



LOCAL MOTION INC.

**FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

DECEMBER 31, 2014

**JMM & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS**

LOCAL MOTION INC.

**FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

DECEMBER 31, 2014

LOCAL MOTION INC.
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VT License #92-0000171

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Local Motion Inc.
Burlington, VT

Report on the Financial Statements

We have audited the accompanying financial statements of Local Motion Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2014, and the related statements of activities, functional expenses, and cash flows for the year 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 audit. We conducted our audit 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 we plan and perform the audit 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.

JMM & ASSOCIATES ■ CERTIFIED PUBLIC ACCOUNTANTS

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Local Motion Inc. as of December 31, 2014, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 22, 2015 on our consideration of Local Motion Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our 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 Local Motion Inc.'s internal control over financial reporting and compliance.

Jmm & Associates

October 22, 2015

LOCAL MOTION INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2014

A S S E T S

CURRENT ASSETS

Cash	\$ 63,623
Cash - fiscal sponsorship funds	146,148
Grants receivable	58,032
Pledges receivable	8,617
Accounts receivable	5,179
Inventory	947
Prepaid expenses and deposits	<u>6,526</u>

TOTAL CURRENT ASSETS 289,072

PROPERTY AND EQUIPMENT

Property, plant and equipment	1,022,649
Less accumulated depreciation	<u>(143,344)</u>

TOTAL PROPERTY AND EQUIPMENT 879,305

OTHER ASSET

Beneficial interest held by others	<u>20,226</u>
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TOTAL OTHER ASSET 20,226

TOTAL ASSETS \$ 1,188,603

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 27,542
Note payable	20,000
Fiscal sponsorship funds	146,148
Accrued expenses	<u>40,489</u>

TOTAL CURRENT LIABILITIES 234,179

NET ASSETS

Unrestricted	883,971
Temporarily restricted	53,507
Permanently restricted	<u>16,946</u>

TOTAL NET ASSETS 954,424

TOTAL LIABILITIES AND NET ASSETS \$ 1,188,603

See accompanying notes.

LOCAL MOTION INC.

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
SUPPORT AND REVENUES				
Grant income	\$ 1,051,846	\$ 29,880	\$ -	\$ 1,081,726
Contributions	184,380	-	-	184,380
Advertising income	60,160	-	-	60,160
Retail sales	30,679	-	-	30,679
Rental income	173,739	-	-	173,739
Service income	96,301	-	-	96,301
Increase in beneficial interest	-	616	-	616
Interest income	178	-	-	178
Gain on asset disposal	1,625	-	-	1,625
Subtotal - Support and Revenues	<u>1,598,908</u>	<u>30,496</u>	<u>-</u>	<u>1,629,404</u>
Net assets released from restrictions	<u>42,009</u>	<u>(42,009)</u>	<u>-</u>	<u>-</u>
TOTAL SUPPORT AND REVENUES	<u>1,640,917</u>	<u>(11,513)</u>	<u>-</u>	<u>1,629,404</u>
EXPENSES				
Program Expenses:				
Advocacy	171,339	-	-	171,339
Education and safety	121,896	-	-	121,896
Outreach	14,433	-	-	14,433
Trailside Center and other services	237,211	-	-	237,211
Bike ferry operation	182,121	-	-	182,121
Causeway development	250,294	-	-	250,294
Total Program Expenses	<u>977,294</u>	<u>-</u>	<u>-</u>	<u>977,294</u>
Support Expenses:				
General and administration	232,438	-	-	232,438
Fundraising	68,820	-	-	68,820
Total Support Expenses	<u>301,258</u>	<u>-</u>	<u>-</u>	<u>301,258</u>
TOTAL EXPENSES	<u>1,278,552</u>	<u>-</u>	<u>-</u>	<u>1,278,552</u>
CHANGE IN NET ASSETS	362,365	(11,513)	-	350,852
BEGINNING NET ASSETS	<u>521,606</u>	<u>65,020</u>	<u>16,946</u>	<u>603,572</u>
ENDING NET ASSETS	<u>\$ 883,971</u>	<u>\$ 53,507</u>	<u>\$ 16,946</u>	<u>\$ 954,424</u>

See accompanying notes.

LOCAL MOTION INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Advocacy</u>	<u>Education and Safety</u>	<u>Outreach</u>	<u>Trailside Ctr. & Other Services</u>	<u>Bike Ferry Operations</u>	<u>Causeway Develop- ment</u>
Wages	\$ 99,179	\$ 72,062	\$ 9,141	\$ 137,201	\$ 91,466	\$ 9,316
Payroll taxes	10,480	7,924	892	15,289	10,763	1,020
Employee benefits	777	665	-	2,048	4,620	-
Subtotal - Personnel costs	110,436	80,651	10,033	154,538	106,849	10,336
Program supplies	50,093	20,435	1,291	31,298	19,071	239,958
Occupancy	714	1,043	1,200	24,007	8,107	-
Professional fees	730	8,993	-	5,865	11,123	-
Depreciation	-	2,613	-	9,250	17,163	-
Marketing and promotion	933	2,928	139	3,822	4,984	-
Insurance	-	-	-	-	5,389	-
Travel and entertainment	1,209	4,375	-	819	9,254	-
Telephone and internet	1,222	214	1,770	667	-	-
Training and development	5,908	20	-	110	169	-
Cost of goods sold	-	-	-	6,045	-	-
Office expenses	94	624	-	790	12	-
Bad debt expense	-	-	-	-	-	-
Miscellaneous expense	-	-	-	-	-	-
Interest expense	-	-	-	-	-	-
TOTAL EXPENSES	\$ 171,339	\$ 121,896	\$ 14,433	\$ 237,211	\$ 182,121	\$ 250,294

See accompanying notes.

	<u>Total Program Expenses</u>	<u>General & Admini- stration</u>	<u>Fundraising</u>	<u>Total Support Expenses</u>	<u>Total</u>
Wages	\$ 418,365	\$ 149,259	\$ 43,230	\$ 192,489	\$ 610,854
Payroll taxes	46,368	16,225	4,457	20,682	67,050
Employee benefits	8,110	8,215	-	8,215	16,325
Subtotal - Personnel costs	472,843	173,699	47,687	221,386	694,229
Program supplies	362,146	3,690	156	3,846	365,992
Occupancy	35,071	19,922	-	19,922	54,993
Professional fees	26,711	4,827	1,955	6,782	33,493
Depreciation	29,026	1,150	-	1,150	30,176
Marketing and promotion	12,806	545	11,916	12,461	25,267
Insurance	5,389	13,214	-	13,214	18,603
Travel and entertainment	15,657	582	449	1,031	16,688
Telephone and internet	3,873	5,519	6,048	11,567	15,440
Training and development	6,207	-	32	32	6,239
Cost of goods sold	6,045	-	-	-	6,045
Office supplies	1,520	3,656	220	3,876	5,396
Bad debt expense	-	5,000	-	5,000	5,000
Miscellaneous expense	-	333	357	690	690
Interest expense	-	301	-	301	301
TOTAL EXPENSES	<u>\$ 977,294</u>	<u>\$ 232,438</u>	<u>\$ 68,820</u>	<u>\$ 301,258</u>	<u>\$ 1,278,552</u>

See accompanying notes.

LOCAL MOTION INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2014

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from grants	\$ 1,095,366
Cash received from contributions	223,196
Other operating cash receipts	359,050
Interest and dividends received	178
Cash paid for personnel	(683,736)
Cash paid for operating goods and services	(823,807)
Interest paid	(301)
	<u>169,946</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	169,946

CASH FLOWS FROM INVESTING ACTIVITIES

Sale of property and equipment	4,444
Purchases of property and equipment	(868,631)
	<u>(864,187)</u>
NET CASH USED BY INVESTING ACTIVITIES	(864,187)

CASH FLOWS FROM FINANCING ACTIVITIES

Transfer of restricted cash for capital purposes	472,990
Proceeds from note payable	20,000
	<u>492,990</u>
NET CASH PROVIDED BY FINANCING ACTIVITIES	492,990

DECREASE IN CASH	(201,251)
BEGINNING CASH	264,874
	<u>63,623</u>
ENDING CASH	\$ 63,623

RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES

Change in net assets	\$ 350,852
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation expense	30,176
Bad debt expense	5,000
Gain on sale of assets	(1,625)
(Increase) decrease in:	
Grants receivable	13,024
Pledges receivable	38,816
Accounts receivable	(1,829)
Inventory	2,828
Prepaid expenses and deposits	(1,781)
Increase (decrease) in:	
Accounts payable	(276,008)
Accrued payroll liabilities	10,493
Total adjustments	<u>(180,906)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 169,946

See accompanying notes.

LOCAL MOTION INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2014

1) SUMMARY OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

Summary of operations

Local Motion Inc. (the Organization) was formed in 1999 as Burlington Bikeways, Inc. and changed to its present name in 2001. Local Motion Inc. is a greater Burlington nonprofit organization promoting people-powered transportation and recreation for healthy and sustainable Vermont communities. The Organization generates its revenue through grants, contributions, sponsorships, and related program services.

Financial statement presentation

Local Motion Inc. prepares its financial statements on the accrual basis of accounting in accordance with generally accepted accounting principles. The Organization is required to report information regarding its financial position according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

Cash and cash equivalents

For the purposes of the Statement of Cash Flows, Local Motion Inc. considers all unrestricted, highly-liquid securities with an initial maturity of three months or less to be cash equivalents.

Local Motion Inc. maintains all of its cash in Vermont banks and credit unions. Amounts on deposit are insured up to \$250,000 per bank per depositor. There were no amounts on deposit in excess of the federally insured limit as of December 31, 2014.

Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified as unrestricted net assets.

LOCAL MOTION INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2014

1) SUMMARY OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Donated services

The Organization receives noncash contributions in the form of volunteers performing various functions to support various program activities. Donated services are recognized if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. No amounts have been reflected in the financial statements for donated services since they do not meet the criteria for recognition.

Accounts receivable

Local Motion Inc. uses the allowance method for recording uncollectible accounts receivable. The allowance is based on experience, third-party contracts and other circumstances which may affect the ability of clients to meet their obligations. It is the Organization's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected. The allowance for doubtful accounts was \$0 at December 31, 2014.

Property and equipment

Property and equipment are stated at cost. Donations of property and equipment are recorded as support at their estimated market 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. Absent donor stipulations regarding how long those donated assets must be maintained, Local Motion Inc. reports expirations of donor restrictions when the donated assets or acquired assets are placed in service as instructed by the donor. The Organization reclasses temporarily restricted net assets to unrestricted net assets at that time. Local Motion Inc. received \$2,750 in donated fixed assets in the year ended December 31, 2014.

The cost of maintenance and repairs is charged to expense as incurred. Renewals and betterments costing greater than \$500 are capitalized. Depreciation is computed using the straight-line method over the estimated useful lives of the underlying assets. Depreciation expense was \$30,176 for the year ended December 31, 2014.

Advertising

Advertising costs are charged to expense when incurred. Total advertising costs were \$25,267 for the year ended December 31, 2014.

Income taxes

Local Motion Inc. is a nonprofit corporation exempt from income taxes under IRC Section 501(c)(3). It has been classified as an organization that is not a private foundation under IRC 509(a)(2), and donations to the Organization qualify as charitable contributions. 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 information returns (Form 990) for the years ended December 31, 2013, 2012 and 2011 are subject to examination by taxing authorities, generally for a period of three years after the date filed.

LOCAL MOTION INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

1) SUMMARY OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Functional expenses

The costs of providing various programs and activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

2) CASH - FISCAL SPONSORSHIP FUNDS

Local Motion Inc. is the fiscal sponsor for Bike Fest and Vermont Transit Associates. Prior to January 1, 2015, Burlington Bike Project (BBP) was Bike Recycle Vermont, a program of Local Motion Inc. On January 1, 2015 BBP separated from Local Motion Inc. and formed the new organization. Local Motion Inc. has agreed to act as BBP's fiscal agent while BBP seeks nonprofit status.

3) PLEDGES RECEIVABLE

Pledges receivable are due within one year and, due to their current nature, no allowance is deemed necessary.

4) PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consists of the following at December 31, 2014:

Boats	\$ 276,932
Docks	681,474
Program equipment	56,693
Vehicles	5,750
Office equipment	1,800
	<hr/> 1,022,649
Less accumulated depreciation	<hr/> (143,344)
	<hr/> <u>\$ 879,305</u>

5) BENEFICIAL INTEREST HELD BY OTHERS

In 2008, Local Motion Inc. received a \$16,946 endowment gift which is part of a component fund of the Vermont Community Foundation. The balance of the fund, including accumulated earnings, was \$20,226 as of December 31, 2014.

LOCAL MOTION INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2014

6) COMMITMENTS AND CONTINGENCIES

Grants and contracts require the fulfillment of certain conditions as set forth in the instrument of the grant or contract. Failure to fulfill the conditions could result in the return of funds to the grantors. Although that is a possibility, management deems the contingency remote, since by accepting the awards and their terms, it has accommodated the objectives of Local Motion Inc. to the provisions of the grant.

7) CONCENTRATIONS

In 2014, 46% of Local Motion Inc.'s total support and revenue and 30% of grants receivable as of December 31, 2014 were from one grant source.

8) RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets consist of the following at December 31, 2014:

Island Line/ Bike ferry	\$	26,347
Bike Smart		23,880
Unappropriated earnings on endowment fund		<u>3,280</u>
	\$	<u>53,507</u>

Permanently restricted net assets consist of a beneficial interest in an endowment fund administered by the Vermont Community Foundation (VCF) to be held indefinitely, the income of which is to be used to support Local Motion Inc.'s programs. The VCF Board of Directors exercises variance power over the investment giving it the power to modify any restriction or condition on the distribution of funds for any specified charitable purposes or to a specified organization if, in the sole judgement of the VCF Board, such restriction or condition becomes, in effect, unnecessary, incapable of fulfillment or inconsistent with the charitable needs of the community served.

9) ENDOWMENT FUNDS

Implementation of FSP FAS 117-1

In August 2008, the Financial Accounting Standards Board issued a FASB Staff Position (formerly referred to as No. FAS 117-1), "Endowments of Not-for-Profit Organizations Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds." The Staff Position provides guidance on the net asset classification of donor-restricted endowment funds for a nonprofit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). The Staff Position also requires additional disclosures about an organization's endowment funds (both donor-restricted endowment funds and board-designated endowment funds) whether or not the organization is subject to UPMIFA.

LOCAL MOTION INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2014

9) ENDOWMENT FUNDS (continued)

Interpretation of Relevant Law

The State of Vermont enacted UPMIFA effective May 5, 2009, the provisions of which apply to endowment funds existing or established after that date. Local Motion Inc. adopted the FASB Staff Position for the year ended December 31, 2014. The Board of Directors has determined that Local Motion Inc.'s permanently restricted net assets meet the definition of endowment funds under UPMIFA.

The Board of Directors of Local Motion Inc. has interpreted State of Vermont law as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, Local Motion Inc. classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, and (b) the original value of subsequent gifts to the permanent endowment. There are no explicit donor stipulations that govern Local Motion Inc.'s permanently restricted endowment funds. Investment loss from these funds decreases unrestricted net assets. Local Motion Inc. considers the duration and preservation of the fund, general economic conditions, the possible effect of inflation or deflation, the expected total return of the fund, the availability of other resources, and the general investment policies of the Organization when establishing the investment allocation of the fund.

Endowment Investment and Spending Policies

Local Motion Inc. has adopted investment and spending policies, approved by the Board of Directors, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets over the long term. Local Motion Inc.'s spending and investment policies work together to achieve this objective. The investment policy has provided variance power to Vermont Community Foundation to invest endowment assets in order to achieve this objective.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate of return objectives, Local Motion Inc. relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). Local Motion Inc. targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Funds With Deficiencies

From time to time, the fair value of assets associated with donor-restricted endowment funds may fall below the level the donors or UPMIFA requires the Council to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature that are reported in unrestricted net assets were \$0 as of December 31, 2014.

LOCAL MOTION INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

9) ENDOWMENT FUNDS (continued)

Endowment net asset composition was as follows as of December 31, 2014:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 3,280	\$ 16,946	\$ 20,226
	<u>\$ -</u>	<u>\$ 3,280</u>	<u>\$ 16,946</u>	<u>\$ 20,226</u>

Changes in endowment net assets were as follows for the year ended December 31, 2014:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, January 1, 2014	\$ -	\$ 2,664	\$ 16,946	\$ 19,610
Increase in beneficial interest	<u>-</u>	<u>616</u>	<u>-</u>	<u>616</u>
Endowment net assets, December 31, 2014	<u>\$ -</u>	<u>\$ 3,280</u>	<u>\$ 16,946</u>	<u>\$ 20,226</u>

10) SHORT-TERM DEBT

Note payable at December 31, 2014 consists of a \$20,000 promissory note from the Vermont Land Trust bearing interest of 3%. The balance was paid in full with interest on January 27, 2015.

11) LINE OF CREDIT

Local Motion Inc. has a line of credit with Vermont Federal Credit Union available for working capital purposes. The line accrues interest at the Wall Street Journal Prime rate plus .25% (3.5% at December 31, 2014). It is secured with a security agreement on the assets of the Organization. At year end the line of credit had a limit of \$75,000 and matured at April 20, 2015. On February 10, 2015 the line was subsequently modified to increase the limit to \$100,000, and on June 4, 2015 was again modified to increase the limit to \$125,000 and extend the maturity date to April 30, 2016. There was no outstanding balance on the line of credit at December 31, 2014.

LOCAL MOTION INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

12) OPERATING LEASES

Local Motion Inc. leases its administrative office and Trailside Center under two operating leases that expire in April and July 2015. The leases currently require monthly payments totaling \$3,037. Total lease expense for this space was \$35,517 in 2014.

Future minimum lease commitments are \$18,870 for the year ending December 31, 2015.

13) SUBSEQUENT EVENTS

As disclosed in Note 2, a self-supporting program of Local Motion Inc., Bike Recycle Vermont, separated from Local Motion Inc. and formed a new organization, Burlington Bike Project (BBP) on January 1, 2015. Local Motion Inc. has agreed to act as BBP's fiscal agent while BBP seeks nonprofit status.

As disclosed in Note 10, Local Motion Inc. paid its \$20,000 promissory note to Vermont Land Trust in full with interest on January 27, 2015.

As disclosed in Note 11, the Organization increased its line of credit with the Vermont Federal Credit Union to \$100,000 on February 10, 2015 and then again to \$125,000 on June 4, 2015. The maturity date was extended to April 30, 2016.

On June 1, 2015, Local Motion Inc. merged with Vermont Bicycle and Pedestrian Coalition (VBPC) due to the recent retirement of VBPC's executive director and the shared goals of the organizations. VBPC transferred cash assets totaling approximately \$22,000 and liabilities of approximately \$2,000 to Local Motion Inc.

Local Motion Inc. has evaluated events and transactions for potential recognition or disclosure through October 22, 2015, the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

LOCAL MOTION INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED DECEMBER 31, 2014

Federal Grantor Pass-through Grantor Program Title	Federal CFDA Number	Pass-through Grantor #	Expenditures
National Highway Traffic Safety Administration Pass-through Programs			
<i>State of Vermont, Department of Public Safety</i>			
Governor's Highway Safety Program	20.600	02140-1314-2411	\$ 44,915
Governor's Highway Safety Program	20.600	02140-1415-2413	4,143
Total - National Highway Traffic Safety Administration Pass-through Programs			<u>49,058</u>
U.S. Department of Housing and Urban Development Pass-through Programs			
<i>Northwest Regional Planning Commission:</i>			
Sustainable Communities Regional Planning Grant Program	14.703	N/A	<u>5,500</u>
Total - Department of Housing and Urban Development Pass-through Programs			<u>5,500</u>
U.S. Department of Justice Pass-through Programs			
<i>Vermont Children's Trust Foundation:</i>			
Juvenile Justice and Delinquency Prevention	16.540	009-015/17-CTF	<u>3,528</u>
Total - U.S. Department of Justice Pass-through Programs			<u>3,528</u>
U.S. Department of Transportation: Pass-through Programs			
<i>Chittenden County Regional Planning Commission:</i>			
CCRPC Highway Planning & Construction	20.205	TCSP-Circ 2014-02	14,247
CCRPC TDM	20.205	TCSP #3	12,390
CCRPC PL Funds	20.205	PL 2014-07	23,977
CCRPC PL Funds	20.205	PL 2015-03-R	35,293
CCRPC FTA 5303	20.505	PL 2014-07	16,327
CCRPC FTA 5303	20.505	PL 2015-03-R	2,222
			<u>104,456</u>
<i>State of Vermont, Agency of Transportation:</i>			
South Hero STP EH08(17)	20.205	EH0018	<u>737,232</u>
Total - U.S. Department of Transportation: Pass-through Programs			<u>841,688</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 899,774</u>

LOCAL MOTION INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 1) BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Local Motion Inc., and is presented in accordance with OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations". Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in, the preparation of the basic financial statements.