

**The accompanying financial statements and report are intended for the original recipient. They must be presented in their entirety and may not be modified in any manner.**





**Adventure Cycling Association**

**FINANCIAL REPORT**

**September 30, 2017 and 2016**



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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Adventure Cycling Association  
Missoula, Montana

We have audited the accompanying financial statements of Adventure Cycling Association (a nonprofit organization), which comprise the statements of financial position as of September 30, 2017 and 2016, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Adventure Cycling Association as of September 30, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Information**

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of functional expenses on pages 15 and 16 are presented for purposes of additional analysis and are 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 audits 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.

*Anderson Zurmuehlen & Co., P.C.*

Missoula, Montana  
January 23, 2018

FINANCIAL STATEMENTS

ADVENTURE CYCLING ASSOCIATION  
STATEMENTS OF FINANCIAL POSITION  
September 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 975,223	\$ 1,000,289
Accounts receivable, net	117,790	114,696
Inventory	214,779	195,720
Prepaid expenses	83,923	72,742
Investments	<u>636,994</u>	<u>560,316</u>
Total current assets	<u>2,028,709</u>	<u>1,943,763</u>
<b>LAND, BUILDING AND EQUIPMENT</b>		
Land	84,500	84,500
Land improvements	75,000	10,000
Building	1,169,678	1,041,448
Furniture, fixtures, and equipment	<u>681,751</u>	<u>754,427</u>
	2,010,929	1,890,375
Less: accumulated depreciation	<u>(944,101)</u>	<u>(884,439)</u>
Land, building and equipment, net	<u>1,066,828</u>	<u>1,005,936</u>
<b>OTHER</b>		
	<u>822</u>	<u>822</u>
Total assets	<u>\$ 3,096,359</u>	<u>\$ 2,950,521</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 108,132	\$ 138,227
Accrued liabilities	100,490	126,158
Deferred revenue	<u>676,993</u>	<u>637,142</u>
Total current liabilities	<u>885,615</u>	<u>901,527</u>
<b>DEFERRED REVENUE, LONG-TERM</b>		
Total liabilities	<u>231,506</u>	<u>145,931</u>
	<u>1,117,121</u>	<u>1,047,458</u>
<b>NET ASSETS</b>		
Unrestricted	1,916,127	1,870,350
Temporarily restricted	<u>63,111</u>	<u>32,713</u>
Total net assets	<u>1,979,238</u>	<u>1,903,063</u>
Total liabilities and net assets	<u>\$ 3,096,359</u>	<u>\$ 2,950,521</u>

The Notes to Financial Statements are an integral part of these statements.

ADVENTURE CYCLING ASSOCIATION  
STATEMENT OF ACTIVITIES  
Year Ended September 30, 2017

	2017		
	Unrestricted	Temporarily Restricted	Total
<b>REVENUE AND SUPPORT</b>			
Merchandise sales	\$ 912,881	\$ -	\$ 912,881
Less: Direct and allocated costs	<u>683,301</u>	<u>-</u>	<u>683,301</u>
Net merchandise sales	<u>229,580</u>	<u>-</u>	<u>229,580</u>
Tour sales	2,539,959	-	2,539,959
Less: Direct and allocated costs	<u>2,348,463</u>	<u>-</u>	<u>2,348,463</u>
Net tour sales	<u>191,496</u>	<u>-</u>	<u>191,496</u>
Advertising	411,013	-	411,013
Donations/grants	883,705	56,000	939,705
Investment gains	33,325	-	33,325
Membership dues	1,548,374	-	1,548,374
Miscellaneous	17,870	-	17,870
Royalties/commissions	2,464	-	2,464
Sponsorships	21,000	-	21,000
Net assets released from restrictions	<u>25,602</u>	<u>(25,602)</u>	<u>-</u>
Funds available for program and supporting services	<u>3,364,429</u>	<u>30,398</u>	<u>3,394,827</u>
<b>EXPENSES</b>			
Supporting services			
Fundraising	393,034	-	393,034
Management and general	<u>207,736</u>	<u>-</u>	<u>207,736</u>
Total supporting services	<u>600,770</u>	<u>-</u>	<u>600,770</u>
Funds available for program services	<u>2,763,659</u>	<u>30,398</u>	<u>2,794,057</u>
Program services			
Adventure Cyclist	887,741	-	887,741
Membership	664,225	-	664,225
Outreach	268,556	-	268,556
Routes and mapping	534,612	-	534,612
Travel initiatives	<u>362,748</u>	<u>-</u>	<u>362,748</u>
Total program services	<u>2,717,882</u>	<u>-</u>	<u>2,717,882</u>
Change in net assets	45,777	30,398	76,175
Net assets, beginning of year	<u>1,870,350</u>	<u>32,713</u>	<u>1,903,063</u>
Net assets, end of year	<u>\$ 1,916,127</u>	<u>\$ 63,111</u>	<u>\$ 1,979,238</u>

The Notes to Financial Statements are an integral part of these statements.



ADVENTURE CYCLING ASSOCIATION  
STATEMENT OF ACTIVITIES  
Year Ended September 30, 2016

	2016		
	Unrestricted	Temporarily Restricted	Total
<b>REVENUE AND SUPPORT</b>			
Merchandise sales	\$ 1,030,648	\$ -	\$ 1,030,648
Less: Direct and allocated costs	<u>746,155</u>	<u>-</u>	<u>746,155</u>
Net merchandise sales	<u>284,493</u>	<u>-</u>	<u>284,493</u>
Tour sales	2,395,229	-	2,395,229
Less: Direct and allocated costs	<u>2,231,676</u>	<u>-</u>	<u>2,231,676</u>
Net tour sales	<u>163,553</u>	<u>-</u>	<u>163,553</u>
Advertising	356,905	-	356,905
Donations/grants	840,607	16,750	857,357
Investment gains	38,924	-	38,924
Membership dues	1,528,031	-	1,528,031
Miscellaneous	156,866	-	156,866
Royalties/commissions	4,491	-	4,491
Sponsorships	119,750	-	119,750
Net assets released from restrictions	<u>65,037</u>	<u>(65,037)</u>	<u>-</u>
Funds available for program and supporting services	<u>3,558,657</u>	<u>(48,287)</u>	<u>3,510,370</u>
<b>EXPENSES</b>			
Supporting services			
Fundraising	378,317	-	378,317
Management and general	<u>196,854</u>	<u>-</u>	<u>196,854</u>
Total supporting services	<u>575,171</u>	<u>-</u>	<u>575,171</u>
Funds available for program services	<u>2,983,486</u>	<u>(48,287)</u>	<u>2,935,199</u>
Program services			
Adventure Cyclist	861,637	-	861,637
Travel initiatives	421,007	-	421,007
Membership	727,615	-	727,615
Outreach	321,450	-	321,450
Routes and mapping	<u>547,221</u>	<u>-</u>	<u>547,221</u>
Total program services	<u>2,878,930</u>	<u>-</u>	<u>2,878,930</u>
Change in net assets	104,556	(48,287)	56,269
Net assets, beginning of year	<u>1,765,794</u>	<u>81,000</u>	<u>1,846,794</u>
Net assets, end of year	<u>\$ 1,870,350</u>	<u>\$ 32,713</u>	<u>\$ 1,903,063</u>

The Notes to Financial Statements are an integral part of these statements.

ADVENTURE CYCLING ASSOCIATION  
STATEMENTS OF CASH FLOWS  
Years Ended September 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 76,175	\$ 56,269
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	160,941	158,661
Realized and unrealized gains on investments	(33,325)	(38,924)
Gain on sale of fixed asset	(5,100)	(5,100)
Change in operating assets and liabilities:		
Accounts receivable	(3,094)	(2,222)
Inventory	(19,059)	20,732
Prepaid expenses	(11,181)	(7,782)
Accounts payable	(30,095)	63,305
Accrued liabilities	(25,668)	29,979
Deferred revenue	<u>125,426</u>	<u>26,963</u>
Total adjustments	<u>158,845</u>	<u>245,612</u>
Net cash flows from operating activities	<u>235,020</u>	<u>301,881</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of land, building and equipment	(221,833)	(41,811)
Proceeds from sale of fixed asset	5,100	5,100
Purchase of investments	<u>(43,353)</u>	<u>(156,381)</u>
Net cash flows from investing activities	<u>(260,086)</u>	<u>(193,092)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Advances on line of credit	260,000	60,000
Payments on line of credit	<u>(260,000)</u>	<u>(60,000)</u>
Net cash flows from financing activities	<u>-</u>	<u>-</u>
Net change in cash and cash equivalents	(25,066)	108,789
Cash and cash equivalents, beginning of year	<u>1,000,289</u>	<u>891,500</u>
Cash and cash equivalents, end of year	<u>\$ 975,223</u>	<u>\$ 1,000,289</u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Interest paid during the year	<u>\$ 1,688</u>	<u>\$ 753</u>

The Notes to Financial Statements are an integral part of these statements.

ADVENTURE CYCLING ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2017 and 2016

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Operations**

Founded in 1973, Adventure Cycling Association (the Association) is a member-supported, nonprofit organization dedicated to bicycle travel. The mission of the Association is to inspire and empower people to travel by bicycle.

The Association's activities are supported through contributions, grants, sale of merchandise, advertising, member dues, tour sales, royalties and commissions, and other income. For the years ended September 30, 2017 and 2016, approximately 78% and 79%, respectively, of the Association's revenue was derived from merchandise sales, member dues, and tour sales.

**Basis of Presentation**

The accompanying financial statements are presented in accordance with accounting principles generally accepted in the United States of America (GAAP), as codified by the Financial Accounting Standards Board. The schedules of functional expenses on pages 15 and 16 are presented for purpose of additional analysis and are not a required part of the financial statements. The revenue and changes in net asset information on these schedules has been included as memorandum only, and does not include activity for temporarily restricted net assets.

**Program Services**

The Association's programs consist of seven principal activities, as follows:

***Routes and Mapping***

The Routes and Mapping program is the flagship program of the Association with the creation of the TransAmerica Bicycle Trail. To date, the Association has charted 46,846 miles of bike routes, which now comprises the Adventure Cycling Route Network. Our cartographers research and develop bicycle routes throughout America in order to assist cyclists in their desire to travel by bicycle. The maps are maintained and updated on a regular basis, and new route maps are added to expand the network. These maps include routes for both on-road and off-pavement bicycling. The maps have educational information about history, geology, and geography of the area through which the route travels.

***Travel Initiatives***

Travel Initiatives works to achieve the Association's strategic goal to improve bicycle-travel conditions in North America and make bicycling easier and more accessible for all. Travel Initiatives also cultivates public awareness of the health, economic, environmental, and transportation benefits of improving cycling infrastructure and encouraging people to travel by bicycle.

***Outreach***

The goal of the Outreach program is to inspire people of all ages and backgrounds to travel by bicycle and to help people make their bicycle dreams come true. In our Ambassador Program, people give talks around the country about bicycle travel, using our materials as support. We organize member and public gatherings around the country. We also answer thousands of tour-related questions every year and coordinate Adventure Cycling volunteers.

ADVENTURE CYCLING ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
September 30, 2017 and 2016

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Program Services (Continued)**

***Adventure Cyclist***

The program produces a full-color magazine and other materials designed to inform members of the organization, and the general public, about bicycle travel, and inspire them to ride. The magazine *Adventure Cyclist* is produced nine times a year.

***Tours***

Adventure Cycling tour leaders are skilled educators who build people's bicycle skills, physical endurance, group cooperation, and leadership skills. The Tours program creates unique educational experiences for both on-road and off-pavement bicycling throughout North America. These include self-contained expedition style tours, vehicle-supported event-style bicycle tours in various locations, and educational tours and bicycle tour leader education development in the Leadership Training Courses.

***Merchandise***

The Merchandise sales program offers bicycling products specific to bicycle touring. The Association researches the best cycle wares, as well as reference guides, to assist cyclists in preparation for their trips. The product mix consists of maps (which are produced in-house), books, logo wear (posters, jerseys, hats, T-shirts, socks, etc.), and other bicycle touring gear. Products are featured in the *Cyclosource*, an educational products resource guide.

***Membership***

The Membership program reaches out to novice and expert cyclists, building a greater community of bicyclists in America. This program purpose is to promote cycling by inspiring more people to travel by bicycle. This is done through membership solicitation, special events, publication creation, outreach to libraries, state bicycle coordinators, bicycle clubs, and bicycle shops.

**Cash and Cash Equivalents**

For financial statement purposes, the Association considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents. The Association maintains its bank accounts at a local financial institution. From time to time, certain bank accounts may exceed insured limits. At September 30, 2017 and 2016, bank balances for these accounts were all within the insured limits.

**Accounts Receivable**

The Association extends credit to advertisers in the normal course of selling advertising space in its magazine. Accounts receivable are uncollateralized customer obligations due under normal trade terms requiring payment within 30 days from the invoice date. Accounts receivable are stated at unpaid balances, less an allowance for doubtful accounts.

ADVENTURE CYCLING ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
September 30, 2017 and 2016

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Accounts Receivable (Continued)**

An estimate for uncollectible accounts receivable is calculated based on current delinquent accounts and estimated write-offs based on historical collections. The allowance for doubtful accounts as of September 30, 2017 and 2016 was \$15,891 and \$5,296, respectively. Receivables are considered delinquent if payments are not received in accordance with contractual terms within 60 days. It is the Association's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected. The Association also has pledge receivables that are expected to be received within one year, and are carried at net realizable value. At September 30, 2017 and 2016, the Association had pledges receivable of \$63,111 and \$32,713 classified within accounts receivable, respectively.

**Inventory**

Inventory consists of maps, books, cycling accessories (panniers, racks, etc.), and apparel. Inventory is valued at the lower of cost (determined on the average cost method) or market.

**Shipping Costs**

All amounts billed to a customer in a sales transaction related to shipping represent revenues earned and are reported as revenue. The costs incurred by the Association for shipping are recorded as postage expense.

**Land, Land Improvements, Building and Furniture, Fixtures and Equipment**

Land, land improvements, building, and furniture, fixtures and equipment are stated at purchased cost or at fair value on the date of the gift. Depreciation is provided using the straight-line method over estimated useful lives of 3 to 7 years for furniture, fixtures and equipment and 31.5 years for the building. Amortization is provided using the straight-line method over an estimated useful life of 20 years for land improvements. Repair and maintenance costs are expensed as incurred and betterments costing more than \$1,000 are capitalized. Depreciation expense for the years ended September 30, 2017 and 2016 was \$160,941 and \$158,661, respectively.

**Revenue Recognition**

Membership dues are deferred when received and recognized as revenue on a straight-line basis over the applicable membership benefit period (one or two years for one or two year memberships and ten years for lifetime memberships). The contribution portions of lifetime memberships are recognized as unrestricted donations when received, while the exchange portions are recognized as revenue over the estimated membership benefit period. Costs associated with the procurement of lifetime memberships are expensed as incurred. Tour revenues are recognized in the period in which the tour occurs.

ADVENTURE CYCLING ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
September 30, 2017 and 2016

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Contributions**

Contributions, including unconditional promises to give, are recognized as unrestricted or temporarily restricted revenue in accordance with donor stipulations. Unconditional promises to give with payments due in future periods are recognized as temporarily restricted revenue. Unconditional promises to give are valued at the present value of amounts expected in future years, provided that reliable information is available. Assets donated to the Association are recorded at their fair value as of the date of the gift.

**Expense Allocations**

Certain expenses are allocated to program services according to the portion of cost benefiting each program.

Certain personnel and other costs are allocated to fundraising and management and general expenses on the basis of estimated time identifiable with such services.

**Classification of Net Assets**

The Association classifies contributions as unrestricted, temporarily restricted, or permanently restricted net assets in accordance with donor stipulations. Temporarily restricted net assets are designated for programs and other gifts restricted as to purpose or time. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted net assets.

When a donor restriction expires (time restriction ends or program restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. All expenses are reported in unrestricted net assets, after applicable restrictions have been satisfied.

The Association reports gifts of land or other real or personal property as unrestricted support unless explicit donor stipulations specify how the donated assets must be used.

Unrestricted resources are used at the discretion of the Association's Board of Directors, and for internal operations and administration. Designated net assets represent resources for special projects through Board of Director resolutions.

**Estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities, and the reported amounts of revenue and expenses. Actual results could differ from those estimates.

**Advertising Costs**

The Association expenses the costs of advertising as incurred. Total advertising expense was \$149,643 and \$134,913 in 2017 and 2016, respectively.

ADVENTURE CYCLING ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
September 30, 2017 and 2016

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Income Tax Status**

The Association is a 501(c)(3) organization, which results in its exemption from most federal income taxes. The net income from advertising, certain inventory sales, and certain other items is subject to federal income taxes as unrelated business income. Income taxes related to these activities were not significant for the years ended September 30, 2017 and 2016.

**Reclassification**

A reclassification has been made to the 2016 financial statement presentation to correspond to the current year's format. Net assets and changes in net assets are unchanged due to this reclassification.

**Subsequent Events**

Management has evaluated subsequent events through January 23, 2018, the date which the financial statements were available for issue.

**NOTE 2. CASH AND CASH EQUIVALENTS**

The components of cash and cash equivalents at September 30 are as follows:

	<u>2017</u>	<u>2016</u>
Cash in bank and on hand	\$ 13,757	\$ 71,204
Money market funds	<u>961,466</u>	<u>929,085</u>
Total	<u>\$ 975,223</u>	<u>\$ 1,000,289</u>

**NOTE 3. INVESTMENTS**

The Association has determined the fair value of its investments through the application of GAAP. Under GAAP, all of the Association's investments are measured on a recurring basis using Level 1 inputs under the market approach. Level 1 inputs are quoted prices in active markets as of the measurement date.

ADVENTURE CYCLING ASSOCIATION  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 September 30, 2017 and 2016

**NOTE 3. INVESTMENTS (CONTINUED)**

The Association's investments at September 30 are as follows:

	2017		
	Cost	Unrealized Gains	Fair Value (Level 1)
Mutual funds:			
Fixed income	\$ 400,539	\$ 3,174	\$ 403,713
Foreign	61,732	14,406	76,138
U.S. large cap	83,318	22,380	105,698
U.S. mid cap	10,251	2,300	12,551
U.S. small cap	10,271	2,323	12,594
Alternatives	12,825	269	13,094
Real estate	13,076	130	13,206
Total	<u>\$ 592,012</u>	<u>\$ 44,982</u>	<u>\$ 636,994</u>
	2016		
	Cost	Unrealized Gains	Fair Value (Level 1)
Mutual funds:			
Fixed income	\$ 330,552	\$ 439	\$ 330,991
Foreign	81,080	2,012	83,092
U.S. large cap	97,884	7,275	105,159
U.S. mid cap	10,965	853	11,818
U.S. small cap	11,293	645	11,938
Alternatives	5,415	445	5,860
Real estate	10,935	523	11,458
Total	<u>\$ 548,124</u>	<u>\$ 12,192</u>	<u>\$ 560,316</u>

For the years ended September 30, 2017 and 2016, the Association's investment gain was comprised of an unrealized/realized gains of \$33,325 and \$38,924, respectively. Interest income for the years ended September 30, 2017 and 2016, totaled \$10,796 and \$1,101, respectively.



ADVENTURE CYCLING ASSOCIATION  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 September 30, 2017 and 2016

**NOTE 4. INVENTORY**

The components of inventory at September 30 are as follows:

	<u>2017</u>	<u>2016</u>
Books	\$ 932	\$ 494
Camping	8,866	4,875
Logo wear	77,128	39,482
Maps	60,310	89,657
Other	<u>67,543</u>	<u>61,212</u>
Total	<u>\$ 214,779</u>	<u>\$ 195,720</u>

**NOTE 5. LINE OF CREDIT**

The Association has a \$240,000 revolving line of credit secured by real estate. Interest is variable at 2 percentage points over *The Wall Street Journal* prime rate (4.25% and 3.25% at September 30, 2017 and 2016, respectively) with a floor of 4.5% at September 30, 2017 and 2016. The line of credit matured on October 15, 2017 and was renewed with substantially the same terms through October 15, 2018. The Association did not have an outstanding balance on the line of credit at September 30, 2017 and 2016.

Interest expense totaled \$1,688 and \$753 at September 30, 2017 and 2016, respectively.

**NOTE 6. NET ASSETS**

At September 30, unrestricted and temporarily restricted net assets are as follows:

	<u>2017</u>	<u>2016</u>
Unrestricted		
Board designated–life member	\$ 728,258	\$ 751,903
Board designated–operating reserve	758,485	625,781
Board designated–quasi-endowment	111,717	111,717
Undesignated–general activities	<u>317,667</u>	<u>380,949</u>
Total unrestricted	<u>1,916,127</u>	<u>1,870,350</u>
Temporarily restricted	<u>63,111</u>	<u>32,713</u>
Total net assets	<u>\$ 1,979,238</u>	<u>\$ 1,903,063</u>

ADVENTURE CYCLING ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
September 30, 2017 and 2016

**NOTE 7. PENSION PLAN**

The Association sponsors a 403(b) retirement plan to which all employees with six months of service may contribute. In 2017 and 2016, the Association contributed 2% of compensation for all regular full-time and part-time employees. An additional matching 2% of compensation contribution is also provided to participating employees. Employer contributions are immediately 100% vested. For 2017 and 2016, employer contributions to the plan totaled \$75,253 and \$72,381, respectively.

**NOTE 8. CONCENTRATIONS**

At September 30, 2017, two receivable balances accounted for approximately 53% of the total outstanding accounts receivable balance and at September 30, 2016, one receivable balance accounted for approximately 13% of the total outstanding accounts receivable balance.

**NOTE 9. FUNDRAISING**

Fundraising expenses for the years ended September 30, 2017 and 2016 totaled \$393,034 and \$378,317, respectively. The ratio of fundraising expense to total expenses is 6.2% and 5.9% for the years ended September 30, 2017 and 2016, respectively.

SUPPLEMENTARY INFORMATION

**ADVENTURE CYCLING ASSOCIATION**  
**SCHEDULE 1 – SCHEDULE OF FUNCTIONAL EXPENSES**  
**Year Ended September 30, 2017**

	Program Services						Supporting Services		Total	
	Routes and Mapping	Travel Initiatives	Outreach	Adventure Cyclist	Tours	Merchandise	Membership	Fundraising		Management and General
REVENUES AND SUPPORT (memo only)										
Advertising	\$ -	\$ -	\$ -	\$ 411,013	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 411,013
Donations/grants	766,808	166,500	6,397	-	-	-	-	-	-	939,705
Investment gains	6,600	2,200	1,100	3,300	5,500	2,525	4,400	3,300	4,400	33,325
Membership dues	-	-	-	-	-	-	1,548,374	-	-	1,548,374
Merchandise sales	-	-	-	-	-	912,881	-	-	-	912,881
Miscellaneous	4,650	2,000	-	-	-	-	11,220	-	-	17,870
Royalties/commissions	2,464	-	-	-	-	-	-	-	-	2,464
Sponsorships	-	-	13,000	-	-	-	8,000	-	-	21,000
Tour sales	-	-	-	-	2,539,959	-	-	-	-	2,539,959
Total revenues and support (memo only)	<u>780,522</u>	<u>170,700</u>	<u>20,497</u>	<u>414,313</u>	<u>2,545,459</u>	<u>915,406</u>	<u>1,571,994</u>	<u>3,300</u>	<u>4,400</u>	<u>6,426,591</u>
EXPENSES										
Salaries and benefits	381,990	172,675	102,944	227,844	295,543	123,122	262,359	192,300	91,865	1,850,642
Contract services	31,650	2,000	-	269,192	-	-	26,543	200	33,654	363,239
Cost of purchases	-	-	-	-	-	256,781	-	-	-	256,781
Cost of tours	-	-	-	-	1,656,982	-	-	-	-	1,656,982
Design and media	8,685	69,482	69,482	3,474	125,068	17,371	17,371	34,741	-	345,674
Dues and subscriptions	902	656	-	-	855	-	360	2,270	1,890	6,933
Equipment and software purchase	13,075	-	-	-	-	-	-	-	3,997	17,072
Equipment lease	-	-	-	-	-	5,580	-	-	-	5,580
IT services	32,729	43,638	32,729	4,364	39,275	10,910	21,819	32,729	-	218,193
Marketing/advertising	-	14,964	22,446	4,489	47,886	22,447	22,447	14,964	-	149,643
Miscellaneous	1,564	1,384	186	-	1,461	673	1,572	2,347	1,243	10,430
Occupancy	29,267	12,122	5,737	14,472	24,661	9,862	19,689	12,038	16,074	143,922
Office supplies	383	309	1,590	-	602	2,085	329	123	520	5,941
Other	-	-	-	32,863	-	-	-	-	13,694	46,557
Postage	332	869	4,519	151,372	24,555	143,042	158,176	33,113	940	516,918
Printing	1,170	2,267	2,913	144,743	18,406	57,900	78,583	30,600	45	336,627
Promotional material	176	442	9,724	407	1,355	-	11,956	10,662	-	34,722
Service fees	-	-	-	3,484	79,399	22,227	23,703	7,238	-	136,051
Sponsorship	-	15,000	-	-	-	-	-	-	-	15,000
Staff development	3,401	165	-	-	3,800	249	80	706	215	8,616
Telephone	70	-	-	-	704	325	444	-	-	1,543
Travel/conferences	1,138	15,215	7,106	-	2,911	595	674	6,855	27,915	62,409
Total expenses before depreciation	<u>506,532</u>	<u>351,188</u>	<u>259,376</u>	<u>856,704</u>	<u>2,323,463</u>	<u>673,169</u>	<u>646,105</u>	<u>380,886</u>	<u>192,052</u>	<u>6,189,475</u>
Depreciation	<u>28,080</u>	<u>11,560</u>	<u>9,180</u>	<u>31,037</u>	<u>25,000</u>	<u>10,132</u>	<u>18,120</u>	<u>12,148</u>	<u>15,684</u>	<u>160,941</u>
Total expenses	<u>534,612</u>	<u>362,748</u>	<u>268,556</u>	<u>887,741</u>	<u>2,348,463</u>	<u>683,301</u>	<u>664,225</u>	<u>393,034</u>	<u>207,736</u>	<u>6,350,416</u>
Change in net assets (memo only)	<u>\$ 245,910</u>	<u>\$ (192,048)</u>	<u>\$ (248,059)</u>	<u>\$ (473,428)</u>	<u>\$ 196,996</u>	<u>\$ 232,105</u>	<u>\$ 907,769</u>	<u>\$ (389,734)</u>	<u>\$ (203,336)</u>	<u>\$ 76,175</u>

**ADVENTURE CYCLING ASSOCIATION**  
**SCHEDULE 2 – SCHEDULE OF FUNCTIONAL EXPENSES**  
**Year Ended September 30, 2016**

	Program Services						Supporting Services		Total	
	Routes and Mapping	Travel Initiatives	Outreach	Adventure Cyclist	Tours	Merchandise	Membership	Fundraising		Management and General
<b>REVENUES AND SUPPORT (memo only)</b>										
Advertising	\$ -	\$ -	\$ -	\$ 356,905	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 356,905
Donations/grants	673,857	151,000	32,500	-	-	-	-	-	-	857,357
Investment gains	6,600	3,600	1,600	8,600	5,524	2,500	4,500	2,500	3,500	38,924
Membership dues	-	-	-	-	-	-	1,528,031	-	-	1,528,031
Merchandise sales	-	-	-	-	-	1,030,648	-	-	-	1,030,648
Miscellaneous	-	18,139	31,009	-	106,483	-	1,235	-	-	156,866
Royalties/commissions	4,491	-	-	-	-	-	-	-	-	4,491
Sponsorships	-	119,750	-	-	-	-	-	-	-	119,750
Tour sales	-	-	-	-	2,395,229	-	-	-	-	2,395,229
Total revenues and support (memo only)	<u>684,948</u>	<u>292,489</u>	<u>65,109</u>	<u>365,505</u>	<u>2,507,236</u>	<u>1,033,148</u>	<u>1,533,766</u>	<u>2,500</u>	<u>3,500</u>	<u>6,488,201</u>
<b>EXPENSES</b>										
Salaries and benefits	371,894	229,178	106,260	272,147	316,512	142,480	269,904	173,064	107,256	1,988,695
Contract services	28,565	6,925	-	198,230	1,078	-	31,085	-	18,991	284,874
Cost of purchases	-	-	-	-	-	303,425	-	-	-	303,425
Cost of tours	-	-	-	-	1,548,785	-	-	-	-	1,548,785
Design and media	34,499	68,998	44,848	6,900	103,496	17,249	34,499	34,499	-	344,988
Dues and subscriptions	182	250	-	-	522	-	-	363	1,505	2,822
Equipment and software purchase	15,316	36	-	-	-	-	-	-	4,987	20,339
Equipment lease	-	-	-	-	-	4,652	-	-	-	4,652
IT services	23,519	23,519	47,038	-	47,038	23,519	35,279	35,279	-	235,191
Marketing/advertising	6,746	20,237	20,237	6,746	33,728	6,746	26,982	13,491	-	134,913
Miscellaneous	6,541	239	1,280	-	6,599	868	843	-	2,573	18,943
Occupancy	20,708	10,127	2,580	44,440	15,231	8,338	11,722	8,108	13,736	134,990
Office supplies	302	50	2,005	-	1,412	2,691	361	284	255	7,360
Other	-	-	-	20,232	-	-	-	-	9,990	30,222
Postage	379	960	5,626	150,540	25,069	147,890	178,359	36,054	934	545,811
Printing	-	-	5,123	134,979	21,711	51,986	79,636	29,753	165	323,353
Promotional material	322	1,814	70,454	-	608	-	12,531	24,985	46	110,760
Service fees	-	-	-	2,598	80,954	22,353	22,824	5,576	-	134,305
Sponsorship	-	17,500	-	-	-	-	-	-	-	17,500
Staff development	1,604	1,024	-	600	3,512	208	1,302	484	940	9,674
Telephone	52	477	-	80	399	418	577	3	-	2,006
Travel/conferences	<u>6,923</u>	<u>22,176</u>	<u>6,834</u>	<u>-</u>	<u>6,288</u>	<u>-</u>	<u>920</u>	<u>4,180</u>	<u>22,342</u>	<u>69,663</u>
Total expenses before depreciation	517,552	403,510	312,285	837,492	2,212,942	732,823	706,824	366,123	183,720	6,273,271
Depreciation	<u>29,669</u>	<u>17,497</u>	<u>9,165</u>	<u>24,145</u>	<u>18,734</u>	<u>13,332</u>	<u>20,791</u>	<u>12,194</u>	<u>13,134</u>	<u>158,661</u>
Total expenses	<u>547,221</u>	<u>421,007</u>	<u>321,450</u>	<u>861,637</u>	<u>2,231,676</u>	<u>746,155</u>	<u>727,615</u>	<u>378,317</u>	<u>196,854</u>	<u>6,431,932</u>
Change in Net Assets (memo only)	<u>\$ 137,727</u>	<u>\$ (128,518)</u>	<u>\$ (256,341)</u>	<u>\$ (496,132)</u>	<u>\$ 275,560</u>	<u>\$ 286,993</u>	<u>\$ 806,151</u>	<u>\$ (375,817)</u>	<u>\$ (193,354)</u>	<u>\$ 56,269</u>



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