



**LOCAL MOTION INC.**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2022 (UNAUDITED)  
AND 2021 (AUDITED)**

**JMM & ASSOCIATES  
CERTIFIED PUBLIC ACCOUNTANTS**

**LOCAL MOTION INC.**  
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VT License #92-0000171

## **INDEPENDENT ACCOUNTANT'S REVIEW REPORT**

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

We have reviewed the accompanying financial statements of Local Motion Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022, 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 engagement 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.

We are required to be independent of Local Motion Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

### **Accountant's Conclusion**

Based on our review, 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.

**Report on 2021 financial statements**

We have previously audited Local Motion Inc.'s 2021 financial statements, and we expressed an unmodified opinion on them in our report dated August 29, 2022. We have not performed any auditing procedures since that date. In our opinion, the summarized comparative information presented herein, as of and for the year ended December 31, 2021, is consistent, in all material aspects, with the audited financial statements from which it has been derived.

A handwritten signature in dark ink that reads "Jmm & Associates". The signature is written in a cursive, flowing style.

July 12, 2023

**LOCAL MOTION INC.**

**STATEMENTS OF FINANCIAL POSITION**

**DECEMBER 31, 2022 (UNAUDITED) AND 2021 (AUDITED)**

**A S S E T S**

	<b>2022</b> <b>(Unaudited)</b>	<b>2021</b> <b>(Audited)</b>
<b>CURRENT ASSETS</b>		
Cash - undesignated	\$ 388,352	\$ 596,756
Cash - fiscal sponsorship funds	16,675	10,386
Grants and other receivables	89,494	70,005
Inventory	14,533	17,813
Prepaid expenses and deposits	16,186	10,588
<b>TOTAL CURRENT ASSETS</b>	<b>525,240</b>	<b>705,548</b>
 <b>PROPERTY, PLANT AND EQUIPMENT</b>		
Property, plant and equipment	1,277,271	1,230,805
Less accumulated depreciation	(612,951)	(549,849)
<b>TOTAL PROPERTY, PLANT AND EQUIPMENT</b>	<b>664,320</b>	<b>680,956</b>
 <b>OTHER ASSETS</b>		
Beneficial interest held by others	22,964	27,014
Right-of-use assets, net of accumulated amortization	394,932	-
Cash - designated for capital	51,544	51,544
<b>TOTAL OTHER ASSETS</b>	<b>469,440</b>	<b>78,558</b>
 <b>TOTAL ASSETS</b>	<b>\$ 1,659,000</b>	<b>\$ 1,465,062</b>

See accompanying notes and independent accountant's review report.

## LIABILITIES AND NET ASSETS

	<b>2022</b> <b>(Unaudited)</b>	<b>2021</b> <b>(Audited)</b>
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 8,502	\$ 8,388
Fiscal sponsorship funds	16,675	10,386
Accrued payroll expenses	55,261	59,328
U.S. Small Business Administration Economic Injury Disaster Loan	-	150,000
Current portion of lease liabilities	88,000	-
<b>TOTAL CURRENT LIABILITIES</b>	<u>168,438</u>	<u>228,102</u>
<b>LONG-TERM LIABILITY</b>		
Lease liabilities, net of current portion	<u>306,932</u>	<u>-</u>
<b>TOTAL LONG-TERM LIABILITY</b>	<u>306,932</u>	<u>-</u>
<b>TOTAL LIABILITIES</b>	<u>475,370</u>	<u>228,102</u>
<b>NET ASSETS</b>		
Without donor restrictions:		
Undesignated	1,062,050	1,158,402
Board designated for ferry capital expenses	51,544	51,544
Total net assets without donor restrictions	<u>1,113,594</u>	<u>1,209,946</u>
With donor restrictions:		
Restricted for future periods or specific purposes	53,090	10,068
Restricted in perpetuity	16,946	16,946
Total net assets with donor restrictions	<u>70,036</u>	<u>27,014</u>
<b>TOTAL NET ASSETS</b>	<u>1,183,630</u>	<u>1,236,960</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 1,659,000</u></u>	<u><u>\$ 1,465,062</u></u>

See accompanying notes and independent accountant's review report.

**LOCAL MOTION INC.**

**STATEMENTS OF ACTIVITIES**

**FOR THE YEARS ENDED DECEMBER 31, 2022 (UNAUDITED) AND 2021 (AUDITED)**

	<b>2022</b> <b>(Unaudited)</b>	<b>2021</b> <b>(Audited)</b>
<b>CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>		
<b>SUPPORT AND REVENUES</b>		
Grant income	\$ 444,418	\$ 432,001
Contributions	348,180	317,622
COVID relief income	-	136,450
Advertising and sponsorship income	9,700	16,360
Retail sales	2,529	-
Rental income	362,966	405,385
Service income	42,834	27,772
Miscellaneous income	668	6,881
Investment income	2,515	1,941
Loss on asset disposal	(3,030)	-
Subtotal - Support and Revenues	<u>1,210,780</u>	<u>1,344,412</u>
Net assets released from restrictions	<u>928</u>	<u>29,652</u>
<b>TOTAL SUPPORT AND REVENUES</b>	<u>1,211,708</u>	<u>1,374,064</u>
<b>EXPENSES</b>		
Program Expenses:		
Community, education and safety	367,334	307,533
Trailside Center and other services	256,904	176,265
Bike ferry operations	188,111	173,534
Total Program Expenses	<u>812,349</u>	<u>657,332</u>
Support Expenses:		
General and administration	401,217	345,911
Fundraising	94,494	110,344
Total Support Expenses	<u>495,711</u>	<u>456,255</u>
<b>TOTAL EXPENSES</b>	<u>1,308,060</u>	<u>1,113,587</u>
<b>CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>	(96,352)	260,477
<b>BEGINNING NET ASSETS WITHOUT DONOR RESTRICTIONS</b>	<u>1,209,946</u>	<u>949,469</u>
<b>ENDING NET ASSETS WITHOUT DONOR RESTRICTIONS</b>	<u><u>\$ 1,113,594</u></u>	<u><u>\$ 1,209,946</u></u>

See accompanying notes and independent accountant's review report.

LOCAL MOTION INC.

STATEMENTS OF ACTIVITIES (CONTINUED)

FOR THE YEARS ENDED DECEMBER 31, 2022 (UNAUDITED) AND 2021 (AUDITED)

	<b>2022</b> <b>(Unaudited)</b>	<b>2021</b> <b>(Audited)</b>
<b>CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS</b>		
<b>SUPPORT AND REVENUES</b>		
Contributions	\$ 48,000	\$ -
Change in beneficial interest	(4,050)	2,935
Subtotal - Support and Revenues	43,950	2,935
Net assets released from restrictions	(928)	(29,652)
<b>TOTAL SUPPORT AND REVENUES</b>	<b>43,022</b>	<b>(26,717)</b>
<b>CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS</b>	<b>43,022</b>	<b>(26,717)</b>
<b>BEGINNING NET ASSETS WITH DONOR RESTRICTIONS</b>	<b>27,014</b>	<b>53,731</b>
<b>ENDING NET ASSETS WITH DONOR RESTRICTIONS</b>	<b>\$ 70,036</b>	<b>\$ 27,014</b>
<b>TOTAL CHANGE IN NET ASSETS</b>	<b>\$ (53,330)</b>	<b>\$ 233,760</b>

See accompanying notes and independent accountant's review report.



LOCAL MOTION INC.

STATEMENT OF FUNCTIONAL EXPENSES - 2022

FOR THE YEAR ENDED DECEMBER 31, 2022 (UNAUDITED)  
(WITH COMPARATIVE TOTALS FOR 2021 (AUDITED))

	Community, Education & Safety	Trailside Ctr. & Other Services	Bike Ferry Operations	Total Program Expenses
Wages	\$ 208,319	\$ 141,865	\$ 81,884	\$ 432,068
Payroll taxes	18,812	12,810	7,753	39,375
Employee benefits	1,304	394	1,408	3,106
Subtotal - Personnel costs	228,435	155,069	91,045	474,549
Program supplies	63,664	22,603	39,645	125,912
Occupancy	4,800	37,993	6,651	49,444
Depreciation	19,017	20,006	40,056	79,079
Professional fees	22,512	14,945	1,697	39,154
Marketing and promotion	19,725	3,538	2,822	26,085
Information technology	4,199	580	110	4,889
Insurance	-	-	5,044	5,044
Travel and entertainment	2,953	921	848	4,722
Miscellaneous expense	1,866	1,244	-	3,110
Office expenses	163	5	8	176
Interest	-	-	-	-
Training and development	-	-	185	185
<b>TOTAL EXPENSES</b>	<b>\$ 367,334</b>	<b>\$ 256,904</b>	<b>\$ 188,111</b>	<b>\$ 812,349</b>

See accompanying notes and independent accountant's review report.

	General & Admini- stration	Fundraising	Total Support Expenses	2022 Total (Unaudited)	2021 Total (Audited)
Wages	\$ 200,859	\$ 78,201	\$ 279,060	\$ 711,128	\$ 656,138
Payroll taxes	19,319	6,882	26,201	65,576	57,334
Employee benefits	15,224	667	15,891	18,997	13,842
Subtotal - Personnel costs	235,402	85,750	321,152	795,701	727,314
Program supplies	2,972	-	2,972	128,884	107,926
Occupancy	73,534	-	73,534	122,978	59,690
Depreciation	3,402	-	3,402	82,481	81,247
Professional fees	41,416	1,024	42,440	81,594	64,894
Marketing and promotion	4,545	6,874	11,419	37,504	15,172
Information technology	20,637	542	21,179	26,068	25,301
Insurance	13,126	-	13,126	18,170	16,400
Travel and entertainment	2,861	203	3,064	7,786	6,993
Miscellaneous expense	-	-	-	3,110	2,508
Office expenses	2,812	101	2,913	3,089	2,550
Interest	361	-	361	361	3,500
Training and development	149	-	149	334	92
<b>TOTAL EXPENSES</b>	<b>\$ 401,217</b>	<b>\$ 94,494</b>	<b>\$ 495,711</b>	<b>\$ 1,308,060</b>	<b>\$ 1,113,587</b>

See accompanying notes and independent accountant's review report.

LOCAL MOTION INC.

STATEMENT OF FUNCTIONAL EXPENSES - 2021

FOR THE YEAR ENDED DECEMBER 31, 2021 (AUDITED)

	Community, Education & Safety	Trailside Ctr. & Other Services	Bike Ferry Operations	Total Program Expenses
Wages	\$ 179,921	\$ 104,137	\$ 76,700	\$ 360,758
Payroll taxes	16,491	9,769	7,295	33,555
Employee benefits	1,304	394	1,408	3,106
Subtotal - Personnel costs	197,716	114,300	85,403	397,419
Program supplies	57,301	14,672	34,889	106,862
Depreciation	22,638	11,065	38,566	72,269
Professional fees	11,435	15,468	1,140	28,043
Occupancy	3,070	16,253	6,360	25,683
Information technology	5,984	1,591	160	7,735
Insurance	-	-	4,937	4,937
Marketing and promotion	3,295	1,305	1,677	6,277
Travel and entertainment	4,380	833	339	5,552
Interest	-	-	-	-
Office expenses	84	-	33	117
Miscellaneous expense	1,630	778	-	2,408
Training and development	-	-	30	30
<b>TOTAL EXPENSES</b>	<b>\$ 307,533</b>	<b>\$ 176,265</b>	<b>\$ 173,534</b>	<b>\$ 657,332</b>

See accompanying notes and independent accountant's review report.

	General & Admini- stration	Fundraising	Total Support Expenses	2021 Total (Audited)
Wages	\$ 203,553	\$ 91,827	\$ 295,380	\$ 656,138
Payroll taxes	15,718	8,061	23,779	57,334
Employee benefits	10,069	667	10,736	13,842
Subtotal - Personnel costs	229,340	100,555	329,895	727,314
Program supplies	702	362	1,064	107,926
Depreciation	8,978	-	8,978	81,247
Professional fees	35,300	1,551	36,851	64,894
Occupancy	34,007	-	34,007	59,690
Information technology	17,192	374	17,566	25,301
Insurance	11,463	-	11,463	16,400
Marketing and promotion	1,596	7,299	8,895	15,172
Travel and entertainment	1,271	170	1,441	6,993
Interest	3,500	-	3,500	3,500
Office expenses	2,420	13	2,433	2,550
Miscellaneous expense	100	-	100	2,508
Training and development	42	20	62	92
<b>TOTAL EXPENSES</b>	<b>\$ 345,911</b>	<b>\$ 110,344</b>	<b>\$ 456,255</b>	<b>\$ 1,113,587</b>

See accompanying notes and independent accountant's review report.

**LOCAL MOTION INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2022 (UNAUDITED) AND 2021 (AUDITED)**

	<b>2022</b> <b>(Unaudited)</b>	<b>2021</b> <b>(Audited)</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from grants	\$ 424,929	\$ 542,665
Cash received from contributions	401,269	318,062
Other operating cash receipts	418,697	456,398
Interest and dividends received	2,515	1,941
Cash paid for personnel	(799,768)	(711,220)
Cash paid for operating goods and services	(430,521)	(296,980)
Interest paid	(361)	(3,500)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>16,760</u>	<u>307,366</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of property and equipment	3,040	-
Purchases of property and equipment	(71,915)	(44,074)
<b>NET CASH USED BY INVESTING ACTIVITIES</b>	<u>(68,875)</u>	<u>(44,074)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Economic Injury Disaster Loan payoff	(150,000)	-
Proceeds from Economic Injury Disaster Loan	-	150,000
<b>NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES</b>	<u>(150,000)</u>	<u>150,000</u>
<b>INCREASE (DECREASE) IN CASH</b>	(202,115)	413,292
<b>BEGINNING CASH</b>	<u>658,686</u>	<u>245,394</u>
<b>ENDING CASH</b>	<u><u>\$ 456,571</u></u>	<u><u>\$ 658,686</u></u>
<b>REPORTED IN THE STATEMENTS OF FINANCIAL POSITION AS:</b>		
Cash - undesignated	\$ 388,352	\$ 596,756
Cash - fiscal sponsorship funds	16,675	10,386
Cash - designated for capital	51,544	51,544
	<u><u>\$ 456,571</u></u>	<u><u>\$ 658,686</u></u>

See accompanying notes and independent accountant's review report.

## LOCAL MOTION INC.

### NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022 (UNAUDITED) AND 2021 (AUDITED)

#### 1) SUMMARY OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

##### Summary of operations

Local Motion Inc. (the Organization or Local Motion) 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 make it safe, accessible, and fun for everyone to bike, walk, and roll in Vermont. The Organization generates its revenue through grants, contributions, sponsorships, and related program services.

The following programs are included in the accompanying financial statements:

##### Community, education & safety

Community, Education & Safety programs are multi-age education, safety and advocacy programs including Bike Smart, Safe Routes for All, Everyday Bicycling Project, and Complete Streets.

Bike Smart is Local Motion's youth education program, giving preference (and scholarships) to schools with a high percentage of students receiving free and reduced lunch. This program has reached over 70 towns in all 14 Vermont counties. Safe Routes for All is a comprehensive program designed to make all road users safe while using our roadways. The goal of this program is to increase walking and biking by improving the safety of our streets. The Everyday Bicycling Project includes workshops that are inclusive and accessible to be as inviting as possible for anyone who is interested in bicycling more. Workshop leaders are experienced transportation bicycle riders who work hard to create a welcoming and inspiring atmosphere that recognizes that everyone will engage in bicycling at their own levels. The innovative and free E-Bike Lending Library based in Burlington plus satellite and traveling libraries around the state provides increased accessibility to residents to try bicycling as a sustainable mode of transportation.

Local Motion's Complete Streets is focused on improving on-street infrastructure and policy at both the state and local levels, with the goal of making Vermont streets safe and comfortable for all users. We work towards this through a variety of means, including organizing and coalition building, forming and supporting local walk/bike groups, gathering community feedback and providing technical assistance for infrastructure proposals, and helping municipalities experiment with new infrastructure at a low cost through the use of our Pop-Up Project Mobile Support Unit.

##### Trailside Center & other services

The Trailside Bicycle Rental Center at the Burlington waterfront rents bicycles to customers from around the world (80% from outside of Vermont) and the proceeds support the programs described above. The Valet Bike Parking service provides safe and secure bike parking at major events around the greater Burlington area. Local Motion also hosts an interactive map of the Island Line Trail and Burlington-based routes.

## LOCAL MOTION INC.

### NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022 (UNAUDITED) AND 2021 (AUDITED)

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

##### Summary of operations (continued)

##### Bike ferry operations

The world-class Bike Ferry operating at the Colchester Causeway is a Vermont recreational cycling destination, linking the greater Burlington area with the Champlain Islands along the Island Line Trail. Recent riders hail from all 50 states and 30 countries, as well as bicycle tour groups.

##### 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 per depositor. Amounts on deposit in excess of the FDIC limit were approximately \$80,000 and \$356,000 as of December 31, 2022 and 2021, respectively.

##### 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 revenues were not material for the years ended December 31, 2022 and 2021, respectively.

## LOCAL MOTION INC.

### NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022 (UNAUDITED) AND 2021 (AUDITED)

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

##### Support

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.

##### Revenue from contracts with customers

Local Motion Inc. recognizes revenue from rentals, services and retail sales when performance obligations are met. Performance obligations are met for rentals and services when the rental period is complete or the services are performed. Performance obligations are met from retail sales when the goods are transferred to the customer. There were no contract receivables, contract assets, contract liabilities, or deferred revenues as of the beginning or end of the years ended December 31, 2022 or 2021.

##### Leases and adoption of new accounting standard

Effective January 1, 2022, the Organization adopted the provisions of Accounting Standards Update (ASU) No. 2016-02, *Leases* (Topic 842), which replaces the prior guidance for leases found in FASB ASC 840. ASU 2016-02 requires 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 new ASU was applied retroactively. There were no material lease commitments as of December 31, 2021.

Local Motion Inc. is a lessee in operating leases. If the contract provides the Organization the right to substantially all the economic benefits and the right to direct the use of the identified asset, it is considered to be or contain a lease. Right-of-use (ROU) assets and lease liabilities are recognized at the lease commencement date based on the present value of the future lease payments over the expected lease term. ROU assets are also adjusted for any lease prepayments made, lease incentives received, and initial direct costs incurred.

Lease liabilities are initially and subsequently recognized based on the present value of their future lease payments. Variable payments are included in the future lease payments when those variable payments depend on an index or a rate. Increases (decreases) to variable lease payments due to subsequent changes in an index or rate are recorded as variable lease expense (income) in the future period in which they are incurred.

ROU assets for operating leases are subsequently measured throughout the lease term at the amount of the remeasured lease liability (i.e., present value of the remaining lease payments), plus unamortized initial direct costs, plus (minus) any prepaid (accrued) lease payments, less the unamortized balance of lease incentives received, and any impairment recognized.



**LOCAL MOTION INC.**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2022 (UNAUDITED) AND 2021 (AUDITED)**

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

Leases and adoption of new accounting standard (continued)

ROU assets for finance leases are amortized on a straight-line basis over the lease term. Operating leases with fluctuating lease payments: For operating leases with lease payments that fluctuate over the lease term, the total lease costs are recognized on a straight-line basis over the lease term.

The Organization has elected the short-term lease exemption for all leases with a term of 12 months or less for both existing and ongoing operating leases to not recognize the asset and liability for these leases. Lease payments for short-term leases are recognized on a straight-line basis.

Local Motion Inc. has elected to use the practical expedient to not separate lease and non-lease components for all leases and to use the portfolio approach to record similar leases.

The Organization has elected to use the risk-free rate to determine the discount rate for all leases.

The right-of-use asset and liability as of December 31, 2022 are presented as separate line items on the Organization's Statements of Financial Position.

Marketing and promotion

Marketing and promotion costs are charged to expense when incurred.

Reclassification

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

Inventory

Inventory consists of bike racks, equipment and general products, and is 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.

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 direct wages and fringe benefits related to each functional category.

## LOCAL MOTION INC.

### NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022 (UNAUDITED) AND 2021 (AUDITED)

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

##### 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.

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.

##### Fair value measurements

Fair value is defined as the price that would be received to sell an asset in the principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date. Fair value should be based on the assumptions market participants would use when pricing an asset. Accounting principles in the United States of America establish a fair value hierarchy that prioritizes investments based on those assumptions. The fair value hierarchy gives the highest priority to quoted prices in active markets (observable inputs) and the lowest priority to an entity's assumptions (unobservable inputs). The three levels of the fair value hierarchy are described below:

Level 1 - Inputs are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2 - Inputs include quoted prices for similar assets or liabilities in active markets; identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; or inputs that are derived principally from or corroborated by observable market data by correlation or by other means.

Level 3 - Inputs are unobservable and significant to the fair value measurement.

##### 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.

## LOCAL MOTION INC.

### NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022 (UNAUDITED) AND 2021 (AUDITED)

#### 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. Most contracts are reimbursement-type contracts where Local Motion Inc. is reimbursed for work performed and expenses incurred. Because most contracts have a one to three-year term, the Organization is able to project grant and contract revenue one to three years 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, while 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.

#### 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.

#### 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.

#### Liquidity analysis

The following table shows the amount of funds available for general use within one year of the Statements of Financial Position dates. The board-designated fund for ferry capital expenses 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 or contract funded within one year from the statement dates.

**LOCAL MOTION INC.**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2022 (UNAUDITED) AND 2021 (AUDITED)**

**2) LIQUIDITY MANAGEMENT (continued)**

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

	<b>2022</b> <b>(Unaudited)</b>	<b>2021</b> <b>(Audited)</b>
Cash - undesignated	\$ 388,352	\$ 596,756
Cash - fiscal sponsorship funds	16,675	10,386
Grants and other receivables	89,494	70,005
Beneficial interest held by others	22,964	27,014
Cash - designated for capital	51,544	51,544
Total financial assets	569,029	755,705
Less amounts not available to meet general expenditures:		
Cash - fiscal sponsorship funds	(16,675)	(10,386)
Cash - designated for capital	(51,544)	(51,544)
Beneficial interest held by others - held in perpetuity	(16,946)	(16,946)
Assets restricted for future periods or specific purposes	(53,090)	(10,068)
Funds available for general use within one year	<u>\$ 430,774</u>	<u>\$ 666,761</u>

**3) CASH - FISCAL SPONSORSHIP FUNDS**

Local Motion Inc. is the fiscal sponsor for Bike Fest, Old East End Neighborhood (OEEN), and Brattleboro Coalition for Active Transportation (BCAT). Local Motion recognizes a fee of 5% when funds are received. Funds may be received in one year and spent in the next year.

**4) GRANTS AND OTHER RECEIVABLES**

Grants and other receivables due from the Vermont Agency of Transportation as of December 31, 2022 and 2021, respectively, were 22% and 71% of total grants receivable.

Grants and other receivables represent amounts payable in less than one year. Due to their current nature, no allowance is deemed necessary.

**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 (VCF). The Organization granted VCF variance power which gives the VCF'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. The fair value of the fund in excess of the permanent gift is available for management to withdraw. In 2016, Local Motion Inc. took a distribution from earnings for the purpose of supporting the strategic plan process initiated by the Organization's Board of Directors.

**LOCAL MOTION INC.**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2022 (UNAUDITED) AND 2021 (AUDITED)**

**5) BENEFICIAL INTEREST HELD BY OTHERS (continued)**

Fair value for the beneficial interest held by the Vermont Community Foundation is measured using the statement of the assets held by the VCF and reported by them as of December 31, 2022 and 2021. The statements report the Organization's share of the VCF's audited holdings. The Organization considers the measurement of its beneficial interest in the VCF to be a Level 2 measurement within the fair value measurement hierarchy.

**6) PROPERTY, PLANT AND EQUIPMENT**

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

	<b>2022</b> <b>(Unaudited)</b>	<b>2021</b> <b>(Audited)</b>
Boats	\$ 251,097	\$ 232,360
Docks	681,474	681,474
Program equipment	230,137	234,440
Rest area improvements	39,205	39,205
Vehicles	13,828	13,828
Office equipment	32,067	29,498
Construction in progress (bikes)	29,463	-
	<u>1,277,271</u>	<u>1,230,805</u>
Less accumulated depreciation	<u>(612,951)</u>	<u>(549,849)</u>
	<u><u>\$ 664,320</u></u>	<u><u>\$ 680,956</u></u>

**7) 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.

**8) BOARD-DESIGNATED NET ASSETS**

The Board of Directors designated funds from a 2015 settlement for future ferry capital expenses. No Board-designated funds were used for ferry capital expenses for the years ended December 31, 2022 or 2021. Board-designated net assets were \$51,544 as of December 31, 2022 and 2021.

**LOCAL MOTION INC.**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2022 (UNAUDITED) AND 2021 (AUDITED)**

**9) NET ASSETS WITH DONOR RESTRICTIONS**

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

	<b>2022</b> <b>(Unaudited)</b>	<b>2021</b> <b>(Audited)</b>
Restricted for future periods or specific purposes:		
Unappropriated earnings on endowment fund	\$ 6,018	\$ 10,068
Community, safety and education	37,071	-
Time	10,000	-
	<u>53,089</u>	<u>10,068</u>
Restricted in perpetuity:		
Endowment	<u>16,946</u>	<u>16,946</u>
	<u><u>\$ 70,035</u></u>	<u><u>\$ 27,014</u></u>

**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.

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.

**LOCAL MOTION INC.**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2022 (UNAUDITED) AND 2021 (AUDITED)**

**10) 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 net assets restricted in perpetuity 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 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.

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, 2022 and 2021.

Endowment net asset composition was as follows as of:

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>December 31, 2022 (unaudited):</b>			
Donor-restricted endowment funds	\$ -	\$ 16,946	\$ 16,946
Accumulated investment gains	-	6,018	6,018
	<u>\$ -</u>	<u>\$ 22,964</u>	<u>\$ 22,964</u>
<b>December 31, 2021 (audited):</b>			
Donor-restricted endowment funds	\$ -	\$ 16,946	\$ 16,946
Accumulated investment gains	-	10,068	10,068
	<u>\$ -</u>	<u>\$ 27,014</u>	<u>\$ 27,014</u>

**LOCAL MOTION INC.**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2022 (UNAUDITED) AND 2021 (AUDITED)**

**10) ENDOWMENT FUNDS (continued)**

Changes in endowment net assets were as follows for the years ended December 31, 2022 and 2021:

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Endowment net assets, January 1, 2021</b>			
Donations to be maintained in perpetuity	\$ -	\$ 16,946	\$ 16,946
Accumulated investment gains	-	7,133	7,133
Change in beneficial interest	-	2,935	2,935
Distributions	-	-	-
	<hr/>	<hr/>	<hr/>
<b>Endowment net assets, December 31, 2021</b>	<b><u>\$ -</u></b>	<b><u>\$ 27,014</u></b>	<b><u>\$ 27,014</u></b>
<b>Endowment net assets, January 1, 2022</b>			
Donations to be maintained in perpetuity	\$ -	\$ 16,946	\$ 16,946
Accumulated investment gains	-	10,068	10,068
Change in beneficial interest	-	(4,050)	(4,050)
Distributions	-	-	-
	<hr/>	<hr/>	<hr/>
<b>Endowment net assets, December 31, 2022</b>	<b><u>\$ -</u></b>	<b><u>\$ 22,964</u></b>	<b><u>\$ 22,964</u></b>

**11) LINE OF CREDIT**

Local Motion Inc. has a line of credit with Vermont Federal Credit Union that is collateralized by the bike ferry and is available for working capital purposes. The line of credit has a limit of \$200,000, carries the Wall Street Journal Prime rate (7.5% and 3.25% as of December 31, 2022 and 2021, respectively) and is payable on demand. There was no outstanding balance on the line at December 31, 2022 or 2021.

**12) U.S. SMALL BUSINESS ADMINISTRATION ECONOMIC INJURY DISASTER LOAN**

In January 2021, Local Motion Inc. received a U.S. Small Business Administration (SBA) Economic Injury Disaster Loan in the amount of \$150,000. The loan carried a 2.75% interest rate and was due in monthly principal and interest payments of \$641 over 30 years starting 12 months after the date of the promissory note. The loan was collateralized by all tangible and intangible personal property. In January 2022, the loan principal was repaid and in May 2022, the remaining interest balance of \$3,861 was paid.



**LOCAL MOTION INC.**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2022 (UNAUDITED) AND 2021 (AUDITED)**

**13) OPERATING RIGHT-OF-USE ASSETS AND LEASE LIABILITIES**

Local Motion Inc. leases its administrative offices and Trailside Center, at Main Street Landing and Pine Street, under operating leases with different landlords that are on a month-to-month basis. One landlord gave Local Motion Inc. reduced rent from April 2020 through June 2021. As of December 31, 2021, the leases require monthly payments totaling \$7,092. The other landlord required monthly payments of \$2,000 starting November 2021. The Organization downsized the amount of space under this lease in June 2022 and the monthly payments became \$1,000. Total office lease expenses for these spaces were \$94,240 and \$45,374 for the years ended December 31, 2022 and 2021, respectively.

The Organization also leases two storage units on a month-to-month basis. Total storage lease expenses were \$4,992 and \$5,112 for the years ended December 31, 2022 and 2021, respectively.

The leases for Main Street Landing were combined using the portfolio approach. The leases for the storage space were also combined using the portfolio approach.

Right-of use assets consisted of the following at December 31:

	<b>2022</b> <b>(Unaudited)</b>	<b>2021</b> <b>(Audited)</b>
Right-of-use asset - Main Street Landing	\$ 385,089	\$ -
Accumulated amortization	(47,013)	-
	<u>338,076</u>	<u>-</u>
Right-of-use asset - Pine Street	54,299	-
Accumulated amortization	(5,791)	-
	<u>48,508</u>	<u>-</u>
Right-of-use asset - storage spaces	17,037	-
Accumulated amortization	(8,689)	-
	<u>8,348</u>	<u>-</u>
Total right-of-use assets	456,425	-
Total accumulated amortization	(61,493)	-
	<u><u>\$ 394,932</u></u>	<u><u>\$ -</u></u>

**LOCAL MOTION INC.**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2022 (UNAUDITED) AND 2021 (AUDITED)**

**13) OPERATING RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)**

The future minimum operating lease commitments are as follows for the years ending December 31:

2023	\$ 102,000
2024	101,000
2025	97,000
2026	97,000
2027	33,000
	<hr/>
	430,000
Less discount to net present value	<hr/>
	(35,068)
	<hr/>
	394,932
Less current portion	<hr/>
	(88,000)
	<hr/>
	<hr/>
	\$ 306,932
	<hr/>

Future lease payments have been discounted using the risk free rate at the time of the lease agreement. The risk free rate for the Main Street Landing and Pine Street leases is 4%. The risk free rate for the storage spaces is 5%.

**14) RETIREMENT PLAN**

On January 1, 2021 Local Motion Inc. established a Savings Incentive Match Plan for Employees of Small Employers (SIMPLE) Plan that allows employees who had compensation of \$5,000 or more in the past year or who are reasonably expected to have compensation of \$5,000 or more, to make tax deferred contributions through payroll deduction to an IRA account. Local Motion Inc. matches the contributions up to a certain percentage, determined at the beginning of each year. The match was 3% and totaled \$8,919 for the year ended December 31, 2022. The match was 1% and totaled \$4,238 for the year ended December 31, 2021.

**15) SUBSEQUENT EVENTS**

Local Motion Inc. has evaluated events and transactions for potential recognition or disclosure through July 12, 2023, the date the financial statements were available to be issued.