



**LOCAL MOTION INC.**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2020 AND 2019**

**JMM & ASSOCIATES  
CERTIFIED PUBLIC ACCOUNTANTS**

**LOCAL MOTION INC.**  
**FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**LOCAL MOTION INC.**  
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**DECEMBER 31, 2020 AND 2019**

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VT License #92-0000171

## INDEPENDENT ACCOUNTANT'S REVIEW REPORT

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

### Report on the Financial Statements

We have reviewed the accompanying financial statements of Local Motion Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

### 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.

### Accountant's Responsibility

Our responsibility is to conduct the review engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

### Accountant's Conclusion

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

*JMM & Associates*

June 14, 2021

JMM & ASSOCIATES ■ CERTIFIED PUBLIC ACCOUNTANTS

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**LOCAL MOTION INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2020 AND 2019**

**A S S E T S**

	<b>2020</b>	<b>2019</b>
<b>CURRENT ASSETS</b>		
Cash - undesignated	\$ 186,579	\$ 113,660
Cash - fiscal sponsorship funds	7,271	3,599
Grants receivable	33,942	25,818
Accounts receivable	10,277	27,127
Inventory	17,436	17,436
Prepaid expenses and deposits	10,139	11,006
	<b>265,644</b>	<b>198,646</b>
 <b>PROPERTY, PLANT AND EQUIPMENT</b>		
Property, plant and equipment	1,185,633	1,204,444
Less accumulated depreciation	(468,601)	(421,237)
	<b>717,032</b>	<b>783,207</b>
 <b>OTHER ASSETS</b>		
Beneficial interest held by others	24,080	22,410
Cash - designated for capital	51,544	65,839
	<b>75,624</b>	<b>88,249</b>
 <b>TOTAL ASSETS</b>	<b>\$ 1,058,300</b>	<b>\$ 1,070,102</b>

See accompanying notes and independent accountant's review report.

## LIABILITIES AND NET ASSETS

	2020	2019
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 4,595	\$ 19,096
Fiscal sponsorship funds	7,271	3,599
Accrued expenses	43,234	45,805
<b>TOTAL CURRENT LIABILITIES</b>	55,100	68,500
<b>NET ASSETS</b>		
Without donor restrictions:		
Undesignated	897,925	824,775
Board designated for ferry capital expenses	51,544	65,839
Total net assets without donor restrictions	949,469	890,614
With donor restrictions:		
Restricted for future periods or specific purposes	36,785	94,042
Restricted in perpetuity	16,946	16,946
Total net assets with donor restrictions	53,731	110,988
<b>TOTAL NET ASSETS</b>	1,003,200	1,001,602
<b>TOTAL LIABILITIES AND NET ASSETS</b>	\$ 1,058,300	\$ 1,070,102

See accompanying notes and independent accountant's review report.

**LOCAL MOTION INC.**

**STATEMENTS OF ACTIVITIES**

**FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

	<b>2020</b>	<b>2019</b>
<b>CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>		
<b>SUPPORT AND REVENUES</b>		
Grant income	\$ 252,984	\$ 280,443
Contributions	211,844	164,991
COVID relief income	208,168	-
Advertising and sponsorship income	8,190	40,978
Retail sales	293	4,176
Rental income	170,359	270,125
Service income	13,499	159,494
Miscellaneous income	1,104	199
Investment income	635	669
Gain on asset disposal	7,857	637
Subtotal - Support and Revenues	874,933	921,712
Net assets released from restrictions	69,027	59,564
 <b>TOTAL SUPPORT AND REVENUES</b>	 943,960	 981,276
 <b>EXPENSES</b>		
Program Expenses:		
Community, education and safety	224,415	312,670
Trailside Center and other services	117,086	160,262
Bike ferry operations	139,548	190,303
Total Program Expenses	481,049	663,235
Support Expenses:		
General and administration	277,709	320,822
Fundraising	126,347	171,752
Total Support Expenses	404,056	492,574
 <b>TOTAL EXPENSES</b>	 885,105	 1,155,809
 <b>CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>	 58,855	 (174,533)
 <b>BEGINNING NET ASSETS WITHOUT DONOR RESTRICTIONS</b>	 890,614	 1,065,147
 <b>ENDING NET ASSETS WITHOUT DONOR RESTRICTIONS</b>	 \$ 949,469	 \$ 890,614

See accompanying notes and independent accountant's review report.

LOCAL MOTION INC.

STATEMENTS OF ACTIVITIES (CONTINUED)

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
<b>CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS</b>		
<b>SUPPORT AND REVENUES</b>		
Contributions	\$ 10,100	\$ 25,810
Change in beneficial interest	1,670	3,126
Subtotal - Support and Revenues	<u>11,770</u>	<u>28,936</u>
Net assets released from restrictions	<u>(69,027)</u>	<u>(59,564)</u>
<b>TOTAL SUPPORT AND REVENUES</b>	<u>(57,257)</u>	<u>(30,628)</u>
<b>CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS</b>	(57,257)	(30,628)
<b>BEGINNING NET ASSETS WITH DONOR RESTRICTIONS</b>	<u>110,988</u>	<u>141,616</u>
<b>ENDING NET ASSETS WITH DONOR RESTRICTIONS</b>	<u>\$ 53,731</u>	<u>\$ 110,988</u>
<b>TOTAL CHANGE IN NET ASSETS</b>	<u>\$ 1,598</u>	<u>\$ (205,161)</u>

See accompanying notes and independent accountant's review report.



LOCAL MOTION INC.

STATEMENT OF FUNCTIONAL EXPENSES - 2020

FOR THE YEAR ENDED DECEMBER 31, 2020  
(WITH COMPARATIVE TOTALS FOR 2019)

	<u>Community, Education &amp; Safety</u>	<u>Trailside Ctr. &amp; Other Services</u>	<u>Bike Ferry Operations</u>	<u>Total Program Expenses</u>
Wages	\$ 135,206	\$ 62,291	\$ 43,311	\$ 240,808
Payroll taxes	13,361	6,552	4,582	24,495
Employee benefits	2,823	973	2,137	5,933
	<hr/>	<hr/>	<hr/>	<hr/>
Subtotal - Personnel costs	151,390	69,816	50,030	271,236
Depreciation	20,698	14,308	38,629	73,635
Program supplies	24,195	5,688	38,091	67,974
Professional fees	14,089	6,448	346	20,883
Occupancy	2,994	18,991	5,861	27,846
Information technology	2,984	1,151	21	4,156
Insurance	-	-	4,928	4,928
Marketing and promotion	2,445	325	1,240	4,010
Cost of goods sold	3,810	-	-	3,810
Office expenses	47	131	26	204
Travel and entertainment	1,763	224	271	2,258
Training and development	-	-	105	105
Interest	-	-	-	-
Miscellaneous expense	-	4	-	4
	<hr/>	<hr/>	<hr/>	<hr/>
<b>TOTAL EXPENSES</b>	<u>\$ 224,415</u>	<u>\$ 117,086</u>	<u>\$ 139,548</u>	<u>\$ 481,049</u>

See accompanying notes and independent accountant's review report.

	<b>General &amp; Admini- stration</b>	<b>Fundraising</b>	<b>Total Support Expenses</b>	<b>2020 Total</b>	<b>2019 Total</b>
Wages	\$ 172,497	\$ 104,352	\$ 276,849	\$ 517,657	\$ 650,909
Payroll taxes	14,893	10,132	25,025	49,520	65,404
Employee benefits	4,004	1,476	5,480	11,413	17,021
Subtotal - Personnel costs	191,394	115,960	307,354	578,590	733,334
Depreciation	13,200	-	13,200	86,835	87,311
Program supplies	516	-	516	68,490	100,315
Professional fees	24,520	1,459	25,979	46,862	60,301
Occupancy	15,253	-	15,253	43,099	72,827
Information technology	16,307	200	16,507	20,663	20,598
Insurance	11,631	-	11,631	16,559	20,361
Marketing and promotion	1,561	8,578	10,139	14,149	27,427
Cost of goods sold	-	-	-	3,810	8,901
Office expenses	2,278	64	2,342	2,546	4,585
Travel and entertainment	227	26	253	2,511	18,449
Training and development	736	60	796	901	1,086
Interest	86	-	86	86	245
Miscellaneous expense	-	-	-	4	69
<b>TOTAL EXPENSES</b>	<b>\$ 277,709</b>	<b>\$ 126,347</b>	<b>\$ 404,056</b>	<b>\$ 885,105</b>	<b>\$ 1,155,809</b>

See accompanying notes and independent accountant's review report.

**LOCAL MOTION INC.**

**STATEMENT OF FUNCTIONAL EXPENSES - 2019**

**FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>Community, Education &amp; Safety</u>	<u>Trailside Ctr. &amp; Other Services</u>	<u>Bike Ferry Operations</u>	<u>Total Program Expenses</u>
Wages	\$ 173,871	\$ 87,526	\$ 80,641	\$ 342,038
Payroll taxes	17,115	10,218	9,516	36,849
Employee benefits	3,180	939	2,322	6,441
	<hr/>	<hr/>	<hr/>	<hr/>
Subtotal - Personnel costs	194,166	98,683	92,479	385,328
Program supplies	38,893	17,388	42,045	98,326
Depreciation	26,782	9,093	38,811	74,686
Occupancy	4,438	18,314	5,505	28,257
Professional fees	22,303	6,842	139	29,284
Marketing and promotion	11,888	2,064	5,076	19,028
Information technology	1,799	100	132	2,031
Insurance	-	-	5,168	5,168
Travel and entertainment	9,821	871	412	11,104
Cost of goods sold	2,092	6,809	-	8,901
Office expenses	488	29	126	643
Training and development	-	-	410	410
Interest	-	-	-	-
Miscellaneous expense	-	69	-	69
	<hr/>	<hr/>	<hr/>	<hr/>
<b>TOTAL EXPENSES</b>	<u>\$ 312,670</u>	<u>\$ 160,262</u>	<u>\$ 190,303</u>	<u>\$ 663,235</u>

**See accompanying notes and independent accountant's review report.**

	<b>General &amp; Admini- stration</b>	<b>Fundraising</b>	<b>Total Support Expenses</b>	<b>2019 Total</b>
Wages	\$ 167,581	\$ 141,290	\$ 308,871	\$ 650,909
Payroll taxes	15,448	13,107	28,555	65,404
Employee benefits	8,745	1,835	10,580	17,021
	<hr/>	<hr/>	<hr/>	<hr/>
Subtotal - Personnel costs	191,774	156,232	348,006	733,334
Program supplies	1,845	144	1,989	100,315
Depreciation	12,625	-	12,625	87,311
Occupancy	42,595	1,975	44,570	72,827
Professional fees	29,739	1,278	31,017	60,301
Marketing and promotion	2,277	6,122	8,399	27,427
Information technology	17,928	639	18,567	20,598
Insurance	15,193	-	15,193	20,361
Travel and entertainment	2,159	5,186	7,345	18,449
Cost of goods sold	-	-	-	8,901
Office expenses	3,766	176	3,942	4,585
Training and development	676	-	676	1,086
Interest	245	-	245	245
Miscellaneous expense	-	-	-	69
	<hr/>	<hr/>	<hr/>	<hr/>
<b>TOTAL EXPENSES</b>	<b>\$ 320,822</b>	<b>\$ 171,752</b>	<b>\$ 492,574</b>	<b>\$ 1,155,809</b>

See accompanying notes and independent accountant's review report.

**LOCAL MOTION INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from grants	\$ 316,580	\$ 285,911
Cash received from contributions	219,944	185,684
Other operating cash receipts	210,295	465,836
Interest and dividends received	635	669
Cash paid for personnel	(581,161)	(758,408)
Cash paid for operating goods and services	(234,095)	(319,715)
Interest paid	(86)	(245)
	<u>(67,888)</u>	<u>(140,268)</u>
<b>NET CASH USED BY OPERATING ACTIVITIES</b>		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of property and equipment	14,650	4,154
Purchases of property and equipment	(20,914)	(24,469)
	<u>(6,264)</u>	<u>(20,315)</u>
<b>NET CASH USED BY INVESTING ACTIVITIES</b>		
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from Paycheck Protection Program loan	136,448	-
	<u>136,448</u>	<u>-</u>
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>		
<b>INCREASE (DECREASE) IN CASH</b>	62,296	(160,583)
<b>BEGINNING CASH</b>	<u>183,098</u>	<u>343,681</u>
<b>ENDING CASH</b>	<u>\$ 245,394</u>	<u>\$ 183,098</u>
<b>REPORTED IN THE STATEMENTS OF FINANCIAL POSITION AS:</b>		
Cash - undesignated	\$ 186,579	\$ 113,660
Cash - fiscal sponsorship funds	7,271	3,599
Cash - designated for capital	51,544	65,839
	<u>\$ 245,394</u>	<u>\$ 183,098</u>

See accompanying notes and independent accountant's review report.

**LOCAL MOTION INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**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 whose mission is to bring walking and biking within reach of all Vermonters. 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 two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Cash and cash equivalents

For purposes of the Statements 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, and those accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per bank. There were no amounts on deposit in excess of the FDIC limit as of December 31, 2020 or 2019.

Pending accounting standard

In February 2016, FASB issued ASU No. 2016-02, *Leases* (Topic 842), which will replace the current guidance for leases found in FASB ASC 840. ASU No. 2016-02 will affect most not-for-profits for annual reporting periods beginning on or after December 15, 2020 (the Organization's year ending December 31, 2021). ASU No. 2016-02 applies to both lessees and lessors, and will require lessees with operating leases to recognize a right-of-use asset and related lease liability for leases with terms of 12 months or more. The Organization has not yet determined the effect of this new accounting standard on its financial statements.

Support and revenue

Local Motion Inc. recognizes contributions when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend are met.

Support that is restricted by the donor is reported as an increase in net assets without donor restrictions 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 net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statements of Activities as net assets released from restrictions.

**See independent accountant's review report.**

**LOCAL MOTION INC.**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2020 AND 2019**

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

Basis of accounting

The financial statements of Local Motion Inc. have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

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.

Donated services

The Organization receives donated services 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. Donated service revenue was \$0 for the years ended December 31, 2020 and 2019.

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, 2020 and 2019.

Property, plant and equipment

Purchases of property and equipment are recorded at cost. Donations of property and equipment received without stipulations regarding how long those donated assets must be used are recorded as revenue without donor restrictions at their estimated fair value. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as donor restricted support and are released from restrictions by reclassifying net assets with donor restrictions to net assets without donor restrictions when the asset is placed in service, unless the donor also placed a time restriction on the use of the long-lived asset, in which case the release occurs over the life of the time restriction. Local Motion Inc. received \$2,000 and \$5,117 in donated fixed assets in the years ended December 31, 2020 and 2019, respectively.

The costs of maintenance and repairs are charged to expense as incurred. Renewals and betterments costing greater than \$1,000 are capitalized. Depreciation is computed using the straight-line method over the estimated useful lives of the underlying assets.

**See independent accountant's review report.**

**LOCAL MOTION INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

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

Advertising

Advertising costs are charged to expense when incurred.

Fair value measurements

Fair value for the beneficial interest held by others is measured annually using statements provided by the Vermont Community Foundation.

Inventories

Inventories consist of bike racks, equipment and general products, and are stated at the lower of cost or net realizable value. Cost is determined by the first-in, first-out method. When evidence exists that the net realizable value of the inventory is lower than its cost, the difference is recognized as a loss in the Statements of Activities in the period in which it occurs.

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.

Functional expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statements of Activities. The Statements of Functional Expenses present expenses by function and natural classification. Expenses directly attributable to a specific functional area are reported as expenses of those functional areas, while indirect costs that benefit multiple functional areas have been allocated among the various functional areas based on the proportion of indirect costs to direct wages plus fringe benefits.

Reclassification

Certain amounts in the prior year financial statements of 2019 have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.

**See independent accountant's review report.**



**LOCAL MOTION INC.**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2020 AND 2019**

**2) LIQUIDITY MANAGEMENT**

Local Motion Inc. has a relatively diversified funding structure that helps to mitigate liquidity risk. The three principal funding sources are as follows:

*Grants and contracts:* Local Motion Inc.'s grants and contracts present a range of cash flow implications. Some contracts are reimbursement-type contracts where Local Motion Inc. is reimbursed for work performed and expenses incurred. Some contracts involve upfront lump sum payments. Because most contracts have a one to two year term, the Organization is able to project grant and contract revenue six to twenty-four months in the future, allowing reasonable cash flow projections over the period of a specific contract. The timing of payments on reimbursement contracts largely depends on billing efficiency at the close of the period (monthly or quarterly).

*Earned income:* Local Motion Inc. operates a bike rental center and a bike ferry that are open seasonally from May through October. The main risk is weather-related. Good weather could increase revenue, rainy weather may negatively impact revenue.

*Contributions:* Local Motion Inc. relies on contributions from individuals and businesses. There are typically two fundraising appeals per year: one in the late spring, when biking and walking become viable after the winter, and another at year-end in December. Local Motion Inc. has been able to rely on a pattern of giving that is helpful in predicting cash flow. Additionally, the Organization relies on corporate sponsorship revenue for its individual programs during the year.

Cash flow

The cash flow generated from the main operating season is able to sustain the Organization through the first few months of the following year, enhanced by the year-end annual fundraising appeal. Cash needs are lowest from November through February, but begin to increase in March due to program start-up costs, such as new bike purchases for the rental fleet, program-related inventory purchases, and print materials. In order to bridge the gap before cash once again starts flowing from the Organization's seasonal services, Local Motion Inc. maintains a line of credit for \$200,000 with Vermont Federal Credit Union (Note 11). Once the cash balance turns positive again, the excess cash is maintained in the regular bank accounts. Excess cash beyond weekly needs is moved to the savings account to earn interest.

Operating reserve

Local Motion Inc. does not currently maintain a formal operating reserve fund. The Organization is committed to establishing an operating reserve as soon as is financially practical. It is anticipated that, when implemented, full funding to the three to six month level may take five years.

**See independent accountant's review report.**

**LOCAL MOTION INC.**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2020 AND 2019**

**2) LIQUIDITY MANAGEMENT (continued)**

Liquidity analysis

The following table shows the amount of funds available for general use within one year of the Statements of Financial Position dates. Funds with donor restrictions at December 31, 2020 are available for use in 2021. Additionally, the board designated fund for ferry capital expenses of \$51,544 could be released in an emergency situation. The Organization believes that it has sufficient assets and resources on hand to support operations and cash needs for general expenditures that are not grant and contract-funded within one year from the statement dates.

Financial assets available to meet general expenditures over the next 12 months are as follows as of December 31:

	<u>2020</u>	<u>2019</u>
Cash - undesignated	\$ 186,579	\$ 113,660
Cash - fiscal sponsorship funds	7,271	3,599
Grants receivable	33,942	25,818
Accounts receivable	10,277	27,127
Beneficial interest held by others	24,080	22,410
Cash - designated for capital	51,544	65,839
	<u>313,693</u>	<u>258,453</u>
Less amounts not available to meet general expenditures:		
Cash - fiscal sponsorship funds	(7,271)	(3,599)
Board-designated funds	(51,544)	(65,839)
Endowment fund - held in perpetuity	(16,946)	(16,946)
Assets restricted for future periods or specific purposes	<u>(36,785)</u>	<u>(94,042)</u>
Funds available for general use within one year of the dates of the financial statements	<u>\$ 201,147</u>	<u>\$ 78,027</u>

**3) CASH - FISCAL SPONSORSHIP FUNDS**

Local Motion Inc. is the fiscal sponsor for Bike Fest and Old East End Neighborhood (OEEN). OEEN funds received in 2019 were spent in 2020, and Local Motion Inc. recognized a fee for their services at that time. Additional funds were received and disbursed in 2020. The Organization anticipates all funds to be disbursed within the year.

**See independent accountant's review report.**

**LOCAL MOTION INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**4) PROPERTY, PLANT AND EQUIPMENT**

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

	<u>2020</u>	<u>2019</u>
Boats	\$ 232,360	\$ 235,804
Docks	681,474	681,474
Program equipment	194,404	211,771
Rest area improvements	39,205	39,205
Vehicles	13,828	11,828
Office equipment	<u>24,362</u>	<u>24,362</u>
	1,185,633	1,204,444
Less accumulated depreciation	<u>(468,601)</u>	<u>(421,237)</u>
	<u>\$ 717,032</u>	<u>\$ 783,207</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 Organization granted the Foundation variance power which gives the Foundation's Board of Trustees the power to vary the terms of the gift if conditions or circumstances change after the restriction of the donor was imposed. In 2016, the Company took a distribution from earnings, as allowed by the terms of the fund, for the purpose of supporting the strategic plan process initiated by the Board of Directors.

Fair value for the beneficial interest held by the Vermont Community Foundation is measured using the statement of the assets held by the Foundation and reported by them as of December 31, 2020 and 2019. The statements report the Organization's share of the Foundation's audited holdings. The Organization considers the measurement of its beneficial interest in the Foundation to be a Level 2 measurement within the fair value measurement hierarchy.

**6) COMMITMENTS AND CONTINGENCIES**

In December 2019, the Board of Local Motion approved a merger with Lake Champlain Bikeways, Inc. (LCB), a New York not-for-profit organization incorporated in 2000. In 2020, Local Motion and LCB determined it was in the best interest of both parties to dissolve LCB and transfer the remaining assets to Local Motion Inc. While LCB has minimal financial assets, acquisition of its legacy network of routes through communities around Lake Champlain will give Local Motion Inc. the opportunity to assist with building relationships to boost interest in biking and walking in those communities, as well as supporting regional tourism. LCB was dissolved on June 14, 2021 and \$759 was transferred to Local Motion Inc.

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.

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**LOCAL MOTION INC.**

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**7) REVENUE RECOGNITION**

A portion of Local Motion Inc.'s revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as deferred revenue in the Statements of Financial Position. The Organization did not have any deferred revenue for the years ending December 31, 2020 or 2019.

Local Motion Inc. receives revenue from contracts with customers as follows:

	<u>2020</u>	<u>2019</u>
Grant income	\$ 252,984	\$ 280,443
Retail sales	293	4,176
Rental income	170,359	270,125
Service income	13,499	159,494
	<u>\$ 437,135</u>	<u>\$ 714,238</u>

Grants receivable from contracts with customers were as follows as of December 31:

	<u>2020</u>	<u>2019</u>
Grants receivable - beginning of year	<u>\$ 25,818</u>	<u>\$ 31,286</u>
Grants receivable - end of year	<u>\$ 33,942</u>	<u>\$ 25,818</u>

There were no contract assets, contract liabilities or deferred revenues as of the beginning or end of year for the years ended December 31, 2020 or 2019.

**8) BOARD-DESIGNATED NET ASSETS**

The Board of Directors designated funds from a 2015 settlement for future ferry capital expenses. Ferry capital expenses were \$14,295 and \$8,909 for the years ended December 31, 2020 and 2019, respectively. Board designated net assets were \$51,544 and \$65,839 as of December 31, 2020 and 2019, respectively.

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**9) NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions consisted of the following at December 31:

	<b>2020</b>	<b>2019</b>
Subject to expenditure for specified purpose or period:		
Advocacy	\$ 19,551	\$ 67,768
Bike Ferry	10,100	-
Unappropriated earnings on endowment fund	7,134	5,464
Bike Smart	-	10,000
Time restricted	-	10,000
Other programs	-	810
	36,785	94,042
Endowment:		
Beneficial interest held by others	16,946	16,946
	\$ 53,731	\$ 110,988

**10) 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.

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 net assets restricted in perpetuity meet the definition of endowment funds under UPMIFA.

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## LOCAL MOTION INC.

### NOTES TO FINANCIAL STATEMENTS

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#### Interpretation of relevant law (continued)

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 net assets restricted in perpetuity (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 endowment funds restricted in perpetuity. Investment loss from these funds decreases net assets with donor restrictions. 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 require the Organization to retain as a fund of perpetual duration (underwater endowments). In accordance with GAAP, deficiencies of this nature that are reported in net assets with restrictions were \$0 as of December 31, 2020 and 2019.

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**10) ENDOWMENT FUNDS (continued)**

Endowment net asset composition was as follows as of:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>December 31, 2020:</b>			
Donor-restricted endowment funds	\$ -	\$ 16,946	\$ 16,946
Accumulated investment gains	-	7,134	7,134
	<u>\$ -</u>	<u>\$ 24,080</u>	<u>\$ 24,080</u>
<b>December 31, 2019:</b>			
Donor-restricted endowment funds	\$ -	\$ 16,946	\$ 16,946
Accumulated investment gains	-	5,464	5,464
	<u>\$ -</u>	<u>\$ 22,410</u>	<u>\$ 22,410</u>

Changes in endowment net assets were as follows for the years ended December 31, 2020 and 2019:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Endowment net assets, January 1, 2019</b>			
Donations to be maintained in perpetuity	\$ -	\$ 16,946	\$ 16,946
Accumulated investment gains	-	2,338	2,338
Change in beneficial interest	-	3,126	3,126
Distributions	-	-	-
	<u>\$ -</u>	<u>\$ 22,410</u>	<u>\$ 22,410</u>
<b>Endowment net assets, January 1, 2020</b>			
Donations to be maintained in perpetuity	\$ -	\$ 16,946	\$ 16,946
Accumulated investment gains	-	5,464	5,464
Change in beneficial interest	-	1,670	1,670
Distributions	-	-	-
	<u>\$ -</u>	<u>\$ 24,080</u>	<u>\$ 24,080</u>

**11) LINE OF CREDIT**

Local Motion Inc. has a line of credit with Vermont Federal Credit Union, available for working capital purposes. The line of credit has a limit of \$200,000, carries the Wall Street Journal Prime rate (3.25% and 4.75% as of December 31, 2020 and 2019, respectively) and is payable on demand. There was no outstanding balance on the line at December 31, 2020 or 2019.

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## LOCAL MOTION INC.

### NOTES TO FINANCIAL STATEMENTS

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#### 12) OPERATING LEASES

Local Motion Inc. leases its administrative offices and Trailside Center under operating leases that are on a month-to-month basis. The landlord gave Local Motion Inc. reduced rent from April through December 2020. The leases currently require monthly payments totaling \$4,805. Total lease expenses for this space were \$30,015 and \$59,192 for the years ended December 31, 2020 and 2019, respectively.

#### 13) RETIREMENT PLAN

Local Motion Inc. has a Simplified Employee Retirement (SEP) Plan that provides benefits for employees who have worked for at least two years, earned over \$600 each year and are at least 21 years old as of December 31 of the year in question. The amount of the annual contribution is determined by the Board of Directors. Retirement expenses were \$4,031 and \$4,909 for the years ended December 31, 2020 and 2019, respectively.

#### 14) GLOBAL PANDEMIC

On March 16, 2020, the Governor of Vermont issued a "Stay Home, Stay Safe" executive order in response to the COVID-19 pandemic. Year-round staff transitioned to remote work, while part-time staff for programs that worked with school children and relied on interaction with individuals and groups were furloughed.

Certain programs, such as Bike Smart and the E-Bike Lending Library, were suspended in early 2020, but resumed on a limited basis in the fall. The Trailside Center and the Bike Ferry had delayed openings, which affected overall revenue. The Bike Ferry modified its operations to run on a "donation only" basis and encouraged online donations, minimizing the handling of physical funds, while maximizing the accessibility and enjoyment of the ferry and its passengers.

In April 2020, Local Motion Inc. received a loan under the U.S. Small Business Administration (SBA) Paycheck Protection Program (PPP) through Vermont Federal Credit Union in the amount of \$136,448. The loan was fully forgiven by the SBA in February 2021 based on eligible costs incurred by December 31, 2020. Local Motion Inc. recognized the loan as miscellaneous income as of December 31, 2020.

In January 2021, Local Motion Inc. received an SBA loan in the amount of \$150,000. The loan carries a 2.75% interest rate and is due in monthly principal and interest payments of \$641 over 30 years starting 12 months after the date of the promissory note. The loan is collateralized by all tangible and intangible personal property. Local Motion Inc. expects to repay the loan within 2021.

In February 2021, Local Motion Inc. received a second loan under the SBA Paycheck Protection Program through Vermont Federal Credit Union. The loan, in the amount of \$136,447, carries a 1% interest rate and is due in equal monthly payments over five years from the date of the repayment date. The repayment date is either the date the loan is forgiven, or 10 months after the last day of the covered period. Under the SBA guidelines, all or a portion of the loan may be forgiven if the funds are utilized for eligible purposes, including personnel and occupancy costs.

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**LOCAL MOTION INC.**  
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**15) SUBSEQUENT EVENTS**

As disclosed in Note 6, Lake Champlain Bikeways, Inc. was dissolved June 14, 2021 and \$759 was transferred to Local Motion Inc.

As disclosed in Note 14, Local Motion Inc. received full forgiveness of their first PPP loan in February 2021.

As disclosed in Note 14, Local Motion Inc. received an SBA loan of \$150,000 in January 2021.

As disclosed in Note 14, Local Motion Inc. received a second PPP loan for \$136,447 in February 2021.

Local Motion Inc. has evaluated events and transactions for potential recognition or disclosure through June 14, 2021, the date the financial statements were available to be issued.

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