
TRANSPORTATION RIDERS UNITED, INC.

(A MICHIGAN NON-PROFIT CORPORATION)

**Financial Reports
For The Year Ended
December 31, 2014
(With Comparative Totals for 2013)**



GORDON
Advisors, P.C.

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TRANSPORTATION RIDERS UNITED, INC.
Detroit, Michigan

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
Transportation Riders United, Inc.
Detroit, Michigan

We have audited the accompanying financial statements of Transportation Riders United, Inc. (a nonprofit organization) which comprise the statement of financial position as of December 31, 2014, and the related statements of activities, functional expenses and cash flows for the year 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we 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, 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, based on our audit, the financial statements referred to above present fairly, in all material respects, the financial position of Transportation Riders United, Inc. as of December 31, 2014, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Transportation Riders United, Inc. 2013 financial statements, and our report dated June 10, 2014, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2013, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Gordon Advisors, P.C.

June 9, 2015

TRANSPORTATION RIDERS UNITED, INC.
Statements of Financial Position

ASSETS

	December 31,	
	2014	2013
Cash	\$ 80,664	\$ 108,546
Investments	9,497	20,104
Accounts receivable	3,741	0
Grants receivable	0	40,000
Prepaid expense	1,772	1,775
Total Current Assets	95,674	170,425
Security deposits	900	900
Property and equipment - At cost:		
Computers and equipment	20,340	11,840
Website	0	8,500
	20,340	20,340
Less: Accumulated depreciation	(9,956)	(5,255)
Total Fixed Assets - At cost, less accumulated depreciation	10,384	15,085
	\$ 106,958	\$ 186,410

LIABILITIES AND NET ASSETS

Liabilities

Accrued liabilities	\$ 17,539	\$ 19,539
Total Liabilities	17,539	19,539

Net Assets

Unrestricted	89,419	126,871
Temporarily restricted	0	40,000
Total Net Assets	89,419	166,871
	\$ 106,958	\$ 186,410

TRANSPORTATION RIDERS UNITED, INC.
Statements of Activities
For the Year Ended December 31, 2014
(With Comparative Totals for the Year Ended December 31, 2013)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2014 Total</u>	<u>2013 Total</u>
Revenue and Other Support				
Grants	\$ 73,500	\$ 0	\$ 73,500	\$ 172,000
Membership dues and contributions	45,849	0	45,849	51,188
Special events	12,255	0	12,255	14,250
In-kind donations	4,825	0	4,825	4,159
	<u>136,429</u>	<u>0</u>	<u>136,429</u>	<u>241,597</u>
Net assets released from restrictions - Satisfaction of program restrictions	<u>40,000</u>	<u>(40,000)</u>	<u>0</u>	<u>0</u>
Total Revenue and Other Support	<u>176,429</u>	<u>(40,000)</u>	<u>136,429</u>	<u>241,597</u>
Expenses				
Program expenses	183,564	0	183,564	153,931
Supporting services - Management and general	37,614	0	37,614	44,489
Fundraising	32,614	0	32,614	37,277
Total Expenses	<u>253,792</u>	<u>0</u>	<u>253,792</u>	<u>235,697</u>
Other Income				
Other income	<u>39,911</u>	<u>0</u>	<u>39,911</u>	<u>8,424</u>
Total Other Income	<u>39,911</u>	<u>0</u>	<u>39,911</u>	<u>8,424</u>
Change In Net Assets	<u>(37,452)</u>	<u>(40,000)</u>	<u>(77,452)</u>	<u>14,324</u>
Net Assets -				
Beginning of Year	<u>126,871</u>	<u>40,000</u>	<u>166,871</u>	<u>152,547</u>
Net Assets -				
End of Year	<u>\$ 89,419</u>	<u>\$ 0</u>	<u>\$ 89,419</u>	<u>\$ 166,871</u>

TRANSPORTATION RIDERS UNITED, INC.
Statements of Functional Expenses
For the Year Ended December 31, 2014
(With Comparative Totals for the Year Ended December 31, 2013)

	Program Services						Total Program Services
	Bus Improvement Advocacy	SMART Bus Millage Campaign	Regional Transit Advocacy	Transportation Advocacy	Public Education & Support	Community Outreach & Engagement	
Salaries	\$ 13,547	\$ 10,201	\$ 12,422	\$ 11,361	\$ 12,214	\$ 27,400	\$ 87,145
Payroll taxes	1,322	824	1,190	1,033	1,157	2,589	8,115
Employee benefit program	2,470	1,598	2,281	2,210	2,186	3,727	14,472
Total Compensation	17,339	12,623	15,893	14,604	15,557	33,716	109,732
Contractual and professional services	1,449	4,097	1,403	1,068	1,268	6,293	15,578
Occupancy	1,352	930	1,309	997	1,183	3,324	9,095
Telephone	483	949	389	297	352	1,471	3,941
Printing, postage & supplies	542	19,641	179	137	256	5,982	26,737
Meetings and educational material	227	588	191	550	477	4,941	6,974
Office expenses and miscellaneous	180	1,702	171	233	154	534	2,974
Event expense	0	0	0	0	125	0	125
Transportation	218	631	239	401	399	880	2,768
Insurance	329	226	319	243	288	810	2,215
Subtotal	4,780	28,764	4,200	3,926	4,502	24,235	70,407
Depreciation	509	350	493	376	445	1,252	3,425
Total Expenses	\$ 22,628	\$ 41,737	\$ 20,586	\$ 18,906	\$ 20,504	\$ 59,203	\$ 183,564

Supporting Services			
Management & General	Fundraising	2014 Total	2013 Total
\$ 17,410	\$ 11,048	\$ 115,603	\$ 113,711
1,186	1,058	10,359	10,276
585	1,515	16,572	15,264
<u>19,181</u>	<u>13,621</u>	<u>142,534</u>	<u>139,251</u>
2,911	3,072	21,561	38,645
2,158	1,229	12,482	12,444
642	364	4,947	3,462
6,409	2,067	35,213	15,106
2,588	845	10,407	3,861
1,433	204	4,611	6,106
0	10,423	10,548	5,582
955	27	3,750	5,502
525	299	3,039	3,135
<u>17,621</u>	<u>18,530</u>	<u>106,558</u>	<u>93,843</u>
<u>812</u>	<u>463</u>	<u>4,700</u>	<u>2,603</u>
<u>\$ 37,614</u>	<u>\$ 32,614</u>	<u>\$ 253,792</u>	<u>\$ 235,697</u>

TRANSPORTATION RIDERS UNITED, INC.
Statements of Cash Flows

	For the Years Ended December 31,	
	2014	2013
Operating Activities		
Change in net assets	\$ (77,452)	\$ 14,324
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	4,700	2,603
Donated investment securities	10,608	(20,104)
(Increase) Decrease in operating assets:		
Grant receivable	40,000	(40,000)
Accounts receivable	(3,741)	0
Prepaid expenses	3	2,486
Increase (Decrease) in operating liabilities:		
Increase in accounts payable	(2,000)	5,302
Net Cash Used In Operating Activities	(27,882)	(35,389)
Investing Activities		
Purchase of equipment	0	(10,511)
Net Cash Used In Investing Activities	0	(10,511)
Net Decrease in Cash	(27,882)	(45,900)
Cash		
Beginning of Year	108,546	154,446
End of Year	\$ 80,664	\$ 108,546

See Independent Auditors' Report and Accompanying Footnotes.

TRANSPORTATION RIDERS UNITED, INC.
Notes to the Financial Statements
For the Year Ended December 31, 2014 and 2013

NOTE**1. Organization and Purpose**

Description of Organization – Transportation Riders United, Inc. “the Organization” is a nonprofit corporation organized under the laws of the State of Michigan. The Organization’s mission is to improve and promote public transit throughout greater Detroit in order to restore urban vitality, ensure transportation equity, and improve quality of life.

Program Services:

Bus Improvement Advocacy – Monitoring, promoting, and advocating for improvements in existing bus service and funding, and seeking to provide bus riders a voice in transit decisions.

SMART Bus Millage Campaign – Making the case to voters to support passage of the millage that funds current and expanded SMART bus and paratransit services in Macomb, Oakland, and Wayne Counties.

Regional Transit Advocacy – Monitoring, supporting, and advising the Regional Transit Authority (RTA) and otherwise advocating for improved transit throughout southeast Michigan with and through the RTA.

Transportation Advocacy (Other) – Monitoring and seeking to improve non-bus and non-RTA transportation projects including M-1 Rail streetcar, bus rapid transit development, and highway expansion proposals.

Public Education and Support – Educating the public about the value of transit and building public support for funding regional transit improvement and expansion.

Community Outreach and Engagement – Informing and engaging transit stakeholders and the broader public about transit news, events and opportunities for involvement.

Management and General – This includes the functions necessary to maintain an adequate working environment, provide proper administrative support of the Organization’s programs, planning, and manage the financial and budgeting responsibilities of the Organization.

Fundraising – This provides the structure necessary to encourage and secure support from individuals, foundations, corporations, and government agencies.

2. Summary of Significant Accounting Policies

The following are accounting principles and policies followed by the Organization:

Basis of Accounting – The accrual basis of accounting has been adopted for purposes of financial reporting.

Classification of Net Assets – Net assets of the Organization are classified as permanently restricted, temporarily restricted or unrestricted depending on the presence and characteristics of donor-imposed restrictions limiting the Organization’s ability to use or dispose of contributed assets or the economic benefits embodied in these assets. Donor-imposed restrictions that expire with the passage of time or can be removed by meeting certain requirements result in temporarily restricted net assets. Permanently restricted net assets result from donor-imposed restrictions that limit the use of net assets in perpetuity. Earnings, gains and losses on restricted net assets are classified as unrestricted unless specifically restricted by the donor or by applicable state law.

Cash Equivalents – The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Investments – Purchased and donated securities are valued at fair market value.

TRANSPORTATION RIDERS UNITED, INC.
Notes to the Financial Statements (Continued)
For the Year Ended December 31, 2014 and 2013

NOTE

2. Summary of Significant Accounting Policies (Continued)

Allowance for Doubtful Accounts – The Organization uses the allowance method to determine uncollectible unconditional promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made. Management has determined that no allowance is necessary as all amounts are expected to be received.

Property and Equipment – It is the Organization's policy to capitalize property and equipment over \$500. Lesser amounts are expensed. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets.

Contributed Support – Contributions of cash and other assets, including unconditional promises to give in the future, are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activity as net assets released from restrictions. If a restriction is fulfilled in the same time period in which the contribution is received, the contribution is reported as unrestricted.

The Organization records various types of in-kind support. The Organization records the value of donated goods or services when there is an objective basis available to measure their value. Contributions of tangible assets are recognized at estimated fair values when received. Donated services are recognized as contributions if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the organization.

Also a number of volunteers donated significant amounts of their time in the Organization's program services. The value of these services is not disclosed since no objective basis is available to measure the value of such services.

Estimates in the Financial Statements – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Concentrations of Credit Risk – The Organization maintains its checking and savings accounts at a financial institution whose balances are insured up to limits established by the Federal Deposit Insurance Corporation. The Organization at times maintains balances in excess of federally insured limits. Management does not believe the Organization is exposed to any unusual credit risk on uninsured balances.

Subsequent Events – The Organization has evaluated events and transactions that occurred through June 9, 2015, which is the date the financial statements were available for issue.

Advertising – Advertising costs are expensed as incurred.

Uncertain Tax Positions – Management evaluates, at least annually, whether any tax positions reported on a tax return are more likely than not to be sustained if challenged. Management believes no such positions exist that would have a significant impact on the Organization's financial position and statement of activities. As of December 31, 2014, no liability for unrecognized tax benefits was recorded.

The Organization's tax returns are subject to possible examination by the taxing authorities. For federal income tax purposes the tax returns essentially remain open for possible examination for a period up to three years after the date on which those returns are filed. Penalties and interest assessed by income taxing authorities are included in operating expenses, if incurred.

TRANSPORTATION RIDERS UNITED, INC.
Notes to the Financial Statements (Continued)
For the Year Ended December 31, 2014 and 2013

NOTE

3. Federal Income Taxes

The Organization has applied to the Internal Revenue Service and has received a favorable determination letter for tax-exempt status under Section 501(c)(3) of the Internal Revenue Code. Therefore, a provision for federal income taxes is not required. In addition, the Organization has been determined not to be a private foundation within the meaning of Section 509(A) of the code.

4. Net Assets Released From Restrictions

Net assets were released from donor and time restrictions by incurring expenses satisfying the restricted purposes. Restricted amounts released amounted to \$40,000 and \$0 during the year ended December 31, 2014 and 2013, respectively.

5. Functional Allocation of Expenses

The costs of providing programs have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services.

6. Unconditional Promises to Give

There were no unconditional promises to give as of December 31, 2014.

7. Temporarily Restricted Net Assets

Temporarily restricted net assets represent certain grants and contributions that have been received that are either time restricted or purpose restricted for a particular Organization project. As of December 31, 2014, there was \$0 in temporarily restricted net assets.

8. 2013 Financial Data

The financial statements include certain prior year summarized comparative information in total. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with Transportation Riders United, Inc.'s financial statements for the year ended December 31, 2013.

9. Fair Value Measurements

The Organization uses fair value measurements in the preparation of its financial statements, which utilize various inputs, including those that can be readily observable, corroborated, or are generally unobservable. The Organization utilizes market-based data and valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Additionally, the Organization applies assumptions that market participants would use in pricing an asset or liability, including assumptions about risk.

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures*, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable input (Level 3 measurement). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

- Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

TRANSPORTATION RIDERS UNITED, INC.
Notes to the Financial Statements (Continued)
For the Year Ended December 31, 2014 and 2013

NOTE

9. Fair Value Measurements (Continued)

Level 2 Inputs to the valuation methodology include: 1) quoted prices for similar assets or liabilities in active markets, 2) quoted prices for identical or similar assets or liabilities in inactive markets, 3) inputs other than quoted prices that are observable for the asset or liability, 4) inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

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

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2014.

Investment Valuation and Income Recognition: The Organization's investments are stated at fair value. Shares of registered investment companies are valued at quoted market prices that represent the net asset value of shares held by the Organization at year-end. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net investment earnings include unrealized appreciation and depreciation, realized gains and losses, and dividends and interest income.

The preceding method described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The investment balances as of December 31, 2014 and 2013 of \$9,497 and \$20,104 were all level 1 assets.

10. Office Rental Agreement

The Organization leases from Charter County of Wayne office facilities in Detroit, Michigan for its operations. The agreement began October 1, 2012 and calls for monthly payments of \$900 through September 30, 2015. The rent expense was \$10,800 with a security deposit listed as prepaid for December 31, 2014.

Future minimum annual payments required under this lease are approximately \$8,100 for 2015.

The Organization subleases portions of its facilities in Detroit, Michigan to Hands & Associates. The sublease requires monthly payments of \$200 and will remain in effect until terminated. The agreement may be terminated with 60 day notice by either party with a written notice to the other party.