>
<td>Change in unrealized gain on investments</td>
<td>(122)</td>
<td>(911)</td>
</tr>
<tr>
<td>Change in accounts, grants and contract receivable</td>
<td>141,782</td>
<td>295,965</td>
</tr>
<tr>
<td>Change in inventory</td>
<td>(1,990)</td>
<td>2,594</td>
</tr>
<tr>
<td>Change in prepaid expense</td>
<td>131,246</td>
<td>(97,461)</td>
</tr>
<tr>
<td>Change in deposits</td>
<td>475</td>
<td>(645)</td>
</tr>
<tr>
<td>Change in accounts payable and accrued expense</td>
<td>(153,060)</td>
<td>128,314</td>
</tr>
<tr>
<td>Change in funds held as fiscal agent</td>
<td>-</td>
<td>(897)</td>
</tr>
<tr>
<td>Net Cash Provided by Operating Activities</td>
<td>40,191</td>
<td>675,508</td>
</tr>
</tbody>
</table>

CASH FLOWS FROM INVESTING ACTIVITIES:

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sale of investments</td>
<td>25,409</td>
<td>-</td>
</tr>
<tr>
<td>Purchase of equipment</td>
<td>(53,550)</td>
<td>(10,168)</td>
</tr>
<tr>
<td>Net Cash (Used) by Investing Activities</td>
<td>(28,141)</td>
<td>(10,168)</td>
</tr>
</tbody>
</table>

CASH FLOWS FROM FINANCING ACTIVITIES:

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Cash (Used) by Financing Activities</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>$ 12,050</td>
<td>$ 665,340</td>
<td></td>
</tr>
</tbody>
</table>

CASH AND CASH EQUIVALENTS - BEGINNING OF THE YEAR

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>994,666</td>
<td>329,326</td>
<td></td>
</tr>
</tbody>
</table>

CASH AND CASH EQUIVALENTS - END OF THE YEAR

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>$ 1,006,716</td>
<td>$ 994,666</td>
<td></td>
</tr>
</tbody>
</table>

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash paid for interest</td>
<td>$ -</td>
<td>$ -</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these financial statements.
ACTIVE TRANSPORTATION ALLIANCE
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2012 AND 2011

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 40 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.
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 $325,520 and $599,941 at September 30, 2012 and 2011 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 $5,000 to provide for any small uncollectable accounts, and this was recorded in each of the respective years.
ACTIVE TRANSPORTATION ALLIANCE

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2012 AND 2011

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, 2012 and 2011, amounted to $34,835 and $49,543 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, 2012 have been filed by the Organization. The Organization has filed its US Form 990 and Illinois AG 990 IL through September 30, 2011.

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 year ended September 30, 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, 2009, 2010 and 2011 are subject to examination by the IRS, generally for three years after they were filed. Tax returns for the periods prior to October 1, 2008 are considered closed. The tax returns for the year ending September 30, 2012 have not been filed as of the date of this report, and has filed an extension for the year ending September 30, 2012.
ACTIVE TRANSPORTATION ALLIANCE
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2012 AND 2011

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, 2012 and 2011.

MANAGEMENT REVIEW OF SUBSEQUENT EVENTS

The Organization’s management has evaluated subsequent events through April 19, 2013, 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.

At September 30, 2012 and 2011 one governmental agency owed the Organization $351,223 and $313,329 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. Prior to October 1, 2010, the Organization capitalized assets of $500 or more. Depreciation is calculated using the straight-line method, over periods of 3 to 5 years. Depreciation for the years ended September 30, 2012 and 2011 amounted to $21,084 and $21,482 respectively.
PROPERTY AND EQUIPMENT (continued)

Property and equipment at September 30, 2012 and 2011 consist of the following:

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Furniture and equipment</td>
<td>$207,674</td>
<td>$154,125</td>
</tr>
<tr>
<td>Total property and equipment at cost</td>
<td>207,674</td>
<td>154,125</td>
</tr>
<tr>
<td>Less: accumulated depreciation</td>
<td>(112,032)</td>
<td>(90,949)</td>
</tr>
<tr>
<td>Net property and equipment</td>
<td>$95,642</td>
<td>$63,176</td>
</tr>
</tbody>
</table>

INVESTMENTS

Investments at September 30, 2012 and 2011 are summarized as follows:

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Market Value</td>
<td>Market Value</td>
</tr>
<tr>
<td></td>
<td>Cost</td>
<td>Cost</td>
</tr>
<tr>
<td>Equities and equity funds</td>
<td>$1,576</td>
<td>$1,673</td>
</tr>
<tr>
<td>Certificate of deposit</td>
<td>20,429</td>
<td>20,378</td>
</tr>
<tr>
<td>Fixed income funds</td>
<td>-</td>
<td>8,304</td>
</tr>
<tr>
<td>Total</td>
<td>22,005</td>
<td>47,292</td>
</tr>
</tbody>
</table>

Investment income for each of the respective years ended September 30, 2012 and 2011 is as follows:

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest and dividends</td>
<td>$2,076</td>
<td>$3,570</td>
</tr>
<tr>
<td>Change in unrealized gains</td>
<td>122</td>
<td>911</td>
</tr>
<tr>
<td>Total</td>
<td>$2,198</td>
<td>$4,481</td>
</tr>
</tbody>
</table>
ACTIVE TRANSPORTATION ALLIANCE

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2012 AND 2011

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 $22,268 and $22,756 respectively during the years ended September 30, 2012 and 2011.

LINE OF CREDIT

On January 14, 2012 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 is scheduled to mature on May 31, 2013. The new line replaced a $200,000 line of credit that matured in January, 2012. 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, 2012, and no money was drawn against the line during the year then ended.

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, 2012, is as follows:

<table>
<thead>
<tr>
<th>Year ended 9/30:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>$ 103,301</td>
</tr>
<tr>
<td>2014</td>
<td>104,805</td>
</tr>
<tr>
<td>2015</td>
<td>107,949</td>
</tr>
<tr>
<td>2016</td>
<td>111,188</td>
</tr>
<tr>
<td>2017</td>
<td>114,523</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td><strong>541,766</strong></td>
</tr>
<tr>
<td><strong>Thereafter</strong></td>
<td><strong>9,567</strong></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>551,333</strong></td>
</tr>
</tbody>
</table>

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

April 19, 2013

To the Board of Directors
Active Transportation Alliance

I have audited the financial statements of Active Transportation Alliance (the “Organization”) as of and for the year ended September 30, 2012, and have issued my report thereon dated April 19, 2013. I conducted my audit of the Organization in accordance with 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.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Organization’s internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Organization’s internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Organization’s internal control over financial reporting.

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 misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity’s financial statement would not be prevented, or detected and corrected on a timely basis.

My consideration of internal control over financial reporting was for the limited purpose as described in the first paragraph of this section, and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies of material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization’s financial statements are free of 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.

This report is intended solely for the information and use of management, the board of directors, others within the Organization, and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

Arthur S. Gunn, Ltd.
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

April 19, 2013

To the Board of Directors
Active Transportation Alliance

Compliance

I have audited the compliance of Active Transportation Alliance (the “Organization”) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended September 30, 2012. The Organization’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Organization’s management. My responsibility is to express an opinion on the Organization’s compliance based on my audit.

I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments and Nonprofit Organizations. Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization’s compliance with those requirements and performing such other procedures, as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination of the Organization’s compliance with those requirements.

In my opinion, the Organization complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2012.

Internal Control Over Compliance

The Organization’s management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing my audit, I considered the Organization’s internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the Organization’s internal control over compliance.
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

A deficiency in internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

My consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the board of directors, others within the Organization, and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

Arthur S. Gunn, Ltd.
ACTIVE TRANSPORTATION ALLIANCE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

SEPTEMBER 30, 2012

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of Active Transportation Alliance.

2. No significant deficiencies were identified during the audit of the financial statements.

3. No instances of noncompliance material to the financial statements of the Organization were disclosed during the audit.

4. No material weaknesses were identified during the audit of the major federal award programs.

5. The auditor's report on compliance for the major federal award programs for the Organization expresses an unqualified opinion.

6. Audit findings relative to the major federal award programs for the Organization are reported in Part C. of this Schedule.

7. The program tested as a major program was CFDA number 93.724.

8. The threshold for distinguishing Types A and B programs was $300,000.

9. The Organization is considered to be a low risk auditee.

B. FINDINGS-FINANCIAL STATEMENTS AUDIT

NONE. There are no findings that are required to be reported under Section 510(a) of Circular A-133.

C. FINDINGS AND QUESTIONED COSTS-MAJOR FEDERAL AWARD PROGRAMS AUDIT

NONE. There are no findings that are required to be reported under Section 510(a) of Circular A-133.

D. PRIOR AUDIT FINDINGS REQUIRING RESOLUTION

NONE. There were no audit findings for the year ended September 30, 2011.
### ACTIVE TRANSPORTATION ALLIANCE

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**YEAR ENDED SEPTEMBER 30, 2012**

<table>
<thead>
<tr>
<th>FEDERAL GRANTOR/ PASS THROUGH GRANTOR OR/ PROGRAM TITLE</th>
<th>CFDA NUMBER</th>
<th>PASS THROUGH NUMBER</th>
<th>EXPENDITURE</th>
</tr>
</thead>
</table>

#### U.S. Department of Health and Human Services:
Pass through:
- Public Health Institute of Metropolitan Chicago
- ARRA Prevention and Wellness - Communities Putting Prevention to Work

| 93.724 | IU58DP002623-01 | $549,751 |

Pass through:
- Illinois Department of Public Health:
  - We Choose Health Commuity Grant

| 93.531 | 32180163A | $3,285 |

#### U.S. Department of Transportation:
Pass through:
- Regional Transportation Authority:
  - Clean Air Commuter Challenge

| 20.507 | CMAQ-2010-01 | $78,476 |

**GRAND TOTAL**

$631,512

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**Notes to the Schedule of Expenditures of Federal Awards:**

1. This schedule was prepared on the accrual basis of accounting.
2. There were no federal insurance or loan guarantees in the year under audit.
3. There were no sub-recipients for this organization.
4. Program tested as a major program was CFDA number 93.724.
5. There were no other A-133 audits performed for the Organization during the year under audit.
6. There were no non cash awards for the year under audit.