

EMERYVILLE TRANSPORTATION  
MANAGEMENT ASSOCIATION  
FINANCIAL STATEMENTS  
FOR THE YEARS ENDED  
DECEMBER 31, 2016 AND 2015

with  
Independent Auditor's Report

EMERYVILLE TRANSPORTATION  
MANAGEMENT ASSOCIATION  
FINANCIAL STATEMENTS  
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# *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, 2016 and 2015, 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, 2016 and 2015, and the changes in its net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

#### *Low Accountancy*

Low Accountancy  
David M. Low, CPA

March 16, 2017

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EMERYVILLE TRANSPORTATION  
MANAGEMENT ASSOCIATION  
STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
<b>ASSETS</b>		
Current Assets		
Cash and cash equivalents	\$1,479,383	\$ 626,446
Accounts receivable	123,193	144,403
Prepaid expenses	<u>53,974</u>	<u>3,952</u>
Total Current Assets	1,656,550	774,801
Fixed Assets	3,649,462	2,911,344
Less: Accumulated Depreciation	<u>(2,026,963)</u>	<u>(1,702,417)</u>
Net Fixed Assets	<u>1,622,499</u>	<u>1,208,927</u>
 TOTAL ASSETS	 <u>\$3,279,049</u>	 <u>\$1,983,728</u>
 <b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities		
Accounts payable and accrued expenses	\$ 322,368	\$ 208,577
Current portion of notes payable	<u>224,529</u>	<u>277,864</u>
Total Current Liabilities	546,897	486,441
Long-Term Liabilities		
Notes Payable	<u>512,156</u>	<u>-</u>
Total Liabilities	<u>1,059,053</u>	<u>486,441</u>
Net Assets		
Unrestricted		
Designated	1,032,937	323,202
Undesignated	<u>1,187,059</u>	<u>1,174,085</u>
Total Net Assets	<u>2,219,996</u>	<u>1,497,287</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$3,279,049</u>	 <u>\$1,983,728</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, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
Support and Revenues		
PBID proceeds	\$3,250,988	\$2,901,980
Emeryville benefit contribution	455,531	-
West Berkeley shuttle services	273,440	183,995
Paratransit 8 To Go	87,093	76,132
Bayer Mid-Day service	48,640	-
Direct billed revenue	95,678	71,583
Other	64,255	7,846
Total Support and Revenues	<u>4,275,625</u>	<u>3,241,536</u>
Expenses		
Shuttle Services		
Contract services-Shuttle Buses	1,731,891	1,530,128
Bus repairs, maintenance and other	425,499	326,651
West Berkeley shuttle services	235,324	139,838
Paratransit 8 To Go	87,266	75,180
Bayer Mid-Day service	32,618	
Management contract	379,137	253,621
Depreciation	455,146	382,262
Total Program Services	<u>3,346,881</u>	<u>2,707,680</u>
Supporting Services:		
Office expense	6,077	5,723
Marketing expenses	10,626	5,345
Insurance	5,922	5,911
Interest	28,507	26,277
Professional fees	36,278	36,937
Yard rent and property tax charges	107,409	119,796
Yard repairs and maintenance	4,831	10,861
Meeting expenses	-	2,310
Taxes, fees and licenses	419	550
Telephone and utilities	5,956	5,766
Total Supporting Services	<u>206,035</u>	<u>219,476</u>
Total Expenses	<u>3,552,916</u>	<u>2,927,156</u>
CHANGE IN UNRESTRICTED NET ASSETS	722,709	314,380
UNRESTRICTED NET ASSETS-BEGINNING OF YEAR	<u>1,497,287</u>	<u>1,182,907</u>
UNRESTRICTED NET ASSETS-END OF YEAR	<u>\$2,219,996</u>	<u>\$1,497,287</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, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets from unrestricted net assets	\$ 722,709	\$ 314,380
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	455,146	382,262
(Increase) decrease in current assets:		
Accounts receivable	21,210	(40,257)
Prepaid expenses	(50,022)	-
Increase (decrease) in current Liabilities:		
Accounts payable and accrued Expenses	<u>113,791</u>	<u>(122,514)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>1,262,834</u>	<u>533,871</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(868,718)	(423,079)
Sale of fixed assets	<u>-</u>	<u>-</u>
NET CASH USED FOR INVESTING ACTIVITIES	<u>(868,718)</u>	<u>(423,079)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Notes payable on purchase of buses	868,370	-
Notes payable and advance billing repayments	<u>(409,629)</u>	<u>(471,808)</u>
NET CASH PROVIDED FROM FINANCING ACTIVITIES	<u>458,741</u>	<u>(471,808)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	852,857	(361,016)
BEGINNING CASH AND CASH EQUIVALENTS	<u>626,446</u>	<u>987,462</u>
ENDING CASH AND CASH EQUIVALENTS	<u>\$1,479,303</u>	<u>\$ 626,446</u>
Supplemental: Interest Paid	\$ <u>28,507</u>	\$ <u>26,277</u>

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

EMERYVILLE TRANSPORTATION  
MANAGEMENT ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016 AND 2015

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 January 1, 2007 through December 31, 2017, 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 three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. As of December 31, 2016 and 2015, the Association did not have any permanently restricted or temporarily restricted net assets.

Designated Unrestricted Net Assets

Certain amounts of unrestricted net assets have been designated by the Board of Directors as follows:

<u>Designation</u>	<u>Balance</u> <u>12/31/15</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>12/31/16</u>
Non PBID Activities	\$ 138,402	\$ 107	\$ -	\$ 138,509
Operating Reserve	184,800	209,628	-	394,428
Facility Reserve	-	500,000	-	500,000
Totals	<u>\$ 323,202</u>	<u>\$ 709,735</u>	<u>\$ -</u>	<u>\$1,032,937</u>

EMERYVILLE TRANSPORTATION  
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NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016 AND 2015

Significant Accounting Policies:

Subsequent Events

Association management has evaluated subsequent events through March 16, 2017, 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, 2016 AND 2015

NOTE 2 - CASH AND CASH EQUIVALENTS AND CREDIT RISK

Cash and cash equivalents at December 31, 2016 and 2015, consisted of the following:

	<u>12/31/16</u>	<u>12/31/15</u>
Petty Cash	\$ 10	\$ 10
Checking Accounts	140,071	195,001
Money Market Accounts	<u>1,339,302</u>	<u>431,435</u>
Totals	<u>\$1,479,383</u>	<u>\$626,446</u>

Of the Money Market Accounts, on December 31, 2016, 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>12/31/15</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/16</u>
Depreciated Fixed Assets				
Buildings & Improvements	\$ 128,004	\$ -	\$ -	\$ 128,004
Transportation Equipment	2,564,816	868,718	130,600	3,302,934
Furniture & Fixtures	10,858	-	-	10,858
Equipment	<u>207,666</u>	<u>-</u>	<u>-</u>	<u>207,666</u>
Total Fixed Assets	<u>2,911,344</u>	<u>868,718</u>	<u>130,600</u>	<u>3,649,462</u>
Less accumulated depreciation				
Buildings & Improvements	69,508	5,045	-	74,553
Transportation Equipment	1,418,753	450,101	130,600	1,738,254
Furniture & Fixtures	10,858	-	-	10,858
Equipment	<u>203,298</u>	<u>-</u>	<u>-</u>	<u>203,298</u>
Total accumulated depreciation	<u>1,702,417</u>	<u>455,146</u>	<u>130,600</u>	<u>2,026,963</u>
Fixed assets, Net	<u>\$1,208,927</u>	<u>\$413,572</u>	<u>\$ -</u>	<u>\$1,622,499</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 three to forty years.

EMERYVILLE TRANSPORTATION  
MANAGEMENT ASSOCIATION  
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NOTE 4 - NOTES PAYABLE

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. Future principal payments are as follows:

December 31, 2017	\$224,529
December 31, 2018	235,255
December 31, 2019	138,909
December 31, 2020	90,815
December 31, 2021	<u>47,177</u>
Totals	<u>\$736,685</u>

NOTE 5 - RENT AGREEMENTS

Effective July 15, 2013, a third ground lease modification was executed for 60 months through July 14, 2018. The ground lease modification starts at monthly base rents of \$6,398, increasing annually to \$7,202 on July 15, 2017. Property tax charges are not included in the base rent, and have been averaging \$1,503 per month. Effective July 22, 2013 through July 22, 2018, the Association entered into a new modular building lease for \$673 per month, increasing to \$702 per month on August 1, 2016. For the year ended December 31, 2016 the Association paid \$82,587 in rents and \$18,036 in property tax charges. Future minimum lease payments are as follows:

December 31, 2017	\$ 93,479
December 31, 2018	<u>51,724</u>
Totals	<u>\$145,203</u>

NOTE 6 - COMMITMENTS

Effective February 15, 2013 through December 31, 2017, 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.