

EMERYVILLE TRANSPORTATION
MANAGEMENT ASSOCIATION
FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 2017 AND 2016

with
Independent Auditor's Report

EMERYVILLE TRANSPORTATION
MANAGEMENT ASSOCIATION
FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 2017 AND 2016

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, 2017 and 2016, 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, 2017 and 2016, 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

April 21, 2018

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, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$1,995,247	\$1,479,383
Accounts receivable	85,507	123,193
Prepaid expenses	<u>4,759</u>	<u>53,974</u>
Total Current Assets	2,085,513	1,656,550
Fixed Assets	4,005,499	3,649,462
Less: Accumulated Depreciation	<u>(2,487,930)</u>	<u>(2,026,963)</u>
Net Fixed Assets	<u>1,517,569</u>	<u>1,622,499</u>
 TOTAL ASSETS	 <u>\$3,603,082</u>	 <u>\$3,279,049</u>
 LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued expenses	\$ 258,160	\$ 322,368
Current portion of notes payable	<u>307,528</u>	<u>224,529</u>
Total Current Liabilities	565,688	546,897
Long-Term Liabilities		
Notes Payable	<u>555,076</u>	<u>512,156</u>
Total Liabilities	<u>1,120,764</u>	<u>1,059,053</u>
Net Assets		
Unrestricted		
Designated	1,689,824	1,032,937
Undesignated	<u>792,494</u>	<u>1,187,059</u>
Total Net Assets	<u>2,482,318</u>	<u>2,219,996</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$3,603,082</u>	 <u>\$3,279,049</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, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
Support and Revenues		
PBID proceeds	\$3,298,681	\$3,250,988
Emeryville benefit contribution	522,632	455,531
West Berkeley shuttle services	322,560	273,440
Paratransit 8 To Go	149,019	87,093
Bayer Mid-Day service	51,585	48,640
Direct billed revenue	75,593	95,678
Other	1,778	64,255
Total Support and Revenues	<u>4,421,848</u>	<u>4,275,625</u>
Expenses		
Shuttle Services		
Contract services-Shuttle Buses	1,925,130	1,731,891
Bus repairs, maintenance and other	523,243	425,499
West Berkeley shuttle services	297,212	235,324
Paratransit 8 To Go	151,427	87,266
Bayer Mid-Day service	35,908	32,618
Management contract	386,173	379,137
Depreciation	554,769	455,146
Total Program Services	<u>3,873,862</u>	<u>3,346,881</u>
Supporting Services:		
Office expense	4,739	6,077
Marketing expenses	13,624	10,626
Insurance	6,224	5,922
Interest	49,232	28,507
Professional fees	32,100	36,278
Yard rent and property tax charges	148,932	107,409
Yard repairs and maintenance	10,491	4,831
Yard site development and relocation	13,561	-
Taxes, fees and licenses	609	419
Telephone and utilities	6,152	5,956
Total Supporting Services	<u>285,664</u>	<u>206,035</u>
Total Expenses	<u>4,159,526</u>	<u>3,552,916</u>
CHANGE IN UNRESTRICTED NET ASSETS	262,322	722,709
UNRESTRICTED NET ASSETS-BEGINNING OF YEAR	<u>2,219,996</u>	<u>1,497,287</u>
UNRESTRICTED NET ASSETS-END OF YEAR	<u>\$2,482,318</u>	<u>\$2,219,996</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, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets from unrestricted net assets	\$ 262,322	\$ 722,709
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	554,769	455,146
(Increase) decrease in current assets:		
Accounts receivable	37,686	21,210
Prepaid expenses	49,215	(50,022)
Increase (decrease) in current Liabilities:		
Accounts payable and accrued expenses	<u>(64,208)</u>	<u>113,791</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>839,784</u>	<u>1,262,834</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(451,627)	(868,718)
Deletion of equipment-net	<u>1,788</u>	<u>-</u>
NET CASH USED FOR INVESTING ACTIVITIES	<u>(449,839)</u>	<u>(868,718)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Notes payable on purchase of buses	401,627	868,450
Notes payable and advance billing repayments	<u>(275,708)</u>	<u>(409,629)</u>
NET CASH PROVIDED FROM FINANCING ACTIVITIES	<u>125,919</u>	<u>458,821</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	515,864	852,937
BEGINNING CASH AND CASH EQUIVALENTS	<u>1,479,383</u>	<u>626,446</u>
ENDING CASH AND CASH EQUIVALENTS	<u>\$1,995,247</u>	<u>\$1,479,383</u>
Supplemental: Interest Paid	\$ <u>49,232</u>	\$ <u>28,507</u>

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

EMERYVILLE TRANSPORTATION
MANAGEMENT ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

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: unrestricted net assets and restricted net assets. As of December 31, 2017 and 2016, the Association did not have any 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>12/31/16</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>12/31/17</u>
Non PBID Activities	\$ 138,509	\$ 69	\$ -	\$ 138,578
Operating Reserve	394,428	156,818	-	551,246
Facility Reserve	500,000	500,000	-	1,000,000
Totals	<u>\$1,032,937</u>	<u>\$ 656,887</u>	<u>\$ -</u>	<u>\$1,689,824</u>

EMERYVILLE TRANSPORTATION
MANAGEMENT ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

Significant Accounting Policies:

Subsequent Events

Association management has evaluated subsequent events through April 21, 2018, 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, 2017 AND 2016

NOTE 2 - CASH AND CASH EQUIVALENTS AND CREDIT RISK

Cash and cash equivalents at December 31, 2017 and 2016, consisted of the following:

	<u>12/31/17</u>	<u>12/31/16</u>
Petty Cash	\$ 10	\$ 10
Checking Accounts	54,866	140,071
Money Market Accounts	<u>1,940,371</u>	<u>1,339,302</u>
Totals	<u>\$1,995,247</u>	<u>\$1,479,383</u>

Of the Money Market Accounts, on December 31, 2017, 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>12/31/16</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/17</u>
Depreciated Fixed Assets				
Buildings & Improvements	\$ 128,004	\$ -	\$ -	\$ 128,004
Transportation Equipment	3,302,934	451,627	-	3,754,561
Furniture & Fixtures	10,858	-	-	10,858
Equipment	207,666	-	95,590	112,076
Total Fixed Assets	<u>3,649,462</u>	<u>451,627</u>	<u>95,590</u>	<u>4,005,499</u>
Less accumulated depreciation				
Buildings & Improvements	74,553	5,045	-	79,598
Transportation Equipment	1,738,254	549,724	-	2,287,978
Furniture & Fixtures	10,858	-	-	10,858
Equipment	203,298	-	93,802	109,496
Total accumulated depreciation	<u>2,026,963</u>	<u>554,769</u>	<u>93,802</u>	<u>2,487,930</u>
Fixed assets, Net	<u>\$1,622,499</u>	<u>\$ (103,142)</u>	<u>\$ (1,788)</u>	<u>\$1,517,569</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, 2017 AND 2016

NOTE 4 - NOTES PAYABLE

Effective April 1, 2017, the Association implemented three 2017 Starcraft XL Shuttle Buses, purchased for \$451,627, with a down payment of \$50,000, and financing of 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. Future principal payments are as follows:

December 31, 2018	\$307,528
December 31, 2019	216,077
December 31, 2020	173,212
December 31, 2021	135,156
December 31, 2022	<u>30,631</u>
Totals	<u>\$862,604</u>

NOTE 5 - RENT AGREEMENTS

Effective January 1, 2017, a fourth ground lease modification was executed through July 14, 2018. The ground lease modification had a monthly base rent of \$8,000, and was terminated as of April 16, 2018. Property tax charges are not included in the base rent, and have been averaging \$1,513 per month. The Association is currently negotiating for new sites for its shuttle buses and modular office buildings. Effective July 22, 2013 through July 22, 2018, the Association entered into a modular building lease currently at \$701 per month. Also, effective September 8, 2017 through September 8, 2020 the Association entered into lease for two new modular buildings at \$1,283 per month. For the year ended December 31, 2017 the Association paid \$129,508 in rents and \$19,424 in property tax charges. Future minimum lease payments, as known, are as follows:

December 31, 2018	\$48,303
December 31, 2019	15,396
December 31, 2020	<u>10,264</u>
Totals	<u>\$73,963</u>

NOTE 6 - COMMITMENTS

Effective October 24, 2014, and as amended through June 30, 2018, 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.