

EMERYVILLE TRANSPORTATION
MANAGEMENT ASSOCIATION
FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 2018 AND 2017

with
Independent Auditor's Report

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TABLE OF CONTENTS

	<u>Page</u>
I Independent Auditor's Report	1
II Financial Statements	
Statements of Financial Position	2
Statements of Activities and Changes in Net Assets	3
Statements of Cash Flows	4
Notes to Financial Statements	5-8

Low Accountancy

David M. Low, CPA

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Emeryville Transportation
Management Association
Emeryville, California

I have audited the accompanying financial statements of Emeryville Transportation Management Association which comprises the statement of financial position as of December 31, 2018 and 2017, and the related statements of activities and changes in net assets 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 the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audits. I conducted my audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit 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, I express no such opinion. An audit also includes evaluating the appropriateness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of Emeryville Transportation Management Association as of December 31, 2018 and 2017, and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Low Accountancy

Low Accountancy
David M. Low, CPA

March 29, 2019

236 Latera Court, San Ramon, CA 94582-4680
(925) 828-7203 (925) 828-7204 Fax
davelow54@sbcglobal.net

EMERYVILLE TRANSPORTATION
MANAGEMENT ASSOCIATION
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$2,659,113	\$1,995,247
Accounts receivable	82,056	85,507
Prepaid expenses	<u>5,336</u>	<u>4,759</u>
Total Current Assets	2,746,505	2,085,513
Fixed Assets	4,141,914	4,005,499
Less: Accumulated Depreciation	<u>(2,707,138)</u>	<u>(2,487,930)</u>
Net Fixed Assets	<u>1,434,776</u>	<u>1,517,569</u>
TOTAL ASSETS	<u>\$4,181,281</u>	<u>\$3,603,082</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued expenses	\$ 461,119	\$ 258,160
Current portion of notes payable	<u>321,465</u>	<u>307,528</u>
Total Current Liabilities	782,584	565,688
Long-Term Liabilities		
Notes Payable	<u>779,667</u>	<u>555,076</u>
Total Liabilities	<u>1,562,251</u>	<u>1,120,764</u>
Net Assets		
Without donor restrictions		
Designated	1,683,633	1,538,578
Undesignated	<u>935,397</u>	<u>943,740</u>
Total Net Assets	<u>2,619,030</u>	<u>2,482,318</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$4,181,281</u>	<u>\$3,603,082</u>

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

EMERYVILLE TRANSPORTATION
MANAGEMENT ASSOCIATION
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED
DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
Support and Revenues		
PBID proceeds	\$3,476,248	\$3,298,681
Emeryville general benefit contribution	547,397	522,632
West Berkeley shuttle services	340,000	322,560
Paratransit 8 To Go	92,278	149,019
Bayer Mid-Day service	52,105	51,585
Direct billed revenue	98,549	75,593
Other	69,267	1,778
Total Support and Revenues	<u>4,675,844</u>	<u>4,421,848</u>
Expenses		
Shuttle Services		
Contract services-Shuttle Buses	2,075,910	1,925,130
Bus repairs, maintenance and other	580,216	523,243
West Berkeley shuttle services	291,380	297,212
Paratransit 8 To Go	93,543	151,427
Bayer Mid-Day service	40,900	35,908
Management contract	362,347	386,173
Depreciation	625,288	554,769
Total Program Services	<u>4,069,584</u>	<u>3,873,862</u>
Supporting Services:		
Office expense	5,297	4,739
Marketing expenses	4,022	13,624
Insurance	11,871	6,224
Interest	53,958	49,232
Professional fees	37,784	32,100
Book value of disposed assets	72,224	-
Yard rent and property tax charges	140,752	148,932
Yard repairs and maintenance	10,769	10,491
Yard site development and relocation	126,172	13,561
Taxes, fees and licenses	754	609
Telephone and utilities	5,945	6,152
Total Supporting Services	<u>469,548</u>	<u>285,664</u>
Total Expenses	<u>4,539,132</u>	<u>4,159,526</u>
CHANGE IN NET ASSETS W/O DONOR RESTRICTIONS	136,712	262,322
NET ASSETS W/O DONOR RESTRICTIONS-BEG.OF YEAR	<u>2,482,318</u>	<u>2,219,996</u>
NET ASSETS W/O DONOR RESTRICTIONS-END OF YEAR	<u>\$2,619,030</u>	<u>\$2,482,318</u>

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

EMERYVILLE TRANSPORTATION
MANAGEMENT ASSOCIATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED
DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets from unrestricted net assets	\$ 136,712	\$ 262,322
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	625,288	554,769
Book value of disposed assets	72,224	-
(Increase) decrease in current assets:		
Accounts receivable	3,451	37,686
Prepaid expenses	(577)	49,215
Increase (decrease) in current Liabilities:		
Accounts payable and accrued expenses	<u>202,959</u>	<u>(64,208)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>1,040,057</u>	<u>839,784</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(612,220)	(451,627)
Deletion of equipment-net	<u>(2,499)</u>	<u>1,788</u>
NET CASH USED FOR INVESTING ACTIVITIES	<u>(614,719)</u>	<u>(449,839)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Notes payable on purchase of buses	612,220	401,627
Notes payable and advance billing repayments	<u>(373,692)</u>	<u>(275,708)</u>
NET CASH PROVIDED FROM FINANCING ACTIVITIES	<u>238,528</u>	<u>125,919</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	663,866	515,864
BEGINNING CASH AND CASH EQUIVALENTS	<u>1,995,247</u>	<u>1,479,383</u>
ENDING CASH AND CASH EQUIVALENTS	<u>\$2,659,113</u>	<u>\$1,995,247</u>
Supplemental: Interest Paid	\$ <u>53,958</u>	\$ <u>49,232</u>

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

EMERYVILLE TRANSPORTATION
MANAGEMENT ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE 1 - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Organization

Emery Go Round is a shuttle bus service of the Emeryville Transportation Management Association (the Association), a nonprofit organization, whose primary purpose is to increase access and mobility to, from, and within the City of Emeryville (the City), while alleviating congestion through operation of a shuttle program. The Association's Board of Directors, who also serve as the official representative of property owners for the City formed Emeryville Property Based Business Improvement District (PBID), determines tax assessment rates as well as the level of shuttle service on an annual basis.

The Association entered into a "Shuttle Bus Service Funding Agreement" with the City effective July 1, 2015 through June 30, 2030, so that the City can continue to provide the Association with funding for the Shuttle via the PBID in return for the Association operating the Shuttle as contemplated in the PBID Management District Plan.

Significant Accounting Policies:

Basis of Accounting and Financial Statement Presentation

The financial statements of the Association have been prepared on an accrual basis. The significant accounting policies are described below to enhance the usefulness of the financial statements to the reader. The Association has adopted to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. As of December 31, 2018 and 2017, the Association did not have any net assets with donor restrictions.

Designated Net Assets Without Donor Restrictions

Certain amounts of net assets without donor restrictions, have been designated by the Board of Directors as follows:

<u>Designation</u>	<u>Balance</u> <u>12/31/17</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>12/31/18</u>
Non PBID Activities	\$ 138,578	\$ 55	\$ -	\$ 138,633
Operating Reserve	400,000	145,000	-	545,000
Facility Reserve	1,000,000	-	-	1,000,000
Totals	<u>\$1,538,578</u>	<u>\$ 145,055</u>	<u>\$ -</u>	<u>\$1,683,633</u>

EMERYVILLE TRANSPORTATION
MANAGEMENT ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

Significant Accounting Policies:

Subsequent Events

Association management has evaluated subsequent events through March 29, 2019, the date the accompanying financial statements were available to be issued.

Reclassifications

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform to presentations in the current-year financial statements.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Association considers all highly liquid investments available for current use with an initial maturity of less than one month to be cash equivalents. Cash and cash equivalents consist of cash on hand and cash held in checking and money market accounts.

Accounts Receivable

All trade receivables are shown net of an allowance for uncollectible.

Prepaid and Deposits

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items or deposits depending on the nature of the payment.

Income Taxes

The Association is a California nonprofit corporation, exempt from Federal income taxes under Section 501 (C) (4) of the Internal Revenue Code, and State income taxes under Section 23701(f) of the California Revenue and Taxation Code.

Pervasiveness of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

EMERYVILLE TRANSPORTATION
MANAGEMENT ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE 2 - CASH AND CASH EQUIVALENTS AND CREDIT RISK

Cash and cash equivalents at December 31, 2018 and 2017, consisted of the following:

	<u>12/31/18</u>	<u>12/31/17</u>
Petty Cash	\$ 10	\$ 10
Checking Accounts	16,641	54,866
Money Market Accounts	<u>2,642,462</u>	<u>1,940,371</u>
Totals	<u>\$2,659,113</u>	<u>\$1,995,247</u>

Of the Money Market Accounts, on December 31, 2018, all was insured by the Federal Deposit Insurance Corporation.

NOTE 3 - FIXED ASSETS

Fixed Assets activity is comprised of the following:

	<u>Balance</u> <u>12/31/17</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/18</u>
Depreciated Fixed Assets				
Buildings & Improvements	\$ 128,004	\$ -	\$128,004	\$ -
Transportation Equipment	3,754,561	612,220	237,106	4,129,675
Furniture & Fixtures	10,858	-	10,858	-
Equipment	<u>112,076</u>	<u>-</u>	<u>99,837</u>	<u>12,239</u>
Total Fixed Assets	<u>4,005,499</u>	<u>612,220</u>	<u>475,805</u>	<u>4,141,914</u>
Less accumulated depreciation				
Buildings & Improvements	79,598	1,260	80,858	-
Transportation Equipment	2,287,978	624,028	217,107	2,694,899
Furniture & Fixtures	10,858	-	10,858	-
Equipment	<u>109,496</u>	<u>-</u>	<u>97,257</u>	<u>12,239</u>
Total accumulated depreciation	<u>2,487,930</u>	<u>625,288</u>	<u>406,080</u>	<u>2,707,138</u>
Fixed assets, Net	<u>\$1,517,569</u>	<u>\$ (13,068)</u>	<u>\$ (69,725)</u>	<u>\$1,434,776</u>

Depreciated fixed assets include the above categories (e.g., buses, mobile office building, bus equipment and similar items), and are reported in the statement of net assets. The Association capitalizes assets with a cost or donated value of more than \$2,500 and an estimated useful life in excess of five years. Depreciation is calculated using the straight-line method in lives ranging from five to forty years.

EMERYVILLE TRANSPORTATION
MANAGEMENT ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE 4 - NOTES PAYABLE

On April 1, 2017, the Association purchased three 2017 Starcraft XL Shuttle Buses, for \$451,627, with 60 monthly payments of \$7,763 @ a 6.573% imputed interest rate. On March 28, 2016, the Association purchased three 2016 Starcraft XL Shuttle Buses for \$446,685, with 36 monthly payments of \$13,275.50 @ a 4.440% imputed interest rate. On August 2, 2016 the Association purchased three 2016 Starcraft XL Shuttle Buses for \$422,033, with 60 monthly payments of \$7,980.50 @ a 5.118% imputed interest rate. On May 3, 2018 the Association purchased four 2018 Starcraft XL Shuttle Buses for \$622,220, with 60 monthly payments of \$11,346.14 @ a 4.25% imputed interest rate. Future principal payments are as follows:

December 31, 2019	\$ 321,465
December 31, 2020	292,952
December 31, 2021	260,085
December 31, 2022	160,975
December 31, 2023	<u>65,655</u>
Totals	<u>\$1,101,132</u>

NOTE 5 - RENT AGREEMENTS

Effective April 6, 2018 through March 31, 2020, the Association entered into a bus storage parking lot agreement calling for monthly payments of \$6,000 plus utilities. Effective April 4, 2018 through March 31, 2020, the Association entered into an office space agreement calling for monthly payments of \$3,713 plus utilities and janitorial costs. The Association is currently negotiating for alternate sites for its shuttle buses and office space. For the year ended December 31, 2018 the Association paid \$135,341 in rents and \$5,411 in property tax charges. Future minimum lease payments are as follows:

December 31, 2019	\$116,550
December 31, 2020	<u>29,139</u>
Totals	<u>\$145,689</u>

NOTE 6 - COMMITMENTS

Effective February 1, 2018 through December 31, 2020, with a two year option through December 31, 2022, the Association entered into an agreement with the MV Transportation, Inc. to provide bus driver services to the Association. The agreement calls for the Association to reimburse such services on a cost plus fixed fee basis. The Association has also entered into various professional service agreements to assist with the planning, management and overall operations of the Association.